

APPENDIX B

CONTRACT MODIFICATIONS CHANGES CLAUSE

1. Bilateral modification. Issued under the Changes clause, this is the type of modification for which we are striving. It is forward priced, settled, the completion date is known, the money is obligated and the job is getting done. Allowable delay and/or impact costs are forward priced and included in the settlement and will not have to be considered in the future.

a. The modification is initiated by the District, the Resident Engineer (Field), or by the Using Service. Typically a contractor will submit a "Request for Information (RFI)" or an "Information Request (IR)" to the Corps requesting clarification and/or guidance relative to the interpretation of the contract documents. If the Corps' response to the RFI/IR would result in additional cost or time, a modification is initiated. In other instances, a modification is initiated when the Corps receives a Using Service Request to add, delete and/or revise the contract documents.

b. For each modification a budget estimate is prepared, funds are budgeted and drawings and specifications are identified for change. All relevant information including scope, specification changes, drawing changes, classification, necessity for change and estimated cost are input into construction automated information systems. This information is used and relied upon by a number of offices involved in the modification process. It is very important that this information be accurate and current.

c. An RFP is sent to the contractor who is usually given 2 to 4 weeks to submit his proposal. During this time an independent GE is prepared and the budgeted funding is revised, if necessary. The proposal is received and reviewed and appropriate documents are prepared for negotiations. Negotiations are conducted and an agreement is reached on price and time. A Memo of Understanding (MOU) should be prepared noting any revisions made during negotiations and signed by both negotiators. A separate MOU could be prepared between the prime and the major subcontractors if deemed necessary by the principals. Any revisions made to the modification during negotiations must be added to the final SF30.

d. If the settled price is within the ACO authority, the SF30 is signed by the ACO, and a Notice to Proceed (NTP) is sent to the contractor. If the modification is over the ACO's authority, the complete package must be sent to Construction Division, then to the Contract Review Board and on to the CO for signature. The CO then gives the contractor a NTP. It should be clearly understood that no work is to begin until the executed modification NTP.

2. Procedure - Bilateral Modification.

a. Field Engineer or others (Initiator).

- (1) Identify need for modification.
- (2) Notify the Project Manager (PM)
- (3) Evaluate need for Engineering design services.
- (4) Prepare description, sketches, etc.

(5) Forward to Area Office Engineer and/or forward to District for design. (The District coordinates engineering design services. Upon completion of design, all scope, specification and drawing changes will be provided to Area Office Engineer.)

b. Field Engineer (Preparer).

- (1) Get Mod number and set up budget dollars.
- (2) Review write-up & sketches.
- (3) Type RFP.
- (4) Send RFP to contractor.
- (5) Prepare or review independent GE.

c. Contractor (Proposer).

- (1) Receive RFP.
- (2) Prepare cost and schedule proposal.
- (3) Submit proposals to Area Engineer.

d. Field Engineer (Reviewer).

- (1) Review and compare proposal to GE.

- (2) Prepare technical analysis.
 - (3) Revise GE and budget dollars, if necessary.
 - (4) Prepare Prenegotiation Objectives.
- e. Field Engineer & Contractor (Negotiators).
- (1) Negotiate.
 - (2) Settle cost and time.
 - (3) Sign MOU.
 - (4) Prepare A-E responsibility damages (191C), if necessary.
- f. Field Engineer (Executor).
- (1) Initiate purchase request and commitment (PR&C).
 - (2) Write PNM and put mod package together.
 - (3) Receive PR&C.
 - (4) Prepare Standard Form (SF30) for ACO signature* or prepare and send mod package to CENWO-CD-C for coordination with the Contract Review Board and for CO signature.
- g. ACO or CO (Signatories).
- (1) Sign SF30.**
 - (2) Approve obligation of funds.
 - (3) Send modification (NTP) to contractor for signature.
 - (4) Copy-furnish ACO signed modification to contract holders on the project delivery team.
- h. Contractor (Acknowledger).

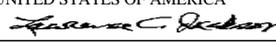
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(1) Sign SF30.

(2) Return signed SF30 to Area or District.

* There are several options for preparing a GSA Standard Form 30, Amendment of Solicitation / Modification of Contract. The field office may use whatever method that is most administratively convenient. However, all SF30 documents must be recorded in construction systems and the Standard Procurement System (SPS).

** The SF30 may be signed electronically in SPS or by wet signature on the original document – both forms are acceptable.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE J	PAGE OF PAGES 1 2	
2. AMENDMENT/MODIFICATION NO. A00022	3. EFFECTIVE DATE 06-May-2003	4. REQUISITION/PURCHASE REQ. NO. W59XQG-1067-3568		5. PROJECT NO.(If applicable)	
6. ISSUED BY CODE DACA45 BLACK HILLS AREA OFFICE USAED, OMAHA CENWO-CD-BH 631 SAINT ANNE S RAPID CITY SD 57701		7. ADMINISTERED BY (If other than item 6) CODE DACA45 U.S. ARMY CORPS OF ENGINEERS, OMAHA DIST CONTRACTING DIVISION 215 NORTH 17TH STREET OMAHA NE 68102-4978			
8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code) CADELL CONSTRUCTION CO INC DAN BRANTLEY 2700 LAGOON PARK DRIVE MONTGOMERY AL 36109			9A. AMENDMENT OF SOLICITATION NO.		
			9B. DATED (SEE ITEM 11)		
			X	10A. MOD. OF CONTRACT/ORDER NO. DACA45-01-C-0002	
			X	10B. DATED (SEE ITEM 13) 13-Apr-2001	
CODE 0CYV6		FACILITY CODE			
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS					
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.					
12. ACCOUNTING AND APPROPRIATION DATA (If required) See Schedule					
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.					
X	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Contract Clause "CHANGES"				
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).				
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:				
	D. OTHER (Specify type of modification and authority)				
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>0</u> copies to the issuing office.					
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) R00012 Minuteman III Missile Service Complex & Command and Control Support Facility F.E. Warren AFB, Wyoming The contractor shall furnish all plant, labor, and material, and perform all work necessary to accomplish the following described work: CONTINUED ON PAGE 2					
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.					
15A. NAME AND TITLE OF SIGNER (Type or print)			16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) LAWRENCE C JACKSON / ADMINISTRATIVE CONTRACTING OFF TEL: (605)341-3169 EMAIL: lawrence.c.jackson@usace.army.mil		
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED 06-May-2003		

EXCEPTION TO SF 30
APPROVED BY OIRM 11-84

30-105-04

STANDARD FORM 30 (Rev. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Figure B-1

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SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

SECTION 00010 - SOLICITATION CONTRACT FORM

The total cost of this contract was increased by \$16,816.00 from \$27,635,566.00 to \$27,652,382.00.

CLIN 0005:

AD: 57133000000 088061 3200FBH84032100000000 NA 25066 was increased by \$16,816.00.

(End of Summary of Changes)

The following items are applicable to this modification:

DESCRIPTION OF CHANGE

R00012

1. **SCOPE:** Gate operator revisions.

2. **SPECIFICATION CHANGES:** Minuteman III Missile Service Complex – Volume 2 of 3, Specification section 01002, page 21, paragraph 1.13, at the end of the paragraph add the following, “The slide gate operator shall be a hydraulic driven pressure roller type, manufactured by Hy-Security Gate Operators - Model 222 EX (Extra Duty) with optional heater or an approved equal. The solenoid locking device in the operator will be used in lieu of a separate electro-mechanical locking device. The slide gate will conform to ASTM F 1184-94, Type II (Cantilever Slide) cantilevered from the fence and will not use ground-rolling wheels. The two entrances to the Equipment Storage Area will be constructed of two slide gates for each opening, each gate will have its own operator.”

3. **DRAWING CHANGES:** None.

4. **REVISED DURING NEGOTIATIONS:** Delete the last sentence of part 2, “The two entrances...each gate will have its own operator.”

Due to the changes described herein, the contract price will be adjusted and is designated for payment purposes as follows:

Figure B-1 (Cont'd.)

<u>Mod</u> <u>Item No.</u>	<u>Description</u>	<u>Unit</u>	<u>Unit</u> <u>Price</u>	<u>Amount</u> <u>Increase</u>
12M-1	Gate operator revisions		Job	L.S. \$16,816.00

The contract time remains unchanged.

It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and time incurred by the contractor as a consequence of this modification individually and collectively with other modifications including, but not limited to, those for delay, impact, inefficiency and extended field and home office overhead.

SAMPLE

Figure B-1 (Cont'd.)

