

RESOLUTION NO. 2021- 620

A RESOLUTION AUTHORIZING THE EXECUTION OF A LONG TERM SERVICE AGREEMENT BY AND BETWEEN KOBELCO COMPRESSORS AMERICA, INC. AND THE CITY OF VINELAND FOR THE INVESTIGATION, SUPPORT AND MAINTENANCE OF THE KOBELCO COMPRESSORS OPERATING AT THE CLAYVILLE UNIT 1 AND DOWN UNIT 11 GENERATING FACILITIES IN ACCORDANCE WITH N.J.S.A. 40A:11-5(1)(a)(ii) AND N.J.A.C. 5:34-2.1, ET SEQ.

WHEREAS, the Clayville Unit and Down Unit 11 generating facilities were designed and constructed by Rolls Royce, now Seimens Energy and an intricate component of the generators consists of a Kobelco Compressor manufactured by Kobelco Compressors America, Inc. (Kobelco);and

WHEREAS, the Kobelco Compressor is constructed with schematics that are proprietary to Kobelco and require special Kobelco parts and tools; and

WHEREAS, the Kobelco generators require specialized maintenance and service of a kind and nature that require expertise, extensive training and knowledge of the proprietary nature of the compressors which is critical; and

WHEREAS, Kobelco has prepared a quotation for a Long Term Service Agreement for Clayville Unit 1 and Down Unit 11 in the amount of \$458,272.00 for a period of five years as further outlined in the Kobelco Long Term Service Agreement Evaluation attached hereto and made a part hereof; and

WHEREAS, the Chief Financial Officer certifies the availability of funds from account number 1-05-55-512-9001-52000 E548X

WHEREAS, the Director of the Municipal Utilities has provided a certification describing the nature of the work to be done, and indicating that it is not reasonably possible to draft specifications based upon the proprietary nature of the services to be provided, which is attached hereto and made a part hereof; and

WHEREAS, City Council acknowledges and adopts the findings of the Director and incorporates them herein as if set forth at length; and

WHEREAS, the Long Term Service Agreement may be awarded without competitive bidding for extraordinary services in accordance with N.J.S.A. 40A:11-5(1)(a)(ii) and N.J.A.C. 5:34-2.1, et seq.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Vineland that the Mayor and Clerk are hereby authorized to execute the Long Term Services Agreement by and between the City of Vineland and Kobelco Compressors America, Inc. for Clayville Unit 1 and Down Unit 11 for a period of 5 years commencing January 1, 2022 and ending December 31, 2026, in accordance with the attached long term service agreement evaluation.

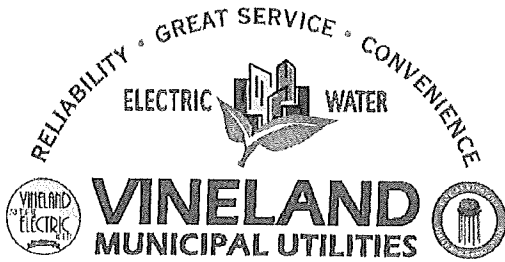
BE IT FURTHER RESOLVED that the Clerk shall place a notice of this Resolution in the official newspaper pursuant to N.J.S.A. 40A:11-5(1)(a).

Adopted:

President of Council

ATTEST:

City Clerk



John Lillie
Director of Municipal Utilities
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11-05-21

Council President Dr. Author and members of council,

Ref: Kobelco Compressor

Please accept this request for award of contract without the receipt of formal bids as an Extraordinary Unspecifiable Service to Kobelco Compressors America for a Long Term Service Agreement for the High Pressure Gas Compressors associated with both VMEU Clayville and Unit #11 Electric Generating Units.

