

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY  
327 N. WENATCHEE AVENUE  
WENATCHEE, WA 98801**

**REGULAR COMMISSION MEETING**

**SPECIAL SESSION**

**December 30, 2016**

**AGENDA**

**9:00 A.M.**

1. Executive Session - To discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i)

**10:00 A.M.**

2. Pledge of Allegiance and Safety Minute
3. B1-B4 Turbine and Generator Modernization - Contract Award Recommendation

**A RESOLUTION REVISING THE CAPITAL PROJECT BUDGET FOR ROCK ISLAND POWERHOUSE ONE UNITS B1 TO B4 MODERNIZATION AND ACCEPTING THE BID OF ANDRITZ HYDRO CORP. OF CHARLOTTE, NC TO PERFORM TURBINE AND GENERATOR WORK SPECIFIED IN BID 16-60 PER THE SCHEDULE SPECIFIED IN ANDRITZ ALTERNATE PROPOSAL**

4. Manager Items

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION REVISING THE CAPITAL PROJECT BUDGET FOR ROCK ISLAND POWERHOUSE ONE UNITS B1 TO B4 MODERNIZATION AND ACCEPTING THE BID OF ANDRITZ HYDRO CORP. OF CHARLOTTE, NC TO PERFORM TURBINE AND GENERATOR WORK SPECIFIED IN BID 16-60 PER THE SCHEDULE SPECIFIED IN ANDRITZ ALTERNATE PROPOSAL.

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

In 2015 during the stator replacement project, numerous cracks were found on the runner blades of Unit B2 at Rock Island Powerhouse 1. Repair work was performed from June 2015 through February 2016 without success. Metallurgical analysis was performed and it was concluded the cracks were being caused by corrosion fatigue.

In February and March of 2016, inspections were performed on the runner blades of Units B1, B3 and B4. Numerous blade cracks were found on each unit. Metal samples were taken from each unit. Analysis of the samples identified the same metallurgy for all unit runner blades and that the cracks were typically forming from corrosion fatigue the same as Unit B2. Because the blades of Units B1, B3 and B4 are of the same metallurgy as Unit B2, and the cracks were occurring from the same cause, it was concluded the runners for Units B1, B3 and B4 could not be repaired for long term operation.

On June 20, 2016, by Resolution No. 16-14054, the Commission of the District authorized a capital project with a budget of \$350,000 to prepare plans, specifications and bid documents for the modernization of the B1-B4 generating units.

On October 3, 2016, by Resolution No. 16-14072, the Commission of the District authorized the General Manager to invite sealed bids to provide Rock Island B1-B4 Generating Unit Modernization.

On December 5, 2016, the Board approved the 2017 District budget which included four capital projects, one for each unit, for the B1-B4 Modernization for a total combined project budget of \$60 million and a 2017 combined budget of \$7.3 million.

An invitation for sealed bids was published in accordance with RCW 54.04.070. Bids were required for two schedule options, Bid Option 1 allows the contractor to work on only one unit at a time, utilizing one set of District-provided and installed head gates, stop logs and dewatering pumps such that work on all four units would be complete by October 30, 2020; and Bid Option 2 allows the contractor

to work on a maximum of two units at a time, utilizing two sets of District-provided and installed head gates, stop logs and dewatering pumps, such that work on all four units would be complete by March 31, 2020. Bid proposals were opened on December 22, 2016, at 1:30 p.m. in the offices of the District. Four companies submitted bids (excluding sales tax) as tabulated in Exhibit A, attached. Andritz Hydro Corp. (Andritz) provided the lowest price bid for Option 1 and Option 2.

Andritz Hydro Corp. (Andritz) also submitted an alternate bid in an amount of \$42,203,843 for a schedule that requires 3 units out at a time and a price of \$850,000 for temporary intake gates, stop logs and dewatering pumps to allow for dewatering of a third unit. Andritz's alternate proposal would result in completion of work on all four units by mid December 2019. The total price for Andritz's alternate bid including equipment to dewater the third unit is \$43,053,843.

Andritz also submitted an offer with their alternate proposal for a price reduction of \$1,240,615 if the District were to provide a notice of award by December 31, 2016. The total price for Andritz's alternate bid including equipment to dewater the third unit and the 2016 award price reduction is \$41,813,228.

District staff has prepared a combined project budget using: 1) Andritz's alternate bid proposal and costs for equipment to dewater a third unit; 2) District purchased dewatering equipment (headgates, stoplogs and pumps) for a second unit; 3) new governor controls; 4) new excitation equipment; 5) project execution labor (engineers, project managers, construction managers, inspectors); 6) District craft labor to remove obsolete electrical equipment and install new electrical equipment; and 7) additional District operations labor to support the construction work. The result was a combined project budget of \$64.3 million.

District's staff has determined pursuant to RCW 54.04.080 that the alternate bid provided by Andritz Hydro Corp. of Charlotte, NC in the amount of \$41,813,228 (excluding sales tax) is the lowest and best bid in compliance with the plans and specifications for Bid No. 16-60. Said bid meets all statutory requirements.

District's staff recommends awarding Bid No. 16-60 to Andritz Hydro Corp. The General Manager of the District concurs with District staff's recommendation. Resolution No. 08-13325 requires that the Commission, by resolution, award bids that exceed \$3,000,000.

### **ACTION**

**IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY  
DISTRICT NO. 1 OF CHELAN COUNTY, as follows:**

Section 1. The combined capital project is hereby revised from \$60 million to a total combined project budget of \$64.3 million, and the combined 2017 budget is revised from \$7.3 million to \$8.4 million.

Section 2. The bid submitted by Andritz Hydro Corp. of Charlotte, NC is the lowest responsible and best bid in compliance with the plans and specifications to provide Rock Island B1-B4 Generating Unit Modernization. The General Manager of the District is hereby authorized to issue a notice of award by December 31, 2016 and enter into a contract with Andritz Hydro Corp. in the amount of \$41,813,228 excluding sales tax. A copy of the contract will be on file in the offices of the District.

DATED this 30<sup>th</sup> day of December 2016.

ATTEST:

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

# EXHIBIT A

## Bid Tabulation

### Bid No. 16-60 Rock Island B1-B4 Generating Unit Modernization

December 22, 2016 at 1:30 PM

<b>Bidder Name City, State</b>	<b>Bid Bond/ Cashier's Check</b>	<b><u>Total Base Bid Bid Option 1</u> District Estimate: \$50.2 Million</b>	<b><u>Total Base Bid Bid Option 2</u> District Estimate: \$48.9 Million</b>	<b>Alternate Bid</b>
Andritz Hydro Corp. Charlotte, NC	Yes	\$45,074,521.00	\$42,909,840.00	Alternate Bid: \$42,203,843 Dewatering: \$850,000 Subtotal: \$43,053,843  2016 award deduct : \$1,240,615
Alstom Renewable US, LLC Greenwood Village, CO	Yes	\$49,056,962.00	\$46,970,255.00	
Voith Hydro, Inc. York, PA	Yes	\$59,841,355.56	\$60,840,101.56	
Mitsubishi Hitachi Power Systems Americas, Inc. Basking Ridge, NJ	Yes	\$84,638,000.00	\$89,225,000.00	