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NECESSITY FOR THE CHANGE

Minuteman III Missile Service Complex & Command and Control Support Facility
F.E. Warren Air Force Base, WY

Contract DACA45-01-C-0002
Modification R00012
Gate operator revisions

Caddell Construction Co., Inc.
Montgomery, AL

This modification is required due to a “**User Requested Change**”, RMS reason code “4”, and is made pursuant to contract clause “CHANGES.” By definition, this is considered to be a uncontrollable modification for reporting purposes.

The user requested, in an October 22, 2002 e-mail from Major Terry Seaman (AFSPC/CEC), that the gate operator be changed to an electric/hydraulic unit similar to the Hy-Security model 222EX-ST.

SAMPLE

Figure B-2

PROPOSAL ANALYSIS

Minuteman III Missile Service Complex & Command and Control Support Facility
F.E. Warren Air Force Base, WY

**Contract DACA45-01-C-0002
Modification R00012
Gate operator revisions**

Caddell Construction Co., Inc.
Montgomery, AL

The contractor was sent a request for proposal on December 17, 2002, with a proposal due date of January 17, 2003.

The contractor submitted his proposal, via e-mail, on April 21, 2003. The amount of the contractor's proposal was \$42,066.00 increase, with no additional contract time.

The contractor's proposal was reviewed in detail by the undersigned. This review consisted of checking each proposed work item to verify that it was a requirement of the modification scope. Also, the proposal was checked for reasonableness, omissions and/or duplications, math errors, takeoff quantity errors, unit prices and markups. Adequate cost and pricing data was provided. This review resulted in the following prenegotiations objectives:

1. Due to the high cost of this modification proposal, the scope was reviewed again with the user and the user (Davis Kenneth B Civ 90CES/CECE) agreed to revise the scope to revert back to a single leaf gate at each opening. This reduced the number of new operators from 4 to 2. The contractor is requested and revise his proposal accordingly. Please note that manufacturer's representative for the gate operators was contacted and the contractor's proposed pricing for the operators are substantially below list prices.

TIME

The contract did not request any additional contract time. A thorough review of the contractor's current network analysis system (NAS) shows that the work covered by this modification does not affect the contract completion, therefore, no change in contract time is justified.

The contractor will submit a subnet for review prior to his next NAS update after the conclusion of negotiations.

Date: April 25, 2003	Prepared By: BRET T. BUDD, PE Civil Engineer/Negotiator	SIGNATURE:
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Figure B-2 (Cont'd)

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NEGOTIATION OBJECTIVES MEMORANDUM

Minuteman III Missile Service Complex & Command and Control Support Facility
F.E. Warren Air Force Base, WY

**Contract DACA45-01-C-0002
Modification R00012
Gate operator revisions**

Caddell Construction Co., Inc.
Montgomery, AL

The following negotiation objectives follow the same order as they were presented in the Proposal Analysis.

The contractor needs to revise his proposal to show just one gate, with one operator, at each opening.

TIME

No change in contract time was request or is justified.

Date: April 25, 2003	Prepared By: BRET T. BUDD, PE Civil Engineer/Negotiator	SIGNATURE:
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Figure B-2 (Cont'd.)

PRICE NEGOTIATIONS MEMORANDUM

Minuteman III Missile Service Complex & Command and Control Support Facility
F.E. Warren Air Force Base, WY
Contract DACA45-01-C-0002
Modification R00012
Gate operator revisions
Caddell Construction Co., Inc.
Montgomery, AL

All negotiations were held via telephone and concluded on May 2, 2003. The parties in the negotiations were:

<u>Organization/Location</u>	<u>Name</u>	<u>Title</u>	<u>Phone No.</u>
Caddell Construction Co. Montgomery, AL	D.M. Smith	Project Manager	307-638-6563
Corps of Engineers Rapid City, SD	Bret Budd	Civil Engineer	(605)341-3169

During negotiations, the contractor revised his proposal from \$42,066.00 increase to \$16,816.00 due to revising the scope of the modification to one gate and operator at each opening.

TIME

The contract did not request any additional contract time. A thorough review of the contractor's current network analysis system (NAS) shows that the work covered by this modification does not affect the contract completion, therefore, no change in contract time is justified.

The contractor will submit a subnet for review prior to his next NAS update after the conclusion of negotiations.

MEMORANDUM OF UNDERSTANDING

At the conclusion of negotiations on May 2, 2003, a memorandum of understanding was prepared and signed by the Government's negotiator, Bret Budd. This memorandum was faxed to the contractor. The contractor's project manager, D.M. Smith, signed the MOU and faxed it back to Black Hills Area Office on May 2, 2003.

THE NEGOTIATED SETTLEMENT

As the price of this modification is less than \$100,000, preparation of a Government estimate is waived pursuant to EFAR 36.203. Taking into consideration the scope and scheduling of the work, current pricing on labor and materials and other pertinent factors, the final settled price of \$16,816.00 increase and no change in contract time, is considered fair and reasonable.

Date: May 2, 2003	Prepared By: BRET T. BUDD, PE Civil Engineer/Negotiator	SIGNATURE:
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Figure B-2 (Cont'd.)

3. Unpriced contract action, "Two-part", modification. Reference DFARS 217.74 and EFARS 43.102. When it is necessary to change the contract and keep the job going and it is considered to be in the Government's best interest to do so, we can issue a change order (NTP) and settle price and time later. The "first part" is the NTP and the "second part" is the final settled price and time, thereby the name two-part mod. In a PNM for the first part of a two-part modification, we have a complete description of the necessity and reason for change and an explanation of why we need an immediate NTP under the record of negotiations part. The PNM for the second part of the two-part mod (actually a separate modification) restates the first part for the necessity and reason for change and has a complete record of negotiations that details how the final price was negotiated.

a. After the RFP is issued and the contractor is working on his proposal, the Government determines that an immediate NTP is needed in order to keep the contract on schedule. This is accomplished by forwarding a Determination & Findings for Unpriced Change Orders to the District for approval, preparing a Government Estimate for the work to be ordered and then issuing an SF 30 with a NTP not to exceed the amount approximating the GE and a pay item of no more than 50 percent of the GE until a proposal is received and then it can go to 75 percent of the GE. See Appendix D for more detailed discussion as it relates to budget, commitment, obligation, pay items, and payment of two-part modifications.

b. It is important to keep the pressure on the contractor to submit his proposal so that negotiations can take place and a settlement can be reached in a reasonable time. A Modification Supplement may be issued to increase the NTE and the pay item amounts, after negotiations have begun if there are good reasons that a settlement cannot be reached in a reasonable period of time and it is recognized that the GE needs to be revised. Remember, the payment to the contractor cannot exceed 75 percent of the current GE.

c. Every effort should be made to settle the modification as soon as possible so that over-obligation of the Government in excess of funds does not happen. This is the inherit danger when work being directed is funded and obligated on the basis of an estimate of costs and not a settled price.

d. New modifications are used to issue revisions to executed unpriced "two-part" change orders. The initial modification number(s) are referenced in block 14 of the Standard Form 30.

4. Procedure – Unpriced “Two-part” modification

a. Field Engineer or others (Initiator).

- (1) Identify need for modification.
- (2) Notify the Project Manager (PM)
- (3) Evaluate need for engineering design services.
- (4) Prepare description, sketches, etc.

(5) Forward to Area Office Engineer and/or forward to District for design. (Engineering design services are coordinated by the District. Upon completion of design, all scope, specification and drawing changes will be provided to Area Office Engineer.)

b. Field Engineer (Preparer).

- (1) Get modification number and set up budget dollars.
- (2) Review write-up & sketches and prepare RFP.
- (3) Send RFP to contractor.

(4) Contractor notifies Government that the changes are impacting the schedule and requests an immediate NTP.

c. Field Engineer (2-part preparer).

(1) Prepare D&F for Unpriced Change Orders (detailed necessity & reason for two-part modification required).

- (2) Fax to District (CENWO-CD-CA) for approval.
- (3) Prepare detailed, independent GE.
- (4) Prepare PNM.
- (5) Commit funds.

- (6) Issue SF30, NTP with not-to-exceed amount.
 - (7) Revise GE, and NTE amount by supplement, if required.
- d. Contractor (Proposer).
- (1) Receive SF30, begin mod work.
 - (2) Prepare cost and schedule proposal and submit to AE.
- e. Field Engineer (Reviewer).
- (1) Compare proposal to GE.
 - (2) Perform Technical Analysis and revise GE (if req'd).
 - (3) Prepare Prenegotiation Objectives.
- f. Field Engineer & Contractor (Negotiators) negotiate, settle cost and time, and sign MOU.
- g. Field Engineer (Executor).
- (1) Initiate purchase request and commitment (PR&C).
 - (2) Write PNM and put mod package together.
 - (3) Receive PR&C
 - (4) Prepare a new modification referencing the unpriced SF30 for ACO signature* or prepare and send mod package to CENWO-CD-C for coordination with the Contract Review Board and for CO signature on final Supplement.
- h. ACO or CO (Signatories).
- (1) Sign SF 30, ** and approve obligation of funds.
 - (2) Send modification to contractor for signature.
 - (3) Copy-furnish ACO signed modification to contract holders on the project delivery team.

i. Contractor (Acknowledger).

