

COUNCIL ACTION FORM

SUBJECT: STEAM TURBINE NO. 7 PARTS PROCUREMENT – APPROVAL OF CHANGE ORDER #11 AND CONTRACT COMPLETION FOR ARGO TURBOSERVE CORPORATION

BACKGROUND

On May 14, 2019, City Council awarded a contract to Argo TurboServe Corporation, Rutherford, NJ GE OEM in the amount of \$265,694 for turbine parts as part of the Unit #7 Overhaul Project.

There were ten change orders to the Argo TurboServe Corporation contract. It is important to note that as the overhaul progressed over the months, it was determined that additional parts were needed.

Change Order #1: On September 24, 2019, was done to increase the purchase order by \$39,961.60 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #2: On October 8, 2019, was done to increase the purchase order by \$12,534.29 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #3: On November 7, 2019, was done to increase the purchase order by \$3,991.30 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #4: On November 25, 2019, was done to increase the purchase order by \$2,396.51 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #5: On November 7, 2019, was done to increase the purchase order by \$1,346.10 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #6: On November 19, 2019, was done to increase the purchase order by \$10,235.24 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #7: Voided.

Change Order #8: On December 5, 2019, was done to increase the purchase order by \$6,295.70 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #9: On January 29, 2020, was done to increase the purchase order by \$13,440.30 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #10: On February 4, 2020, was done to increase the purchase order by \$6,000.00 (inclusive of Iowa sales tax) for the purchase of additional parts.

Change Order #11(Current Requested Action): An internal change order needs to be done to decrease the purchase order by \$11,013.82. This amount will balance the purchase order because of the following reasons: to reconcile the actual freight that was invoiced, to deduct the amount for sales tax that was included in the ten change orders and that was actually paid by the City of Ames directly, cancel a part that was not received and not needed, and to adjust prices for items that were invoiced at a lower price.

The total contract amount including these eleven change orders is \$350,881.22.

The Engineer's estimate for anticipated parts was \$515,000. This was based on preliminary quotes received from General Electric, the turbine-generator original equipment manufacturer (OEM).

ALTERNATIVES:

1. Approve internal Change Order No. 11 in the amount of (\$11,013.82) to balance the purchase order and to accept completion of the contract for supplying the Power Plant Steam Turbine #7 Parts with Argo TurboServe Corporation. This Council action form is to release the 5% retainage that was held per the contract terms and conditions.
2. Delay acceptance of this project.

CITY MANAGER'S RECOMMENDED ACTION:

The contractor has delivered all of the equipment specified under the contract, and the City is obligated to make final payment.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.