

# Agenda Report

TO: City Council  
THROUGH: Deregulation Committee

DATE: February 5, 2001

FROM: City Manager

SUBJECT: Authorization to amend the contract with Siemens Westinghouse Power Corporation for inspection and repair of Unit B-2 Steam Turbine at the Broadway Power Plant

## RECOMMENDATION:

It is recommended that the City Council:

- 1) Authorize the General Manager of Pasadena Water and Power to increase the amount of Purchase Order Contract No. 11165 with Siemens Westinghouse Power Corporation for inspection and repair of the Broadway Power Plant Steam Turbine Unit B-2 from \$607,704 to an amount not to exceed \$1,313,904; and,
- 2) Approve a journal voucher authorizing the Director of Finance to appropriate \$706,200 from the Light and Power Fund unappropriated fund balance to finance the additional work required to complete the major overhaul of the Broadway Power Plant Steam Turbine Unit B-2.

The proposed contract amendment is exempt from the competitive selection process of the Affirmative Action in Contracting Ordinance, pursuant to Pasadena Municipal Code Subsection 4.09.060 (C), contracts for which the City's best interests are served, and exempt from formal bidding pursuant to City Charter Section 1002 (F), contracts for professional or unique services.

## BACKGROUND:

On November 6, 2000, the City Council authorized the General Manager of Pasadena Water and Power to enter into a contract without competitive bidding services, with Siemens Westinghouse Power Corporation for the inspection and

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repair of the Unit B-2 steam turbine. It was stated in the Agenda Report for this contract that if additional damage to critical components is discovered during the inspection of the unit, staff will reassess the economics and request authorization from the City Council for necessary repairs under a separate Agenda Report.

Unexpected damage was discovered on several critical components during inspection of the disassembled Unit B-2 steam turbine, including severe erosion to steam seal elements of the rotor and casings that hold the stationary blades of the turbine. The repairs required to put the unit back into service are beyond the scope of the original contract.

The low-pressure rotor of the steam turbine, together with other components to be repaired, will be shipped to Siemens' repair facility in Charlotte, North Carolina. For components that are non-removable, the needed repair work will be done in-place by Siemens technicians. Completion of these repairs is expected to improve steam turbine efficiency and make the unit reliable for continued operation. It is expected that the overhaul work will be completed by late May 2001, when summertime peak electrical demands are likely to begin.

The original contract for the repair of Unit B-2 steam turbine was for an amount not to exceed \$607,704, including contingencies. With the additional work required to complete the repair, the cost has increased by \$642,000 for a total of \$1,249,704 based on a budgetary estimate prepared by Siemens (based on digital photos of the damage). To allow for any contingencies resulting from unexpected finding during the remainder of the work, it is requested that an additional 10%, or \$64,200, be authorized for change orders. With this increase, the total amended Siemens contract price will be not to exceed \$1,313,904.

Given the scarcity of electric generation resources and high market prices for energy, this project is of critical importance and remains financially sound, even with the increased costs of repairs.


FISCAL IMPACT:

This action will decrease the Power Fund working capital balance by an additional \$706,200. This will bring the total the total cost of the B-2 overhaul from \$773,000 to a maximum amount of \$1,479,200.

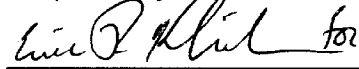
The overall effect of the B-2 facility on the financial plan during the FY2000-FY2001 time frame will be a net increase to working capital. The local generating units generated an incremental working capital contribution of approximately \$11,000,000 during FY 2000, of which \$6,000,000 was recently approved by City Council for use as an ECAC rate reduction for the rate payers. At that time, Council was advised that a request would be forthcoming to prepare the facility for the next summer season. This project will decrease the Power Fund working capital balance by \$1,479,200, which is being funded by the remaining \$5,000,000 from the local generation plant operations mentioned above.

This overhaul will be expensed in the FY2001 operating budget, and therefore does not adversely impact the FY2001 CIP or the Power Fund Ten Year Financial plan.

Respectfully Submitted,

  
CYNTHIA J. KURTZ  
City Manager

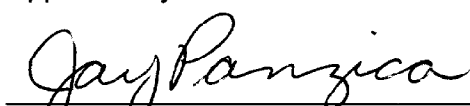
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