(1) Sign SF 30.

(2) Return signed SF30 to Area or District.

* There are several options for preparing a GSA Standard Form 30, Amendment of Solicitation / Modification of Contract. The field office may use whatever method that is most administratively convenient. However, all SF30 documents must be recorded in construction systems and the Standard Procurement System (SPS).

** The SF30 may be signed electronically in SPS or by wet signature on the original document - both forms are acceptable.

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**DETERMINATION AND FINDINGS (D&F) FOR
 UNPRICED (TWO-PART) CHANGE ORDERS**

CONTRACT NO: DACW45-98-C-0070
 Major Rehabilitation - Garrison Dam & Power Plant

LOCATION: Riverdale, North Dakota

MODIFICATION NO: R00047 - Replace stators and coils - Units 1, 2 & 3

1. REASON IMMEDIATE NTP IS REQUIRED:

It has been determined to be in the Government's best interest to replace the cores and coils of Units 1, 2, and 3 at the Garrison Power Plant. The contractor needs to proceed with the design, procurement and installation for the first unit, Unit 3, to help reduce costly delays.

The contractor's current proposal, dated January 22, 2002, is in the amount of \$8,700,267 increase for the direct cost of this modification and \$398,045 for extended overhead costs for the request four month contract time extension. The contractor is still pricing out the cost of revising the coolers and exciters.

2. GOVERNMENT ESTIMATE: An independent Government estimate was prepared by the Black Hills Area Office on December 18, 2001. The amount of the estimate is \$7,292,319.50.

NOT TO EXCEED AMOUNT: \$3,000,000

3. DEFINITIZATION SCHEDULE:

<u>DATE CHANGE IDENTIFIED</u>	<u>NTP DATE*</u>	<u>PROPOSAL DATE *</u>	<u>SETTLEMENT DATE *</u>	<u>PROPOSAL DATE PLUS 180 DAYS</u>
1 DEC 01	15 FEB-02	18 JAN 02	15 MAR 02	17 JUL 02
* ESTIMATED				

4. WHY (IF ANY) ARE THERE DEVIATIONS TO THE ABOVE SCHEDULE?
 (To be completed at a later date.)

5. APPROVALS:

PREPARED BY: _____

DATE _____

REVIEWED BY: _____

DATE _____

APPROVED BY: _____

DATE _____

Figure B-3

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE J	PAGE OF PAGES 1 5
2. AMENDMENT/MODIFICATION NO. P00025	3. EFFECTIVE DATE 13-Feb-2002	4. REQUISITION/PURCHASE REQ. NO. W59XQG72511901		5. PROJECT NO.(If applicable) Gar Dam,Riverdale,ND
6. ISSUED BY CODE DACW45 U.S. ARMY CORPS OF ENGINEERS, OMAHA DIST CONTRACTING DIVISION 106 S 15TH STREET FEDERAL BLDG. OMAHA NE 68102-1618		7. ADMINISTERED BY (If other than item 6) CODE See Item 6		
8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code) ALSTOM POWER INC BILL WEST 7921 SOUTHPARK PLAZA STE 208 LITTLETON CO 80120			9A. AMENDMENT OF SOLICITATION NO.	
			9B. DATED (SEE ITEM 11)	
			X 10A. MOD. OF CONTRACT/ORDER NO. DACW45-98-C-0070	
			X 10B. DATED (SEE ITEM 13) 25-Sep-1998	
CODE 0T551		FACILITY CODE		
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS				
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.				
12. ACCOUNTING AND APPROPRIATION DATA (If required)				
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.				
X A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.				
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).				
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:				
D. OTHER (Specify type of modification and authority)				
E. IMPORTANT: Contractor <input checked="" type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.				
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) MAJOR REHABILITATION, GARRISON DAM AND POWER PLANT, RIVERDALE, ND - R00047 The contract value is increased b \$3,000,000.00. The contractor shall furnish all plant, labor and material and perform all work necessary to accomplish the following described work.				
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.				
15A. NAME AND TITLE OF SIGNER (Type or print)			16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) JAMES B OPITZ / CONTRACTING OFFICER	
15B. CONTRACTOR/OFFEROR _____ (Signature of person authorized to sign)		15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY _____ (Signature of Contracting Officer)	16C. DATE SIGNED 13-Feb-2002

EXCEPTION TO SF 30
APPROVED BY OIRM 11-84

30-105-04

STANDARD FORM 30 (Rev. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Figure B-4
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SECTION SF 30 BLOCK 14 CONTINUATION PAGE

(R00047)

Major Rehabilitation, Garrison Dam & Power Plant, Riverdale, North Dakota

SUMMARY OF CHANGES

Changes in Solicitation/Contract/Order Form

The current contract value is INCREASED \$3,000,000.00 from \$29,370,903.65 to \$32,370,903.65 (002FN9).

The current contract obligation remains UNCHANGED at \$19,098,150.00.

The contractor shall furnish all plant, labor, and material, and perform all work necessary to accomplish the following described work:

1. **SCOPE:** Replace stators and coils - Units 1, 2 & 3.

2. **SPECIFICATION CHANGES:**

2.1. Specification page 16210-1, paragraph 1.1, change "Units 4 and 5" to "all units."

2.2. Specification page 16210-14, paragraph 2.11, change "Units 4 and 5" to "all units."

2.3. Specification page 16210-22, paragraph 3.8, change "Units 4 and 5" to "all units."

2.4. Specification page 16210-22, paragraph 3.9, delete "UNITS 4 AND 5" in the title and change "Units 4 and 5" to "all units" in the body of the paragraph (two locations).

3. **DRAWING CHANGES:** None.

4. **REVISED DURING NEGOTIATIONS:**

4.1. Specification page 16210-3, paragraph 1.3, revise submittal "Existing Stator Core Cleaning and Inspection Procedures" to "Existing Stator Frame Inspection Procedure."

Figure B-4 (Cont'd.)

4.2. Specification page 16210-3, paragraph 1.3, revised submittal "Restacking Procedure" to include all units.

Figure B-4 (Cont'd.)

4.3. Specification page 16210-14, paragraph 3.2.2.b, change "Unit 5 winding" to "Units 1, 2, 3 and 5 windings."

4.4. Specification page 16210-18, paragraph 3.3.c, at the end of the paragraph add "The existing RTD terminal box of Units 1, 2, and 3 may require modification to accommodate the additional 12 RTD's."

4.5. Specification page 16210-21, paragraph 3.5.1, at the end of the paragraph add, "Couplers shall be installed in accordance with instructions from the manufacturer of the partial discharge testing system."

4.6. Specification page 16210-22, paragraph 3.9, revise "Jacks shall be.." to "Hydraulic jacks shall be..."

4.7. Specification page 16210-4, replace paragraph 1.4.1.1 with the following:

"1.4.1.1 General

Units 1, 2, 3, 4 and 5 are air-cooled, vertical hydro-generators which were originally manufactured and installed by General Electric Company in 1960. Units 1, 2 and 3 were rewound in 1985 by National Electric Coil. Units 4 and 5 were also rewound by National Electric Coil in 1977. Generator ratings, as defined by current nameplate information, is as follows:

Units 1-3:

115,000 kVA	95 percent power factor
109,250 kW	90 rpm
13,800 V	4,811 A
3 phase	60 Hz
60°C temperature rise continuous	

Units 4 & 5:

100,000 kVA	95 percent power factor
95,000 kW	90 rpm
13,800 V	4,184 A
3 phase	60 Hz
60°C temperature rise continuous	
115 percent guaranteed continuous overload capacity	

Figure B-4 (Cont'd.)

1.4.1.2 Description of Generator

The generators are designed for star connection of the stator winding. The generator data is as follows:

	Units 1-3	Units 4&5
Number of parallel paths per turns	10	8
Number of turns per coil	4	4
Number of slots	540	576
Number of strands per turn	14 (2 by 7)	16 (2 by 8)
Outside stator diameter	35'3"	33'2"
Stator core height	73"	59"
Winding insulation type	Polyester mica	Polyester mica

Generator field test reports data is attached at the end of this section for the Contractor's information. Test data includes, but is not limited to, the following:

- a. Friction and windage loss
- b. Core loss
- c. Stray-load loss
- d. Armature dc I²R loss (75°C)
- e. Rotor I²R loss (75°C)
- f. Heat run data"

4.8. Specification page 16210-6, replace paragraph 2.3 with the following:

"2.3 GENERAL REQUIREMENTS FOR STATOR COILS AND THE STATOR WINDING ASSEMBLY

The generator windings shall be rated 128,000 kVA for Units 1-3, and 115,000 kVA for Units 4-5, 0.95 power factor, 13.8 kV, 60 Hz. The stator coils and winding installation materials shall be capable of operation at Class F temperature limits as defined in ANSI C50.12 (90°C rise above a cooler discharge air temperature of 40°C). They shall operate within NEMA Class B temperature limits (75°C rise above a cooler discharge air temperature of 40°C) when loaded to rated kVA."