Kobelco is the specified High Pressure Gas Compressor for the Generation Units. Kobelco has proprietary internal drawings and extensively trained technicians trained to maintain, repair and service all aspects of the Kobelco High Pressure Gas Compressor. No other person and/or company has or can gain access to the proprietary drawing, information and training for Kobelco High Pressure Gas Compressors. A long Term Service Agreement with Kobelco also give VMEU reduced pricing on parts, service, labor rates as well as priority response time for remote and on site diagnostics. The cost for these High Pressure Gas Compressors are well over \$800,000.00 and needs to be serviced and maintained by the specifically trained Technicians with experience and information no other source can provide. Additional request for bids have resulted in other bidders to contact and hire Kobelco to do the work for a middleman mark up and results in Kobelco personnel doing the work.

Thank You in advance for your kind consideration, please contact me if further information is desired.

John Lillie

Director Vineland Municipal Utilities



Special arrangements for persons with disabilities may be made if requested in advance by contacting the Business Administrator's office at 856-794-4000.

I. Overview

- a. The following is an assessment of two (2) Long Term Service Agreements provided by Kobelco Compressors America for the original project ES-469 (Clayville 1) and ES-414 (Howard M. Down Unit 11).

II. Purpose

- a. The main purpose of a Long Term Service Agreement is to maximize the availability and efficiency of the compressor unit. The Kobelco Compressor installed at the Howard M. Down (Unit 11) has not undergone an overhaul and has been commissioned since 2012. The compressor installed at Clayville received an overhaul in 2016 after failing during operation. Kobelco recommends an overhaul for each compressor every five (5) years based on run-time, cycles, oil-sampling, and output data trends. This agreement will allow the Vineland Municipal Electric Utility to have access to remote technical support, predicable maintenance costs, repairs performed by a trained technician, and a decrease in operating expenses.

III. Long Term Service Agreement Term and cost

- a. Five (5) years
- b. \$229,136.00 per LTSA or \$458,272.00 for both units.
Five (5) yearly invoices of \$91,654.40. See Table 1 for breakdown.

IV. Scope of Work

- a. Annual site visit of 2 days per unit by an E/I & Controls Field Service Representative and a Mechanical Field Service Representative to perform the following
- b. Collect process data, Check operation of compressor, Collect seal leakage rates, Check operation of pressure vessels, Check operation of control valves, Upgrade the latest software version, Check compressor vibration, Check motor vibration, Check lube oil pump motor vibration, Provide training to operators during the site visits, Detailed report with findings and recommendations.
- c. One (1) KS31SEH Bareshaft Compressor Overhauls at KCA Corona Facility
- d. Dedicated Program Manager
- e. Remote Technical Support
- f. Field Service availability within 24-72 hours for unplanned maintenance*. See Table 2 for pricing.

*In this context, unplanned means any maintenance that falls outside of the two (2) day annual site visit. This Long Term Service Agreement ensures that VMEU will have access to a Field Service Technician, but it will not cover the cost of any work done.

V. Obligations of Kobelco Compressors America

- a. KCA shall ensure availability of one (1) Mechanical and one (1) E/I & Controls Field Service Representative for duration outlined in SCHEDULE OF SERVICE.
- b. Provide all PPE, laptops, notebooks required to perform the services.
- c. Provide schedule of all maintenance services to be performed including a breakdown of all materials, equipment and tools to be used.
- d. Account for OWNER tools and / or equipment to be used during maintenance and should return them at the end of the work.

- e. Provide reports as provided in this agreement, containing detailed information, technical documents, photos and films as appropriate, within the limits of the manufacturer's proprietary information.
- f. Present proposal for any additional work not included in SCHEDULE OF SERVICE.
- g. Availability of repair shop when overhaul is required.
- h. Given that all spare parts are available and there is no major damage to the compressors, the overhaul should be completed as per the schedule*

* The LTSA guarantees that we get locked in prices for parts and tools. Any purchased parts/tools will be purchased with a separate PO.

