



Board Action

BOARD OF DIRECTORS

September 19, 2023

ITEM

Jones Street Station Unit 2 Repair Parts and Services

PURPOSE

Provide parts and services needed for the repair of Jones Street Station Unit 2.


FACTS

- a. The Jones Street Station Unit 2 engine was inspected in the fall of 2022 and found to have major components that are degraded and in need of repair.
- b. The unit is required to be disassembled and repaired to ensure a reliable and resilient supply of electricity. These repairs will be completed during a future planned outage that will be scheduled based upon the operational risk, labor resources, and parts availability.
- c. The District's engineer has certified the complex nature of the work and that use of the sealed bid process is impractical and not in the public's best interest.

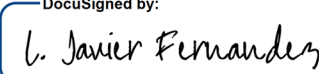
ACTION

Approval of the Engineer's Certification and authorization for management to negotiate and enter into contract(s) for the replacement/refurbishment of parts and specialized services for repair of the Jones Street Station Unit 2 engine.

RECOMMENDED:

DocuSigned by:

 181187221FA24AE...
 Troy R. Via
 Vice President – Utility Operations
 and Chief Operating Officer

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:

 AC389FDCE58247E...
 L. Javier Fernandez
 President and Chief Executive Officer

Attachments: Letter of Recommendation
 Engineer's Certificate
 Legal Opinion
 Resolution



DATE: August 30, 2023

UO-2023-015

FROM: S.A. Eidem

TO: T.R. Via

SUBJECT: Jones Street Station Unit 2 Repair Parts and Services

1.0 GENERAL

OPPD utilizes the Original Equipment Manufacturer (OEM) recommendations, independent consultant evaluations, operating parameter trends, and regular inspections of the various balancing station units to determine the optimum time for major work. Regular borescope inspections performed on Jones Street Station Unit 2 (JS2) in the fall of 2021 and fall of 2022 showed wear conditions that necessitate repairs that, if not addressed, will eventually result in significant turbine damage and an extended forced outage. This engine was last disassembled and inspected in 2012 and has not been significantly refurbished since 2000.

In addition, the availability of the accredited capacity of JS2 is critical for the District's ability to meet their obligations within the Southwest Power Pool integrated market as well as local system reliability. The repairs and related services are scheduled for the fall of 2024 based upon the replacement part lead times, operational risk, coordination with other unit outages, and coordination with the Southwest Power Pool. Installation labor services may be internal OPPD craft resources, external support, or a combination based upon resource availability.

Contracts for parts, field assistance, and specialized services are expected to exceed \$500,000.

Compliance with the sealed bidding requirements of the Nebraska Statutes is impractical and not in the public's best interest. The work performed is technically complex as are the pricing strategies, capabilities, and specific techniques employed by the vendors that can provide the necessary services.

In addition, the limited supply of unique parts requires a detailed evaluation of new and refurbished parts options. The exact condition of the parts in JS2 will not be known until the unit is disassembled and the availability of replacement parts is expected to vary significantly across the available suppliers. To ensure the best interests of our customer-owners are served, detailed discussion and negotiations with the available suppliers are required to minimize cost, risk, and outage duration while ensuring the best total cost of ownership for parts and services.

Therefore, it is in the District and public's best interest to forgo the sealed bidding process. Instead, competitive bids will be sought through a publicly available Request for Proposal (RFP) and detailed negotiation process with the capable bidders. The contract will be awarded to the supplier or suppliers with the lowest and best bid(s).

2.0 RECOMMENDATION

An Engineer's Certification for the above has been prepared. Approval of that Certification is recommended. We request the Board of Directors to approve the Engineer's Certification and to authorize management to forgo the public sealed bidding process and negotiate and award competitively bid contract(s) that meets the District's needs.



S.A. Eidem, P.E.
Director, Engineering Services
Utility Operations

ENGINEER'S CERTIFICATE

The Jones Street Station Unit 2 engine was inspected and found to have wear on major internal components and will be scheduled for refurbishment. The unit will be taken out of service and disassembled for a detailed inspection, evaluation, and repair. The disassembly, evaluation, repairs, and reassembly will require specialized parts and services to ensure reliable operation.

The undersigned, a Nebraska registered professional engineer employed by OPPD, certifies the following:

- There is a limited supply of the unique parts that require detailed evaluation of new and refurbished parts options.
- The inspection and repair are technologically complex requiring specialized tooling, manufacturing capability, and extensive combustion turbine specific engineering knowledge.

Furthermore, the technical specifications and contract requirements for this work will be detailed and complex. The ability for OPPD to conduct direct contract negotiations with potential bidders will enable OPPD to prepare detailed, customized contract specifications and commercial terms to assure that the suppliers are capable and will supply the parts and services that are reliable, efficient, and cost effective in meeting the District's needs. For the foregoing reasons, the undersigned certifies that it would be impractical and not in the public interest to utilize the statutory sealed bid process for this project.