4.9. Specification page 16210-9, paragraph 2.5 add with following at the end of the paragraph:

"Units 1-3: Twenty four (24) standard copper resistance temperature detectors (RTD's), of 10 ohms at 25°C plus or minus 0.2°C shall be supplied for installation in the stator winding. The detectors and their location shall be in accordance with paragraph 5.2 of ANSI C50.10. The Contractor shall replace all existing RTD cable with Teflon insulated cable designed to withstand a minimum insulation operating temperature of 120°C. Each detector shall be supplied with three connecting leads of sufficient length for installation. Leads may be solder-spliced; mechanically spliced leads

shall not be used. The portion of the temperature detector in the slot shall have a semi-conducting coating.”

4.10. Specification page 16210-10, paragraph 2.6.5, at the end of the paragraph add the following:

“Units 1-3: If a different current transformer is required as a result of a change in the circuit ring configuration, sufficient new current transformers of suitable rating for use in the differential protection scheme shall be supplied. New neutral current transformers shall meet the requirements of ANSI C57.13, clause 6. The relay accuracy rating shall be equal to the existing rating or better.”

4.11. Specification page 16210-10, add the following new paragraph:

“2.6.6 Current Transformers and Meters for Units 1-3

If required, the existing generator differential current transformers (CTs), the transformer differential current transformers, and metering (located on the generator main leads) shall be replaced. The differential relays shall be recalibrated. As a result of installation of new CTs, some instruments may require recalibration, the Contractor shall identify these instruments and recalibrate or replace them as necessary.”

4.12. Specification page 16210-21, add the following new paragraph:

“3.5.4 PDA System for Units 1-3

Units 1, 2, and 3 have existing Partial Discharge Analysis (PDA) systems installed. The Contractor shall remove existing coupling capacitors and leads. The coupling capacitors shall be reinstalled in the new stator windings. The existing coaxial leads shall be removed and disposed. New coaxial leads shall be installed from the coupling capacitors to the termination box. The exiting termination box shall be relocated from floor three to the upstream side of the generator housing. The termination box shall be recess mounted in the generator air housing.”

4.13. Specification page 16950-7, paragraph 3.8, replace the first sentence with “Accurate stator winding resistance measurements shall be made on each phase of the completed stator winding per IEEE 115.”

4.14. Specification page 16950-9, paragraph 3.9.1, first sentence replace "One generator..." with "Two generators..."

4.15. Specification page 16950-9 and 10, revise paragraph 3.9.2 as shown in bold below:

"a. Efficiency Test. ..25,000 kVA, at 0.95 pf for Units 4 and 5. Units 1-3 will be tested at load of 132,000 kVA, at 0.95 pf. All other losses

b. Temperature Test (Heat Runs). One generator Unit 1, 2, or 3 and one generator Unit 4 or 5 shall be tested..."

4.16. Specification page 16950-5, paragraph 3.3.b, delete last sentence "The calculations...turn-to-turn voltage."

4.17. Specification page 16950-7, replace paragraph 3.8.a with the following"

"a. Turn-to-Turn Dielectric Tests. The turn-to-turn insulation of each coil shall be tested by a high frequency turn-to-turn dielectric test (surge test), per IEEE 522. The proposed test voltage shall be submitted for approval. The test shall be made before coil-to-coil connections are completed."

4.18. Specification page 16950-1, add the following new item under paragraph 1.2:

"ASTM A 720 (1997) Standard Test Method for Ductility of Non-oriented Electrical Steel"

4.19. Specification page 16950-21, at the end of paragraph 3.10 add the following"

"d. High Potential Tests. The rotor winding shall be given a one minute high potential test of 2 kVac."

4.20. Specification page 16950-13, add the following new paragraph:

"3.13.3 Ductility Test. The Contractor shall perform a ductility test per ASTM A 720. The test report shall include the number of specimens, the specimen dimensions, and the ductility expressed as the number of reversals until failure."

4.21. Specification page 16210-4, paragraph 1.3, at the end of submittal item "Operation and Maintenance (O & M) Manuals" add "An O&M manual shall be prepared by the Contractor for Units 1,2 and 3."

Due to the changes described herein, the contract price will be adjusted and is designated for payment purposes as follows:

<u>Mod</u>		<u>Unit</u>	<u>Amount</u>
<u>Item No.</u>	<u>Description</u>	<u>Price</u>	<u>Increase</u>
47M-1	Replace stators and coils - Units 1, 2 & 3	Job L.S.	\$3,000,000.00

The contractor is hereby directed to proceed with the work necessary to complete the replacement of the stator core and coils for Unit 3. This work includes all necessary engineering, procurement of materials, removal of existing cores and coils, fabrication of coils and laminations for the core. The total cost of this modification SHALL NOT EXCEED \$3,000,000 without prior approval of the Contracting Officer. A supplemental order will be written to adjust final price and time as required.

SAMPLE

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NECESSITY FOR THE CHANGE
MAJOR REHABILITATION
GARRISON DAM & POWER PLANT
RIVERDALE, ND

Contract DACW45-98-C-0070
Modification R00047
Replace stators and coils - Units 1, 2 & 3

ALSTOM Power, Inc.
Littleton, CO

This modification is made pursuant to contract clause 57 "**DIFFERING SITE CONDITIONS.**"

Due to the severe vertical misalignment of Unit 3, and the anticipated misalignment of Units 1 and 2, it has been determined that the Government's best course of action is to replace stator cores and coils of these three units during the major rehabilitation of the units.

The re-centering and realigning of the turbines requires that the core and coils to be relocated. There is not a reasonable way of accomplishing these relocations without damaging the cores and coils. By replacing the cores and coils now, delays to the completion of the project will be minimized. Also, the new coils will be rated at 128 KVA, as opposed to the current coils rating of 115 kVA, which will provide additional benefits to the Government.

SAMPLE

Figure B-5

B-24

PROPOSAL ANALYSIS
MAJOR REHABILITATION
GARRISON DAM & POWER PLANT
RIVERDALE, ND

Contract DACW45-98-C-0070
Modification R00047
Replace stators and coils - Units 1, 2 & 3

ALSTOM Power, Inc.
Littleton, CO

EXECUTIVE SUMMARY

Due to the severe vertical misalignment of Unit 3, and the anticipated misalignment of Units 1 and 2, it has been determined that the Government's best course of action is to replace stator cores and coils of these three units during the major rehabilitation of the units.

The re-centering and realigning of the turbines requires that the core and coils to be relocated. There is not a reasonable way of accomplishing these relocations without damaging the cores and coils. By replacing the cores and coils now, delays to the completion of the project will be minimized. Also, the new coils will be rated at 128 KVA, as opposed to the current coils rating of 115 KVA, which will provide additional benefits to the Government.

HISTORY

The contractor was required, by contract, to measure the vertical alignment of each generator after the runner and rotor have been pulled from the unit. In measurement of Unit 3, the contractor discovered that the alignment of Unit 3 was over eighteen times (18X) that allowable tolerance for vertical plumb.

The Government's project engineer, Dale Evenson, sent out the following e-mail message on December 1, 2001 after all the measurements had been taken.

Alstom has completed the shaft verticality and runout measurements for Unit 3. The verticality measurements indicate that the shaft is out of plumb by as much as .0047 inches/foot (or approximately 0.25 inch from the top to the bottom of the unit). This may not be the worst case as the measurements were taken only every 90°.

Alstom is required to align the unit to within .00025 inches/foot. To achieve this requirement, the Corps and Alstom will need to agree on the method of correcting the alignment.

The contract currently does not require the generator stator of Unit 3 to be re-wound. If the corrective action would be similar to the work that was done on Unit 5 (establish best-center of unit at turbine and move the generator stator), it would be necessary for the Contractor to rewind and restack the generator stator. The cost of the rewind on Units 4 & 5 was approximately \$1.9M per unit. I would assume the cost to rewind Unit 3 would be similar.

Figure B-5 (Cont'd)

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Other options may be considered. I have asked HDC to review the measurements and recommend a corrective action. As information becomes available I will pass it on.

