

RESOLUTION NO. 2022- 466

A RESOLUTION AUTHORIZING THE ISSUANCE OF AN AMENDATORY SUPPLEMENTAL CHANGE ORDER NO. 1, TO CONTRACT NO. C21-0058, PURCHASE ORDER NO. 22-00314, ISSUED TO SIEMENS ENERGY, HOUSTON, TX, IN THE AMOUNT OF \$67,243.62.

WHEREAS, the City Council of the City of Vineland, on March 23, 2021, adopted Resolution No. 2021-136, entitled “A RESOLUTION AUTHORIZING THE EXECUTION OF A LONG TERM MAINTENANCE CONTRACT WITH SIEMENS ENERGY, HOUSTON, TEXAS, FOR PROPRIETARY MAINTENANCE AND REPAIR TO CLAYVILLE AND UNIT 11 GENERATING STATIONS IN ACCORDANCE WITH N.J.S.A. 40A:11-5(1)(i)”;

and WHEREAS, N.J.A.C. 5:30-11.1, et seq., sets forth the requirements for the processing of change orders;

and WHEREAS, the Director of Municipal Utilities has requested that an amendment be made to contract awarded to Siemens Energy, Houston, TX, for Siemens Energy LTSA as authorized by Resolution No. 2021-136: said amendment is made necessary due to Annual Escalation;

and 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 Chief Financial Officer has certified the availability of funds for the amendatory supplemental change order for which authorization is requested in the amount of \$67,243.62 ; now, therefore,

BE IT RESOLVED by the Council of the City of Vineland that said amendatory supplemental change order #1 to Contract No. C21-0058, Purchase Order No. 22-00314. issued to Siemens Energy, Houston, TX, in the amount of \$67,243.62, be and the same is hereby ratified and approved.

Adopted:

President of Council

ATTEST:

City Clerk



November 1, 2022

REPORT

TO: THE MAYOR AND COUNCIL

Amendatory Supplemental Change Order No. 1
Contract No. C21-0058, Purchase Order No. 22-00314
Siemens Energy Long Term Service Agreement

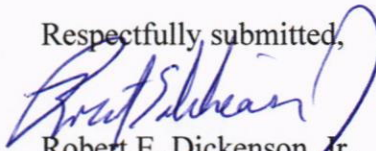
We are requesting that an amendatory supplemental change order be issued to Contract No. C21-0058, Purchase Order No. 22-00314. issued to Siemens Energy, Houston, TX, for Siemens Energy LTSA. This contract was authorized by Resolution No. 2021-136, adopted by City Council on March 23, 2021.

The change order requested, in the amount of \$67,243.62, provides for Annual Escalation.

This change order represents an increase of approximately 12.3447% over the original contract amount of \$544,718.00.

The amendatory supplemental change order for which authorization is herein requested may be authorized in accordance with N.J.A.C. 5:30-11.1 et seq.

Respectfully submitted,



Robert E. Dickenson, Jr.
Business Administrator

RD/rl
Encl.



REQUEST FOR CHANGE ORDER

FOR:

Siemens Energy Maintenance Contract (Long Term Service Agreement)



PROJECT NAME

TO: BUSINESS ADMINISTRATION

DEPARTMENT: EU Generation

FROM: Steve August

This is a request for change order # 1 to Contract # C21-0058 for:

Project Name Siemens Energy LTSA

Name/Address of

Contractor: Siemens Energy Inc. 1200 West Sam Houston Pkwy. N. Houston, TX 77043

The change order is necessary because: (use additional pages if necessary to explain your reason and you must attach *documentation to support the necessity of this change order.

*(Documentation from contractor, engineer, etc.)

Annual escalation (see attached)

Original Contract Amount:	\$ <u>544,718.00</u>
Amount of this change order:	\$ <u>67,243.62</u>
Previous Change Orders:	\$ <u>0</u>
Total Revised Amount:	\$ <u>611,961.62</u>

APPROVED BY: John Lillie
Print/type

John Lillie
Signature

NOTE:

CHANGE ORDERS CANNOT EXCEED 20% OF THE ORIGINAL CONTRACT AMOUNT

Please provide the account number that the change order will be charged to:

Account # 2-05-55-502-9001-53348

CC: Purchasing Division

2022 Contract Year - Escalation Data		
$P_n = P_o \times (0.35(I_n/I_o)+0.65(mn/mo)) \times (1 + (0.005 \times (Y_n - Y_o)))$		
1) Contract Start Baseline		
DESCRIPTION	UNIT OF MEASURE	Po =April 2021 (USD) Contract Values
Annual Maintenance	Each annually	\$544,718
A1 Class Inspection	Per Event	\$41,837
A Class Inspection	Per Event	\$118,967
Lease Engine Usage Fee	Weekly	\$36,515
2) CPI Values (Indices)		
CPI Categories	CPI Values	Calculated Values
Io December 2020 (PCU333611333611)	230.9	0.366526851
In March 2022 (PCU333611333611)	241.803	
mo December 2020 (MM22)	116.5	0.792274678
mn March 2022 (MM22)	142	
Sum of the indices Calculated Values	1.15880153	
Yn current Year	2022	1.005
Yo (maintenance contract signed)	2021	
Total of the Calculated Values	1.16459554	
3) New Contract Values 2022		
DESCRIPTION	UNIT OF MEASURE	New Contract Values Pn = 2022 Contract Year
Annual Maintenance	Each annually	\$634,376
A1 Class Inspection	Per Event	\$48,723
A Class Inspection	Per Event	\$138,548
Lease Engine Usage Fee	Weekly	\$42,525