VI. Obligations of the Owner (Vineland Municipal Electric Utility)

- a. Maintain all service logs current and share records with Kobelco Compressors America prior to scheduled service time.
- b. Ensure equipment is ready and available to service work. All required permitting, as required, to be completed by OWNER.
- c. Supply at least one (1) dedicated Mechanical and one (1) E/I and Controls OWNER technician to support Kobelco Compressors America Service Representative while on site.
- d. Provide E/I & Controls technician for all Instrumentation and Electrical scope.
- e. Maintain full set of spare parts as indicated and all standard and special tooling as indicated on recommended by Kobelco Compressors America.
- f. OWNER to follow recommendations presented by Kobelco Compressors America Service Representative in a timely manner.
- g. Basic set of tools available (Wrench set, hand tools, etc.)
- h. Crane/boom, operator & rigging to remove compressor.
- i. Transportation of parts and equipment to and from repair shop.

VII. Exclusions

- a. Repairs of any failed equipment and components that is not considered routine maintenance, including failures caused by abnormal operation and conditions to the compressor system.
- b. Replenishing spare parts as consumed from OWNER'S inventory Kobelco Compressors America will present a proposal for OWNER'S approval of any work not included in Schedule of Service.

VIII. Agreement Term

- a. Service contract to be valid for 5 years from execution date unless terminated or extended by mutual written agreement of both parties.
- b. Both parties shall have the right to terminate this agreement for convenience (i.e. without cause) at any time by giving thirty (30) days prior written notice or termination
- c. Any included site visits not used by the client will not be refunded.

IX. Compensation

- a. For all services performed by Kobelco Compressors America under this agreement, Kobelco Compressors America will accept the rates set forth in the Schedule of Rates and Owner may pay annually.

- b. Dispatching a Field Service Representative for unplanned maintenance will be charged at Kobelco Compressors America Field Service Rates.
- c. Additional scope of work shall be approved by OWNER and released via issuance of a separate PO.

Table 1 – Cost Breakdown

Kobelco Long Term Service Agreement Cost Breakdown	
5 Year Contract Term Total Cost	\$458,272.00
2022: January 1 st – December 31 st	\$91,654.40
2023: January 1 st – December 31 st	\$91,654.40
2024: January 1 st – December 31 st	\$91,654.40
2025: January 1 st – December 31 st	\$91,654.40
2026: January 1 st – December 31 st	\$91,654.40

Table 2 – Domestic Field Service Rates

Domestic Field Service Rates				
Representative Type	Onshore (8-hour Daily minimum)			Per Diem
	Standard Hourly Rate	Overtime Hourly Rate	Premium hourly Rate	Per Diem Rate
Description	<i>Billed for:</i> - All travel hours - All hours worked M-F up to hours per day - All standby/compensatory hours	<i>Billed for:</i> - All hours worked over 8 up to 12 hours M-F - All hours worked on Saturday up to 12 hours	<i>Billed for:</i> - All hours over 12 hours Saturday - All hours worked Sunday or Holiday	<i>Billed for:</i> - Each day FSR is away from home base
Field Technicians	\$208.00	\$312.00	\$416.00	\$77.00
Senior or Specialist	\$270.00	\$405.00	\$540.00	\$77.00

*Standard working day is 8:00am to 5:00pm with a one (1) hour break for lunch daily, that will not be billed.

**Customer personnel required to sign timesheets daily.

***Field Service Representative type shall be determined by KCA at time scope of work is defined prior to placement of orders

Table 3 – KCA Recognized Holidays for Field Service

New Year’s Day	Labor Day
Martin Luther King Jr. Day	Veterans Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

Table 4 – Insurance Coverage

Insurance Coverage		
	Each Occurrence	Aggregate
Commercial General Liability Products & Completed Operations	\$1,000,000.00	\$2,000,000.00
Automobile Liability	\$1,000,000.00 each accident	
Workers Compensation	Statutory Benefits or if applicable, Outer Continental Shelf Lands Act Coverage	
Employers Liability	\$1,000,000 each accident, \$1,000,000 disease – each employee, \$1,000,000 disease – policy limit	
Umbrella/Excess Liability	\$4,000,000.00	\$4,000,000.00

Insurance certificate available upon request