On December 12, 2001, the contractor's project manager, Steve Mavromatis, sent the Government their analysis of the situation and recommendations for correction:

Based on inspection report no. 451-100-51, the verticality of Unit 3 is well outside the tolerance specified in the technical specification for the re-assembled unit, after refurbishment. The required verticality is 0.00025in/ft and the actual verticality is 0.0052in/ft (20X the permitted tolerance). The details of the analysis are in the ALSTOM Technical Document CI1-10000-351 (Submittal 15992-03 FIO-050).

In the November 2001 monthly conference call we discussed several options for Unit 3.

OPTION 1: Reassemble the unit with existing verticality

This can be done by doing at site, much of the machining work that we presently do in the ALSTOM shop. It would be very difficult to predict the final result and we could not guarantee to be within the existing 0.0052in/ft. All our re-assembly procedures are based on vertical plumb lines and trying to offset from these to achieve a particular angle would be difficult. In such a scenario, ALSTOM would undertake the job on a best effort basis with no guarantee of the final result.

The other issue to consider is that some components were operating in an "out of tolerance" condition, given the existing verticality. The thrust bearing is one of these components. It is not an ALSTOM design and ALSTOM will not take any responsibility for any problem which may be caused by an out of tolerance re-assembly. ALSTOM will take a similar position on other components.

OPTION 2: Re-center stator without removing winding

This can be done but there are risks involved and it may not work if the generator is out of level. We expect this to be the case, just as it was on unit 5. Simply moving the stator over will result in a misalignment between the stator and the rotor which will result in an out of tolerance air gap and poor generator performance. The uneven air gap will also create a torque which introduce bending in the shaft.

The risks of causing damage during the move are significant, given the size of this unit. The stator core will almost certainly be out of round and adjustment of the keybars will be required. There is also a risk of causing damage to the coils trying to move the stator. ALSTOM will not take responsibility for any damage to the coils. In such a case the additional costs and delays would be more would be significant than if the winding would have been removed in the first place.

OPTION 3: Re-center and re-level stator without removing winding

All the same concerns that apply to Option 2, apply to Option 3. We expect however that the air gap will be corrected but the risk of damage to the coils would be higher.

Figure B-5 (Cont'd.)

Also, we don't believe it will be possible to break the concrete to reveal the stator (as we did on Unit 5) due to the weight. We would have to evaluate the capacities of available tooling or cost of new tooling for this operation.

OPTION 4: Remove winding, re-level and re-center the unit

This is what was done on Unit 5. We are confident this will succeed as it did on Unit 5. The winding cannot be re-installed and would have to be replaced with a new one. This makes this option very expensive. The delay to the project would also be significant. A new core would take four to five months to produce but this time can be used to reassemble the turbine components. Use of two shifts and overtime could also be used to minimize the installation time. The overall delay to the project could be in the order of five to six months.

OPTION 5: Re-center the unit around the generator center

We have never done such an operation and cannot be sure of the result. It would require significant engineering. The risk of encountering unexpected problems would be high. It would also not correct the air gap which would continue to be out of tolerance (see Option 2). Again ALSTOM would perform such an operation on a best effort basis.

CONCLUSION

We recommend that the verticality be corrected to ensure that the unit runs properly. Our opinion is that:

Options 1 and Option 5:

These are the least desirable with the least likelihood of success and we would advise against them.

Option 2:

An out of tolerance air gap could be a serious problem. It could cause overheating, vibration and affect generator performance. This too is not a desirable option.

Option 3:

It may not be possible to re-level the stator without removing the coils. If it is possible and the risk of damage (and all consequences) is acceptable to the Corps, ALSTOM can attempt this type of correction.

Option 4:

We consider this to be the best option for the success of the verticality correction and the long term operation of the unit. It is however an expensive option, and it will cause a somewhat longer delay

Figure B-5 (Cont'd.)

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than the other options. The Corps will have to evaluate the impact of this on the project.

We are, as always, available to discuss this issue in more detail. Please let me know which of these options you wish us to pursue in more detail.

An independent Government estimate, in the amount of \$9,950,783.40 was prepared by the undersigned for the scope of this modification, as well as Government costs, and the cost of realigning Units 1, 2 and 3 on December 18, 2001. The estimated cost for the scope of this modification only is \$7,292,319.50. This estimate is based on a eight month time extension to the contract and utilizing the current bid prices for Units 1, 2 and 3 that are being used for Units 4 and 5. Be aware that there are known errors in the prices due to the cores in Units 1-3 being larger than Units 4 and 5. The cores for Unit 3 is 73" high and 35' 3" in diameter while Unit 5 is only 59" high and 33' 2" in diameter. There are fewer coils in Unit 3, 540 vs. 576, but the total lengths of the coils are approximately the same. These differences, as well as the cost of the cooler and exciter changes, will be addressed as the Government is revised prior to negotiations. Another factor is that some of the pricing is based on the contractor's competitively bid unit prices from 1997, so inflation needs to be taken into consideration.

The contractor's project manager, Steve Mavromatis, provided additional information on December 19, 2001 addressing the possibility modifying the existing stator cores:

As requested in yesterday's conference call, I have looked into the possibility of shimming up one side of the stator to level it. In my previous correspondence, I indicated the risks involved in moving the stator. Ignoring these risks for the moment, if we shim up the stator on one side, using tapered shims, the elevation of the stator will change. We will then have to raise all the rotating parts by an equivalent amount. Our opinion is that this may work but we will need to take more measurements and do more engineering before we can be sure. We have to be able to respect the assembly tolerance between the embedded parts and all the other components. Also the radial doweling used in the stator supports will not work well (or may not even work at all) with a shim between the two parts we are doweling. Even if we do succeed, we believe this arrangement will not be stable and there will be movement in the generator over time.

Carole Laprise has also analyzed the measurements of the generator. The stator is at the limit for roundness (0.057" max. - avg, and 0.060" avg. - min.). The maximum deviation permissible in both cases is 0.060". Moving the stator will affect the roundness. We can't predict if the roundness will improve or be worse after the move. If it does worsen, we will have to adjust the keybars (I assume there are keybars) to try to round up the stator. We will have to evaluate this after the generator has been moved.

Figure B-5 (Cont'd.)

Carole has also analyzed the measurements of the air gap. It appears that the stator is more inclined than the shaft line measurements indicate. This means that the required correction could be greater than anticipated. This does not help.

In view of all this, we are more convinced than ever that the best way to correct the problems with Unit 3 is to remove the core and the winding and properly re-align the unit.

We hope this additional information helps in your analysis.

Through a series of phone conversations and e-mails between the contractor, Omaha District, the Garrison Project, and the Corps' Hydropower Design Center in Portland, an agreement was reached that the best course of action for the Government was to replace the coils and cores for Units 1, 2 and 3. Dale Evenson summed up these discussions and the Government's rationale in a December 19, 2001 e-mail:

The shaft verticality and runout measurements for Unit 3 shows that the unit is out of plumb by as much as .0047 inches/foot (or approximately 1/4 inch from the top to the bottom of the unit). The unit is to be aligned to within .00025 inches/foot (or 0.01 inches top to bottom). It is strongly believed that Units 1 and 2 are also out of plumb to the same degree.

The contract does not require new stator windings and iron cores for Units 1, 2, & 3. Without removal of the stator iron, Unit 3 cannot be aligned and leveled in the same manner as Unit 5. Following the conference call last week, several methods of re-leveling and re-alignment were considered regarding the alignment of Unit 3 and the potential re-alignment of Units 1 & 2.

Method 1: Re-center the unit around the generator.

- This method of alignment would require extensive machining of the lower head cover, draft tube liner, and the stay ring. The Corps and the Contractor agreed that the machining of the embedded turbine components (specifically the lower head cover) would be very risky. In the Contractor's opinion, the necessary machining required to move the turbine and the turbine components 1/4" can not be accomplished.
- This method would require extensive engineering to realign the unit. The Contractor has never aligned a unit using this method.
- This method of alignment would only center the unit to the generator stator. The stator would not be level and would remain out of plumb.

Method 2: Re-assemble the rotating parts of the unit plumb, and slide the generator stator (stator frame, iron core, and coils) approximately 1/4" to align the generator stator with the unit.

- This method of alignment does not require the generator core and stator coils to be removed but does create a risk of damaging the generator. When the generator stator is being moved, the stator will be out-of-round. The coil slots may become distorted causing damage to the coil insulation, wedges, laminations, key bars, packing, etc. HDC believes the risk of damaging the coils is small if the Contractor is careful. The Contractor will not accept responsibility for damage to the generator components. The Contractor has also expressed his concern, in writing, that the air gap

Figure B-5 (Cont'd.)

