

RESOLUTION NO. 2015-_____

A RESOLUTION AUTHORIZING THE ISSUANCE OF AN AMENDATORY SUPPLEMENTAL CHANGE ORDER NO. 1 TO CONTRACT NO. C15-0084, ISSUED TO SHELBY MECHANICAL, INC., CINNAMINSON, NJ, IN AN AMOUNT NOT TO EXCEED \$100,000.00

WHEREAS, the City Council of the City of Vineland, on August 11, 2014, adopted Resolution No. 2015-338, entitled "A RESOLUTION AWARDED A CONTRACT TO SHELBY MECHANICAL INC., CINNAMINSON, NJ FOR THE COMPLETION OF REMOVAL, FABRICATION, INSTALLATION AND REPAIRS OF PIPING AT CLAYVILLE UNIT #1 FOR THE VINELAND MUNICIPAL ELECTRIC UTILITY-GENERATION DIVISION"; and

WHEREAS, N.J.A.C. 5:30-11.9 sets forth the procedures for processing change orders which exceed the 20 percent limitation; and

WHEREAS, the management personnel of the Electric Utility has requested that an amendment be made to contract awarded to Shelby Mechanical, Inc. for Clayville Unit 1 removal fabrication, installation and repairs, as authorized by Resolution No. 2015-338: said amendment is made necessary to incorporate the following modifications to this contract:

1. Additional RT to existing natural gas piping to assure compliance with all specifications.
2. Additional services supplement to clarification due to RFI to facilitate flushing of piping
3. Low pressure natural gas piping welds replacement recently discovered by RT analysis.
4. RT of up to 19 missing radiographs of existing welds to high and low pressure natural gas piping
- 5 Acquisition and installation of small bore valves to replace and preserve existing defective welds.
6. Additional NDE costs to assure consistency with ASME B31.1 code.

These modifications are in accordance with the certification of VMEU Engineering review

This addition is required due to emergent circumstances that evolved as a result of review of weld documentation of high and low pressure natural gas piping which have just been presented for review and a finding that up to 19 weld inspection documentation is missing and several weld inspections revealed unacceptable welds. These additional services are required to be taken to resolve these emergent circumstances and do not allow competitive bidding processes to assure the best interests of the City are assured

WHEREAS, the City of Vineland desires to comply with said requirements of N.J.A.C. 5:30-11.1, et seq., and to that end herewith files with the governing body a report stating the facts involved and indicating that the proposed change order may be allowed under these regulations; and

WHEREAS, the City Comptroller has certified the availability of funds for the amendatory supplemental change order for which authorization is requested in the amount of not more than \$100,000.00; now, therefore,

BE IT RESOLVED by the Council of the City of Vineland that said amendatory supplemental change order #1, to Contract No. C15-0084, issued to Shelby Mechanical Inc. Cinnaminson, NJ, in the amount of not more than \$100,000.00 be and the same is hereby ratified and approved.

Adopted:

President of Council

ATTEST:

City Clerk



September 22, 2015

REPORT

TO: THE MAYOR AND COUNCIL

**Amendatory Supplemental Change Order No. 1
Contract No. C15-0084
Clayville Unit 1 Piping removal, fabrication, installation and repairs**

We are requesting that an amendatory supplemental change order be issued to Contract No. C15-0084 issued to Shelby Mechanical, Cinnaminson, NJ, for the piping removal, fabrication, installation and repairs at Clayville Unit 1 for the Vineland Municipal Electric Utility – Generation Division. This contract was authorized by Resolution No. 2015-338, adopted by City Council on August 11, 2015, awarded in the amount of \$286,827.

This change order requested in the amount of \$ 100,000.00 is necessary to incorporate the following modifications to this contract:

1. Additional RT to existing natural gas piping to assure compliance with all specifications.
2. Additional services to supplement and clarification due to RFI to facilitate flushing of piping.
3. Low pressure natural gas piping welds replacement recently discovered by RT analysis.
- 4 RT of up to 19 missing radiographs of existing welds to high and low pressure natural gas piping.
- 5 Acquisition and installation of small bore valves to replace and preserve existing defective welds.
- 6 Additional NDE costs to assure consistency with ASME B31.1 code.