Pursuant to Section 70-637 of the Revised Statutes of Nebraska, the Board of Directors is requested to approve this Engineer's Certificate and authorize Management to negotiate and enter a contract(s) to supply parts and specialized services for the Jones Street Unit 2 engine without compliance with the sealed bidding requirements of Sections 70-637 to 70-641 of the Revised Statutes of Nebraska.

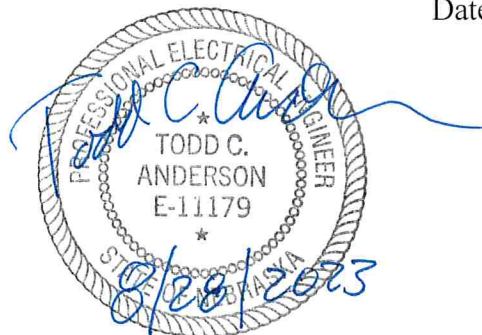
I, Todd C. Anderson (registered Professional Engineer in the State of Nebraska), certify the above to be true and correct to the best of my knowledge and belief.

Todd C. Anderson

Todd C. Anderson, P.E.

8/28/2023

Date





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August 28, 2023

Omaha Public Power District
444 South 16th Street
Omaha, NE 68102

RE: Jones Street Station Unit 2 engine - Engineer's Certification for Refurbishment

Ladies and Gentlemen:

We have reviewed the Engineer's Certification of Todd C. Anderson, a registered professional engineer in the State of Nebraska employed by the District. Mr. Anderson's certification states that the Jones Street Station Unit 2 engine was inspected and found to require refurbishment. The unit will have to be disassembled for detailed inspection, evaluation, and repair. Mr. Anderson certifies that there is a limited supply of unique parts that are needed for the refurbishment, and that the inspection and repair work for the unit is technologically complex. He further explains that the technical specifications and contract requirements will require detailed and customized terms that must be negotiated with qualified bidders. For these reasons, Mr. Anderson certifies that it would be impractical and not in the public interest to use sealed bidding for this refurbishment project.

Section 70-637 of the Nebraska Revised Statutes authorizes the District's Board of Directors, by a two-thirds vote, to approve an Engineer's Certification for technologically complex projects for which sealed bidding would be impractical and not in the public interest, and to authorize the District to enter into a contract to complete the project. The District is required to advertise its intention to enter into any such contract in three (3) issues of a newspaper of general circulation within the District's service area, with not less than seven (7) days between issues. The contract cannot be entered into sooner than twenty (20) days after the last advertisement.

It is our opinion that Mr. Anderson's Engineer's Certification complies with § 70-637 and is in a form that is appropriate for approval by the District's Board of Directors. Therefore, the Board of Directors may approve the Engineer's Certification and authorize Management to negotiate and enter into the necessary contract(s) for the inspection and refurbishment of the Jones Street Station Unit 2 engine. We recommend that any such contract be subject to review and approval by the District's general counsel.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Stephen M. Bruckner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Stephen M. Bruckner
FOR THE FIRM

SMB/sac
3054439



Moody/Via

RESOLUTION NO. 6594

WHEREAS, the Jones Street Station Unit 2 (“JS2”) was inspected and found to have major components that are in need of repair to enable the unit to operate at full capacity and ensure a reliable and resilient supply of electricity; and

WHEREAS, the District’s Engineer has certified that the inspection and repair work to be performed is technically complex as are the pricing strategies, capabilities, and specific techniques employed by the contractors that can provide the necessary services; and

WHEREAS, the limited supply of unique parts requires a detailed evaluation of new and refurbished parts options and the exact condition of the parts will not be known until the unit is disassembled and the availability of replacement parts is expected to vary significantly across the available suppliers, and therefore an negotiated contract is in the best interest of the District; and

WHEREAS, pursuant to Nebraska Revised Statute Section 70-637 (as amended), and upon approval of the Engineer’s Certification by the Board of Directors, the District may negotiate and enter into a contract or contracts related to such project without sealed bidding.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Omaha Public Power District that:

1. The Engineer’s Certification requesting that the Board waive the sealed bid requirements, in accordance with Nebraska Revised Statutes Sections 70-637 through 70-641, is hereby approved.
2. Management is hereby authorized and directed to negotiate and enter into the necessary contract or contracts for the replacement/refurbishment of parts and specialized services for the repair of Jones Street Station Unit 2, subject to review and approval of the final contract(s) by the District’s General Counsel.
3. The notice required by Nebraska Revised Statutes Section 70-637 shall be published in the Omaha World Herald, or other similar newspaper of general circulation.