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between the rotor and the stator “will result in an out of tolerance air gap and poor generator performance. The uneven air gap will also create a torque which introduce bending in the shaft.” The Contractor continued with, “An out of tolerance air gap could be a serious problem. It could cause overheating, vibration and affect generator performance. This too is not a desirable option.”

- This method of alignment will only center the generator stator with the unit. The stator would not be level and would remain out of plumb. The small variation in the air gap (+/- 0.026 top to bottom of the generator) would be within the normal installation tolerances and would have negligible effect on the operation of the unit.
- HDC recommends this solution.

Method 3: Remove the existing generator coils and iron core, re-level and align the stator frame (same process used to align Unit 5) and purchase and install new laminations and coils.

- This method of alignment is the best technical solution. The generator would be installed and aligned concentric and plumb with the unit. The generator stator core and coils would be replaced with new and the Contractor would be required to honor the guarantees in the contract.
- The cost associated with the re-leveling and re-alignment of Unit 5 was approximately \$300K. The costs for alignment of Unit 3 is expected to be similar.
- The anticipated costs to realign the unit, purchase new laminations and coils is approximately \$3.0M/unit.
- The generator stators for Units 1, 2, & 3 were replaced by National Electric Coil (NEC) between 1985 - 1987. The designed life of a generator is 35 years. However, generator coils installed in Units 4 & 5 by NEC in 1978 experienced failures after 20 years of service. The generator stators of Units 1, 2, & 3 have been in service for 15 - 17 years.
- The time necessary to manufacture new laminations and coils will require approximately four months. The manufacturing time most probably will delay the completion of the project. The Contractor is investigating ways to reduce the delays.
- HDC is willing to support this solution, if Method 2 is not chosen.

The Omaha District has decided to select Method 3 and proceed with a contract modification to purchase new laminations and coils for Units 1, 2, & 3. Bill Miller is processing a SACCR for the additional work. Mark Mailander has asked the Contractor to begin investigating costs associated with the additional work associated with Method 3.

HDC (Tam Bui) is asked to review new generator requirements previously utilized for Units 4 and 5 for the similar work at Units 1, 2 and 3. Please coordinate and provide recommendations for reviews with Keith Fink, Larry Schulte, and Gary Hinkle. Your prompt action in completing the scope of work will reduce the delays to the contract and the associated costs to the Government.

The Conference Call scheduled for Thursday, 20 December has been cancelled. If anyone has questions or concerns regarding the additional work, please call me at (701)654-7565.

Bryan Cisar, the Dam Safety Engineer for the Garrison Project provided the Government team the following information on the history of movement of the powerhouse on December 20, 2001. As can be seen from his discussion, the misalignment of the units is due to tilting and differential settlement of the entire powerplant.

Figure B-5 (Cont'd)

Analysis of the survey information obtained to date on the Powerhouse, Stilling Basin, Surge Tanks, Penstock Slab, Tunnels and Intake Structure, the following conclusions can be reached:

STILLING BASIN

Vertical movement transverse profiles through the stilling basin continue to show rebound. The movement profile of the stilling basin indicates the downstream end of the stilling basin has rebounded more than the upstream end. This can be attributed to the larger excavation at the downstream end of the basin during construction. The east end of the stilling basin shows slightly less rebound than the west and significantly less than the middle of the structure. The east wall is located adjacent to the powerhouse and surge tanks and less rebound is attributed to influence by the massive weight of these structures. Depending on the location of the survey point on the stilling basin, rebound for most points are approximately 0.20-feet in the last 20-years. Overall, the rate of rebound for the stilling basin is progressing as expected and shows a continued decline in the rate of rebound with time.

POWERHOUSE

Vertical movement transverse profiles through the powerhouse continue to show rebound. The total movement profile of the powerhouse indicates the west side has rebounded the most (0.8-feet) and the center and east end have rebounded the least (approximately 0.45-feet). Vertical movements profiles of the powerhouse indicate the powerhouse is tilting upward on the downstream end. Depending on the location of the survey point within/on the powerhouse, rebound for most points are approximately 0.20-feet in the last 20-years. Overall, the rate of rebound for the entire powerhouse is progressing as expected and shows a slow continued decline in the rate of rebound with time.

SURGE TANKS

Vertical movement transverse profiles through the surge tank building continue to show rebound for all units. The total movement profile of the surge tanks vary from approximately .08 for unit 1 and 0.2-feet for unit 5. Depending on the location of the survey point on surge tank building, rebound for most points are approximately 0.05 to 0.1-feet in the last 20-years. Overall, the rate of rebound for the entire surge tank building is progressing as expected and shows a continued decline in the rate of rebound with time.

PENSTOCK SLAB

The penstock slab is located between the powerhouse foundation and surge tank base structure. Historically, there has been considerable differential movement between the two structures. Plots uncharacteristically exhibit consolidation and rebound cycles. It is suspected that variation between survey data plots is attributed to small errors induced when bringing control into and throughout the powerhouse when trying to undertake surveying of these points. Total differential rebound between survey point for any penstock vary from approximately 0.3 to 0.4-feet, with the greatest amount of rebound occurring at the powerhouse wall interface.

TUNNELS

Vertical movement profiles through the tunnels of power units No. 1, 3 and 5 are taken periodically. In general, the intake structure and upstream portions of the tunnels under the embankment have settled, while the downstream end of the tunnels have shown rebound.

Figure B-5 (Cont'd.)

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In short, in order to evaluate the impact watering and dewatering will have on the powerhouse, and more importantly the impact will have on "tilt", an extensive surveying program will have to be initiated and undertaken while the major rehabilitation work is taking place. It is imperative that baseline surveys be conducted prior to dewatering activities, during construction/repair/replacement and watering back up of the penstocks. It is only through this extensive program can a determination be made as to the impact work activities are having on the structures. See the attached e-mails regarding proposed surveying schedule and program.

One might think that the dam safety program heretofore would provide the necessary information for this endeavor but due to the significant reduction in dam safety dollars for surveying purposes, the program is at best is obtaining surveying of these structures every 5 years. Overall long term trends in structural behavior (consolidation/rebound) can be determined but identification of any cyclic type behavior is inconclusive. Again, this being attributed to the infrequent nature of obtaining surveys on these structures.

If you have any additional questions, please call me at x4482.

Bryan Cisar, P.E.
Dam Safety Engineer, Garrison Project

The contractor was sent a request for proposal on December 20, 2001, with a proposal due date of January 18, 2002.

A Submittal of Schedule and Cost Change Request (SACCR) was prepared by the Omaha District on January 15, 2002 for approval by Northwestern Division to allow the addition of stator core and coil replacement for Units 1, 2 and 3. This SACCR was approved on January 23, 2002. The amount approved was an additional \$9,891,000 and a eight month contract extension. This is to cover the cost of replacing the cores and coils as well as correcting the misalignment of Units 1, 2 and 3.

The contractor submitted a partial proposal, via e-mail, on January 23, 2002. The contractor's proposals are as follows:

Coils and cores for Units 1, 2 and 3:	\$8,700,267
Extended overhead:	\$ 398,045
Core pressing:	\$ 310,059
Exciter revisions:	\$ yet to be determined
Cooler revisions:	\$ yet to be determined

The contractor is also requesting an additional four months of contract time.

A back-up quote for lamination steel was furnished by the contractor on January 29, 2002. This quote was from AK Steel in Zanesville, Ohio.

Figure B-5 (Cont'd.)

This quote is currently being reviewed, along with the remainder of the contractor's proposal. Also, the contractor is also pricing out the remainder of his proposal for exciters and coolers.

AUDIT

It should be noted that the Canadian Defense Ministry, on our behalf in support of modification R00008, tried to conduct an audit of the contractor. The contractor was unable to complete the audit but his informal findings were that the rates being charged by the contractor were reasonable.

NECESSITY FOR IMMEDIATE NOTICE TO PROCEED

The contractor needs to have notice to proceed as soon as possible to allow them to contract begin design on the coils, laminations and punching die. The contractor also needs to begin procurement of the lamination sheet metal. All of these items will be on the critical path of this contract. Any delays in having the contractor proceed will result in additional contract time extensions and extended overhead being paid to the contractor.

SAMPLE

Date: February 7, 2002	Prepared By: BRET T. BUDD, PE Civil Engineer/Negotiator	SIGNATURE:
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Figure B-5 (Cont'd.)