Quarterly Charge
\$ 136,179.50

Quarterly Charge
\$ 158,594.04 16.460%

ATTACHMENT C: PRICE AND TERMS OF PAYMENT

1. Maintenance Charges

The Customer will pay to Seller the following fees and prices expressed in this Attachment C for the Services described in this Maintenance Contract:

1.1 **Fixed Annual Fee.** For the management services, access to technical support and operational service desk, remote diagnostic services and Unscheduled Lease Club Services as described in this Maintenance Contract the following annual charge shall apply: \$544,718 (per Year)

1.2 **Inspection Fees.** For Preventative Maintenance of the Covered Equipment in accordance with this Maintenance Contract the following charges shall apply:

Gas Turbine:

A1 Class Inspection: \$41,837 (per unit, per event)

A Class Inspection: \$118,967 (per unit, per event)

AC Generator:

Compensation for AC Generator Services will be in addition to the Maintenance Charges and based on Contractor's invoiced cost plus 15% for third-party services, unless otherwise agreed by the Parties.

1.3 **Corrective Maintenance Charges.** Notwithstanding a valid warrant claim, compensation for parts and services for all other Corrective Maintenance shall be based on Contractor's prevailing then current rates and prices; and Contractor's invoiced cost plus 15% for any agreed third-party services. Contractor will provide Customer with a five percent (5%) discount off the then-current field service rates.

1.4 **Lease Engine Usage Fee.** For each full week of possession in accordance with Attachment B3 the following charge shall apply: \$36,515 (per week, prorated for partial weeks)

2. Payment and Invoicing Details

2.1 All charges in this Attachment C are expressed in US Dollars and will be payable by Customer in US Dollars.

2.2 Within thirty (30) Days following the date Customer receives each invoice, Customer shall pay to Contractor the invoice amount.

2.3 Beginning on the Effective Date and continuing throughout the Term, Contractor will invoice to Customer for the amount payable as follows:

- a. The Fixed Annual Fee will be invoiced quarterly in advance with the first invoice being issued no earlier than the Effective Date. Subsequent invoices will be issued no earlier than the Effective Date anniversary.
 - b. Inspection Fees will be invoiced upon completion of each event.
 - c. Lease Engine Usage Fee will be invoiced monthly in arrears.
- 2.4 If payment of any Maintenance Charge or part thereof is delayed, Contractor shall be entitled to claim and the Customer shall be liable to pay interest on the amount overdue at a rate of five one hundredths of one per cent (0.05%) per day for each day of delay until payment is received in full.
- 2.5 Should the Customer dispute any part of the amount on an invoice, the Customer shall immediately inform Contractor of the fact and the reasons for the dispute. The Customer and Contractor shall mutually enter into discussions to resolve, at the earliest possible time, such a dispute. The Customer shall not withhold payment in respect of any undisputed amount. Upon settlement of the dispute the resolved amount shall become immediately due for payment.

3. Price Adjustment Formula

Unless otherwise stated, all charges, fees and prices expressed in this Attachment C, including the Fixed Annual Fee, shall be subject to escalation, commencing at the beginning of the second Year and calculated as follows:

$$P_n = P_o \times (0.35(I_n/I_o) + 0.65(m_n/m_o)) \times (1 + (0.005 \times (Y_n - Y_o)))$$

Where P_n is the relevant price or fee for Year in consideration

P_o = is the relevant price or fee for the first Year

I_o = the Producer Price Index number for "Turbine and Turbine Generator Set Units Manufacturing, not seasonally adjusted", Series Id: PCU333611333611, published by the US Bureau of Labor Statistics, as of December 2020

I_n = is the corresponding index to I_o for the month immediately preceding the relevant Year

m_o = the index number of Producer Prices – MM22, table "2811000000: Engines & Turbines, except Aircraft, Vehicle & Cycle Engines", Time Series ID: JV8L (published by the UK Office of National Statistics), as of December 2020

m_n = the corresponding index to m_o for the month immediately preceding the relevant Year

Y_n = the year in consideration

Y₀ = the year that the Maintenance Contract was entered into

If the United Kingdom or United States ceases to publish any of the indices referred to above or modifies the basis of the calculation then Contractor shall have the right to substitute any officially recognised, proper and substantially equivalent index. In the event of a negative escalation for any Year, the relevant price or fee shall be equal to the price or fee for the preceding Year.

Where any Maintenance Charge is subject to escalation and the relevant indices are not available, the Contractor may submit invoices based upon the most recent published indices, and shall issue a further invoice or credit note to correct the amount due when the applicable indices are published.