

## Council Meeting Staff Report

August 31, 2021

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| <b>Agenda No.:</b>              | B.   |
| <b>Indexes (Council Goals):</b> | * 2021 Council Goal - Investing in Infrastructure, DPU FY2020 - 1.0 Provide Safe and Reliable Utility Services |
| <b>Presenters:</b>              | James Alarid   |
| <b>Legislative File:</b>        | AGR0779-21   |

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### Title

**Approval of Final Payment to AGR19-39 with Wagner Equipment for the Natural Gas Engine Replacement at Pajarito Well No. 4.**

### Recommended Action

**I move that County Council Approve Final Payment in the amount of \$121,047.89, to Wagner Equipment for work completed under Services Agreement No. AGR19-39 for the purpose of the Pajarito Well No. 4, Natural Gas Engine Replacement Project.**

### Board, Commission, or Committee Recommendation

The Board of Public Utilities reviewed this request on August 18, 2021 and agreed by a unanimous vote to recommend that County Council approve the motion as presented.

### Body

Agreement AGR13-39 was executed with Wagner Equipment on April 3, 2019 to furnish and install a 690 horse-power Caterpillar natural gas engine to replace the existing engine which had failed. All work was required to be completed by June 30, 2020. The new engine was initially commissioned on May 1, 2020 within the contract term. A contract extension was not executed prior to June 30, 2021 since the engine was running and only some small punch list items remained to complete the project. DPU withheld 15% payment until completion of the punch list items. A series of problems ensued which at first appeared to be minor warranty corrections, but required over a year to resolve. The series of events are summarized below:

**May 1, 2020 to August 14, 2020** - Angle drive heat exchanger modified to lower operating temperature and excess driveline movement corrected.

**September 29, 2020 to January 7, 2021** - Relay failure resulted in clutch not disengaging causing engine into backspin. The resulting coolant leak required the engine to be disassembled to trouble shoot and correct the problem.

**January 8, 2021 to May 26, 2021** - Angle drive cooling system was undersized and required larger heat exchanger.

**June 22, 2021 to July 23, 2021** - Rear engine seal leak developed and was repaired.

On July 23, 2021 the last repair was completed and DPU considered the project complete and ready for final payment. Given the invasive corrective measures taken on the new engine DPU has negotiated a 2-year warranty in lieu of the original 1-year warranty at no additional cost. Since the agreement has expired, the DPU is seeking approval of the Utility Board and County Council to ratify the final payment to create a clear and transparent record of the reasons for the delayed payment and eliminate the possibility of an audit finding.

### Alternatives

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If the payment is not approved, the item will be resolved per the terms of the agreement under the advisement of the County Attorney.

**Fiscal and Staff**

The final payment in the amount of \$121,047.89 will be paid from approved FY2022 budget as follows; \$26,347 Pajarito Well #5 project contingency, \$52,807 Pajarito Well #4 contingency and \$41,893.89 from Tank Piping Modifications.

**Attachments**

A - AGR19-39

B - Final Invoice