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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE OF PAGES
			J	1 3
2. AMENDMENT/MODIFICATION NO. P00031	3. EFFECTIVE DATE 29-Jan-2003	4. REQUISITION/PURCHASE REQ. NO. W59XQG72511901		5. PROJECT NO.(If applicable)
6. ISSUED BY U.S. ARMY CORPS OF ENGINEERS, OMAHA DIST CONTRACTING DIVISION 106 S 15TH STREET FEDERAL BLDG. OMAHA NE 68102-1618	CODE DACW45	7. ADMINISTERED BY (If other than item 6) BLACK HILLS AREA OFFICE USAED, OMAHA, CENWO-CD-BH 631 SAINT ANNE S RAPID CITY SD 57701		CODE DACA45
8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code) ALSTOM POWER INC BILL WEST 7921 SOUTHPARK PLAZA STE 208 LITTLETON CO 80120			9A. AMENDMENT OF SOLICITATION NO.	
			9B. DATED (SEE ITEM 11)	
			X 10A. MOD. OF CONTRACT/ORDER NO. DACW45-98-C-0070	
			X 10B. DATED (SEE ITEM 13) 25-Sep-1998	
CODE 0T551	FACILITY CODE			
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS				
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.				
12. ACCOUNTING AND APPROPRIATION DATA (If required)				
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.				
X A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Contract Clause "DIFFERING SITE CONDITIONS"				
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).				
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:				
D. OTHER (Specify type of modification and authority)				
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>1</u> copies to the issuing office.				
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) R10047 Major Rehabilitation Garrison Dam & Power Plant Riverdale, North Dakota The current contract value is INCREASED \$6,983,950.00 to \$40,126,405.65 (002FN9). The current contract obligation remains UNCHANGED at \$21,771,000.00. The contractor shall furnish all plant, labor, and material, and perform all work necessary to accomplish the following described work: CONTINUED ON PAGE 2 Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.				
15A. NAME AND TITLE OF SIGNER (Type or print)			16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
			LEE M MCCORMICK / CONTRACTING OFFICER TEL: (402)221-4045 EMAIL: lee.m.mccormick@usace.army.mil	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA		16C. DATE SIGNED
(Signature of person authorized to sign)		BY <i>Lee M. McCormick</i> (Signature of Contracting Officer)		30-Jan-2003

EXCEPTION TO SF 30
 APPROVED BY OIRM 11-84

30-105-04

STANDARD FORM 30 (Rev. 10-83)
 Prescribed by GSA
 FAR (48 CFR) 53.243

Figure B-6

SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

SECTION 00010 - SOLICITATION CONTRACT FORM

The total cost of this contract was increased by \$6,983,950.00 from \$33,142,455.65 to \$40,126,405.65.

(End of Summary of Changes)

The following items are applicable to this modification:
BLOCK 14, CONTINUED

R10047

Reference modification P00025 with an effective date of February 13, 2002. This modification directed you to proceed with scope of work R00047 and provided for a supplemental order to adjust the contract price and time as required. This modification provides for that adjustment.

5. REVISED DURING NEGOTIATIONS:

5.1. Specification page 16950-9, paragraph 3.9.2, revise the efficiency test to read "Units 1-3 will be tested at load of 128,000 kVA, at 0.95 pf."

5.2. Specification change 4.17 should read "...replace paragraph 3.7a with the following".

Due to the changes described herein, the contract price will be adjusted and is designated for payment purposes as follows:

<u>Mod</u>	<u>Description</u>	<u>Unit</u>	<u>Price</u>	<u>Amount</u>
47M-1	Replace stators and coils-Units 1, 2 & 3	Job	L.S.	\$3,000,000.00
47M-2	Final price and time	Job	L.S.	<u>\$6,983,950.00</u>
	TOTAL INCREASE			\$9,983,950.00

The contract time is increased by one-hundred-eighty (180) calendar days.

It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and time incurred by the contractor as a consequence of this modification individually and collectively with other modifications including, but not limited to, those for delay, impact, inefficiency and extended field and home office overhead.

Figure B-6 (Cont'd.)

OM 415-1-4
APP B
1 September 2003

NECESSITY FOR THE CHANGE
MAJOR REHABILITATION
GARRISON DAM & POWER PLANT
RIVERDALE, ND

Contract DACW45-98-C-0070
Modification R10047
Final price and time

ALSTOM Power, Inc.
Littleton, CO

This modification is made pursuant to contract clause "**Differing Site Conditions not Readily Identifiable by Site Investigation**", RMS reason code "7", and is made pursuant to contract clause "DIFFERING SITE CONDITIONS." By definition, this is considered to be a non-controllable modification for reporting purposes.

Modification P00025, signed on February 13, 2002, directed the contractor to proceed with scope of work R00047 and provided for a supplemental order to adjust the contract price and time as required. This modification provides for that adjustment.

A copy of the necessity for change for modification P00025/R00047 follows.

SAMPLE

Figure B-7

B-36

PROPOSAL ANALYSIS
MAJOR REHABILITATION
GARRISON DAM & POWER PLANT
RIVERDALE, ND
Contract DACW45-98-C-0070
Modification R10047
Final price and time

ALSTOM Power, Inc.
Littleton, CO

This supplemental modification provides for the final price and time adjustment for modification P00025. It also directs the contractor to proceed with the scope of work R00047 for Units 1 and 2 in addition to Unit 3.

Modification P00025 was signed on February 13, 2002. and directed the contractor to proceed with scope of work R00047 for Unit 3 only. Pay item 47M-1, in the amount of \$3,000,000, was included in the modification.

An independent Government estimate, in the amount of \$9,950,783.40 was prepared by the undersigned for the scope of this modification, as well as Government costs, and the cost of realigning Units 1, 2 and 3 on December 18, 2001. The estimated modification price for the scope of this modification only is \$7,292,319.50. This estimate is based on a eight month time extension to the contract and utilizing the current bid prices for Units 1, 2 and 3 that are being used for Units 4 and 5. Be aware that there are known errors in the prices due to the cores in Units 1-3 being larger than Units 4 and 5. The cores for Unit 3 is 73" high and 35' 3" in diameter while Unit 5 is only 59" high and 33' 2" in diameter. There are fewer coils in Unit 3, 540 vs. 576, but the total lengths of the coils are approximately the same. These differences, as well as the cost of the cooler and exciter changes, was addressed by the Government prior to negotiations. Another factor to keep in mind with this original proposal is that some of the pricing is based on the contractor's competitively bid unit prices from 1997, so inflation needs to be taken into consideration. A revised Government estimate was prepared and will be addressed later in this document.

The contractor submitted a partial proposal, via e-mail, on January 23, 2002. The contractor's proposal was:

Coils and cores for Units 1, 2 and 3:	\$8,700,267
Extended overhead:	\$ 398,045
Core pressing:	\$ 310,059
Exciter revisions:	\$ yet to be determined
Cooler revisions:	\$ yet to be determined

The contractor also requested an additional four months of contract time.

Figure B-7 (Cont'd.)

OM 415-1-4
APP B
1 September 2003

A more complete proposal was submitted on June 4, 2002 in the amount of \$9,786,205 with a requested increase in contract time of six months.

After consultations with the District Office, I contacted the Denver office of the Defense Contract Audit Agency (DCAA). After initial discussions with their supervisory auditor Brett Rogers, I followed up with the following e-mail:

-----Original Message-----

From: Budd, Bret T NWO

Sent: Monday, August 12, 2002 3:08 PM

To: 'brett.rogers@dcaa.mil'

Cc: Morrissey, Steve P NWO; Miller, William D NWO; Evenson, Dale W NWO

Subject: RE: Garrison - Contract Modification R00047

Brett,

I sent this too quickly. I talked to the contractor's project manager, Steve Mavromatis, and he said that all the work on this modification is being accomplished out of their Tracy, Quebec office. Their point of contact for financial matters is Benoit, who speaks English very well.

The contractor's proposal for replacing the stators and coils for Units 1, 2 and 3 at Garrison Dam is \$9,786,205.00. We have issued a two-part modification giving the contractor notice-to-proceed with the replacement of Unit 3. He is not to exceed costs of \$3,000,000 without prior approval.

I have over 50 pages of invoices for materials that the contractor has procured. I can send you the invoices and the proposal once we (DCAA and the Corps) agrees to proceed with the audit.

The contract number is DACW45-98-C-0070.

The contract name is Major Rehab, Garrison Dam and Powerplant.

The contract location is: Riverdale, North Dakota

The current contract amount is :\$ 32,989,636.65 (including the \$3,000,000 not to exceed on this modification)

The contractor's name and address is:

ALSTOM Power, Inc.

7921 Southpark Plaza, Suite 208

Littleton, CO 80120

Their Canadian address is:

Alstom Canada Inc.

Attn: Steve Mavromatis, Project Director

1350 chemin Saint-Roch

Sorel-Tracy (Quebec) Canada J3R 5P9

Figure B-7 (Cont'd.)

Thank you,
Bret Budd, PE
CENWO-CD-BH
phone 605-341-3169; fax -4757

DCAA agreed to review the contractor's proposal but due to the sensitivity of the contractor's office being located in Canada their review would be limited.