These modifications are in accordance with Shelby Mechanical Inc. cost breakdown dated September 22, 2015 by VMEU.

These circumstances could not have been foreseen until the condemned piping was removed and the radiography documents from the original construction contractor reviewed. The critical documents were provided last week even though they were originally requested in mid-April. Radiographic testing and documentation was included in the original specification and are required by the ASME B31.1 Code. The change order is in the best interest of completing the Clayville unit number 1. Project for several reasons as follows:

1. Employee and public safety. The lines in question conveying natural gas at high pressure and failure to comply with the ASME code could lead to catastrophic failure.
2. The Clayville unit 1 is a critical component of VMEU's energy supply strategy and delayed completion could adversely impact electric reliability.
3. Clayville unit number 1 is a PJM capacity resource. Delay in commercial operation subjects VMEU's customers to capacity charges in the range of \$12,000 per day. To begin a bidding process, even on an expedited basis would further delay the project by a minimum of 10 days in which case the delay cost imposed on VMEU's customers would exceed the requested change order cost.
4. Shelby Mechanical Inc., provided the low bid by way of competitive bidding for the base scope of work which was based upon material and labor rates. They are already on site performing the services required under contract number C 15 – 0084. The supplemental services are similar to that for which they are presently on site, and they have mobilized with all the necessary equipment which would also be utilized for the change order. This would provide an expedited and efficient manner to resolve a unforeseen circumstance.



The change order requested will increase the original contract amount from 286,827.00 to an amount not to exceed \$386,627.00

ORIGINAL	\$286,827.00
Change Order #1	REQUESTED CHANGE ORDER AMOUNT - \$100,000.00

I certify that the above statements are true and accurate to the best of my knowledge and belief.



Joseph Isabella Director Vineland Municipal Utilities

Certification for Additional Work Required for Piping Repairs

9/22/15

Clayville Unit # 1 Project

Since the award of the competitively bid contract for Removal, Fabrication, Installation and Repair of Piping to Shelby Mechanical Inc., several unknown conditions at the time that bids were requested and the contracted was awarded have evolved. These include, but are not limited to:

- | | |
|---|------------------|
| 1. Missing radiography of welds completed by the original contractor (C & H Installation Services) such that acceptance relative to ASME B3.1 code requirements cannot be confirmed. This requires that radiography must now be completed by the current contractor to minimize any further delay in the piping systems completion. | \$13,500 |
| 2. Flushing support services are required that the current contractor is in the best position to provide. | \$11,310 |
| 3. Recently provided radiography by the original construction contractor has been reviewed and revealed that several low pressure natural gas piping welds must be repaired or replaced. | \$23,420 |
| 4. Acquisition and installation of small bore piping valves to replace and preserve existing defective welds. | \$11,714 |
| 5. Additional NDE services and costs to confirm and assure consistency with ASME B31.1 code requirements. | \$20,700 |
| Total | \$100,644 |

These circumstances could not have been foreseen until the condemned piping was removed and the radiography documents from the original construction contractor reviewed. The critical documents were provided last week even though they were originally requested in mid-April. Radiographic testing and documentation was included in the original specification and are required by the ASME b31.1 code.

This change order is in the best interests of completing the Clayville unit # 1 project For several reasons as follows:

- a) Employee and public safety. The lines in question convey natural gas at high pressure and failure to comply with the ASME code could lead to catastrophic failure.

- b) The Clayville #1 unit is a critical component of VMEU's energy supply strategy and delayed completion could adversely impact electric reliability
- c) Clayville #1 is a PJM capacity resource. Delay in commercial operation subjects VMEU's customers to capacity charges in the range of \$12,000 per day. To begin a bidding process, even on an expedited basis would further delay the project by a minimum of 10 days in which case the delay cost imposed on VMEU's customers would exceed the requested change order cost.
- d) Shelby within the last few weeks won the competitive bid for the base scope of the work. Their bid was based on material and labor rates which were extremely competitive at the time. Therefore rebidding the work associated with the change order would be highly unlikely to result in savings to VMEU.

I certify the above is correct to the best of my knowledge:

 *Gustavo Galvan Jr* PE 24 GEO2461800

APPROVED: _____

J. J. J. J.