In preparation to send a copy of the contractor's proposal to DCAA, I tried to reconcile the contractor's proposal with his numerous invoices and was unable to make any sense of it. I couldn't match invoice amount with the amounts shown on their spreadsheets. I also could not match all the amount between the nine spreadsheets that comprised their proposal.

I sent the following e-mail to Alstom's project managers requesting a revised proposal the would be more clear in tracking their material costs.

From: Budd, Bret T NWO
Sent: Tuesday, August 13, 2002 4.13 PM
To: 'steve.mavromatis@power.alstom.com';
benoit.pinsonneault@power.alstom.com
Cc: Evenson, Dale W NWO
Subject: Garrison - Contract Modification R00047

Benoit & Steve,

I have been trying to compare the back-up invoices that Benoit faxed to me with the faxed spreadsheet with the handwriting "Garrison Unit 3 to date (28-6-2002)." I can't not match the amounts on the spreadsheet with the amounts on the invoices.

I had numbered your invoices sequentially (1, 2, 3, 4...) and was going to mark that page number on the spreadsheet so that if anybody wanted to see the invoice referenced on the spreadsheet they could find it easily. I can't do that.

Also, I can't match the amounts on the spreadsheet with Steve's proposal.

What I would like to see would be a breakdown similar to what Steve did with the RTD's. (Steve - I think your RTD mod was a great sample for Benoit to follow).

Something along the lines of:

1. The ACTUAL cost for materials, equipment, labor, etc to complete Unit 3.
2. The projected cost for Units 1 and 2 based on the actual costs for Unit 3.
3. Invoices, labor reports, etc., to show the actual costs. The invoices and the spreadsheet needs to be cross-referenced so that anybody (like me or an auditor) and quickly look at the spreadsheet and find the cost in an invoice. If you resend the invoices, just number them sequentially and then put the page number on the invoice.

Let me know what you think.

Figure B-7 (Cont'd)

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APP B
1 September 2003

The contractor submitted another proposal on September 6, 2002. This proposal shows all the invoice numbers, purchase orders, amounts paid, and also all the numbers tracked. This proposal contained updated information on costs based on the work that had taken place to-date on Unit 3. Alstom's proposed price was now \$10,732,330. Their request for a six-month extension to the contract completion date remained the same.

This proposal was forwarded, in its entirety, to DCAA. DCAA assigned the review of this proposal to Senior Auditor Anne Martinez.

Over the course of the next several months, numerous e-mails and telephone calls ensued between DCAA and myself. Due to the contractor being in Canada, DCAA declined any direct contact with the contractor. Therefore any correspondence between the auditor and the contractor was directed through me. A copy of all the e-mails and correspondence between DCAA and myself is located under Tab 10.b. The e-mail and correspondence with the contractor is located under Tab 10.c.

AUDIT

On November 25, 2002, DCAA submitted its final report on its review of the proposal's material and equipment costs. A copy of this report, without the DCAA letterhead, was forwarded to the contractor.

It should be noted that in addition to the material and equipment costs addressed in the report, the auditor also reviewed the contractor's proposed labor and overhead rates, exchange rates, R&D costs, and escalation rates.

REVISED GOVERNMENT ESTIMATE

Based on all the information submitted by the auditor, a revised Government estimate was completed by the undersigned on November 20, 2002. This estimate is in the amount \$9,115,997 increase and a 180 calendar day time extension. This estimate does not include escalation on labor rates.

LATEST CONTRACTOR'S PROPOSAL

The contractor reviewed the auditor's findings and agreement was reached a broad range of items. This included labor and equipment costs, material escalation, exchange rates, and overhead costs.

The contractor submitted a new proposal on December 20, 2002. The amount of the contractor's proposal is \$10,422,131 increase and a six month time extension.

Figure B-7 (Cont'd.)

This proposal is acceptable with the following comments and suggestions.

1. **LABOR ESCALATION RATES:** The contractor accepted one of DCAA's proposed escalation rates for labor. I have requested that the contractor provide copies of his current union agreements to justify the selected escalation rate. The contractor has different unions at the jobsite in North Dakota and at his shop in Tracy, Quebec. For employees not covered by union agreements, the DCAA recommended escalation would be acceptable.

2. **RESEARCH & DEVELOPMENT:** The DCAA auditor recalculated research and development as a cost to be applied to labor only. Alstom accepted the R&D rate on labor but also want to apply 3% to materials for R&D. To help compensate for this additional R&D funding, Alstom proposed to reduce their cost for R&D on labor. It would be preferable to stay with the DCAA labor rates and not have R&D costs on materials. This may not be possible due to the contractor's in-house accounting and billing procedures.

3. **CONTINGENCIES:** The contractor is proposing a contingency rate of 3% on all materials for units 1 and 2. Since unit 3 is complete, they are not proposing an contingency on that unit since all costs are known.

The contingencies, as proposed by the contractor, total \$58,328 with mark-ups.

The auditor had deletion of all contingency since it is unallowable by FAR. Depending upon the reasonableness of the settlement, profit could be adjusted to help account for risk. See the paragraph on profit, below, for a further discussion.

4. **OVERHEAD ON LABOR:** In determining the labor rate (direct costs plus indirect costs), Alstom did not spread the overhead on out evenly amongst all its activities. The "redistributed" the overhead that should have been applied to is lamination and stacking activities onto other activities, thereby effecting increasing the labor rates being charged on this modification. The contractor stated that it the lamination and stacking is just a short duration work and that it did not result in an increase in overhead expenses, such as Finance and Human Resources.

The DCAA auditor recalculated the labor rates by allocating the overhead evenly over all the activities. This resulted in a reduction in labor rates. By the contractor's theory, this modification is a short term contract and it also does not cause an increase in their home office overhead costs so it shouldn't be charged overhead, either. The contractor should be reminded that in his proposal he is requesting overhead totaling \$4.2M and that DCAA has determined that \$3.5M is reasonable.

5. **PROFIT:** The contractor's proposed profit of 9.25% is not unreasonable, though it is higher than the 8.2% in the Government estimate. In reviewing the weighted guidelines method, a profit as high as 10.4% could be justified. Due to the elimination of contingencies from materials, raising the profit rate to 9.50% would be acceptable.

Figure B-7 (Cont'd)

OM 415-1-4
APP B
1 September 2003

TIME

The contractor requested a contract time extension of six months (180 calendar days). With his schedule update of April 1, 2002, the contractor revised his schedule to show the effects of this modification on his work. The early completion date of the project went from November 16, 2004 to May 27, 2005. A delay of 192 calendar days. The schedule updates since April have consistently shown May 27, 2005 as the early completion date.

A thorough review of the contractor's schedule shows that his revisions were reasonable and acceptable. See the eighteen page schedule analysis done by "Digger 2.0" that documents the changes that the contractor made to his schedule based on this additional work.

It is reasonable to assume that the contractor will gain some efficiency as he moves from Unit 3 to the other two units. Therefore, a contract time extension of 180 calendar days would be reasonable and justified.

SAMPLE

Date: January 6, 2003	Prepared By: BRET T. BUDD, PE Civil Engineer/Negotiator	SIGNATURE:
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Figure B-7 (Cont'd.)

NEGOTIATION OBJECTIVES MEMORANDUM

MAJOR REHABILITATION
GARRISON DAM & POWER PLANT
RIVERDALE, ND

Contract DACW45-98-C-0070

Modification R10047

Final price and time

ALSTOM Power, Inc.
Littleton, CO

The following negotiation objectives follow the same order as they were presented in the Proposal Analysis.

1. **LABOR ESCALATION RATES:** The contractor accepted one of DCAA's proposed escalation rates for labor. I have requested that the contractor provide copies of his current union agreements to justify the selected escalation rate.

2. **RESEARCH & DEVELOPMENT:** The DCAA auditor recalculated research and development as a cost to be applied to labor only. Alstom accepted the R&D rate on labor but also want to apply 3% to materials for R&D. To help compensate for this additional R&D funding, Alstom proposed to reduce their cost for R&D on labor. The objective is to delete all R&D costs on materials and to just use the DCAA rates.

3. **CONTINGENCIES:** The contractor is proposing a contingency rate of 3% on all materials for units 1 and 2. Since unit 3 is complete, they are not proposing an contingency on that unit since all costs are known.

The contingencies, as proposed by the contractor, total \$58,328 with mark-ups.

The auditor had deletion of all contingency since it is unallowable by FAR. Depending upon the reasonableness of the settlement, profit could be adjusted to help account for risk.

4. **OVERHEAD ON LABOR:** In determining the labor rate (direct costs plus indirect costs), Alstom did not spread the overhead on out evenly amongst all its activities. The "redistributed" the overhead that should have been applied to is lamination and stacking activities onto other activities, thereby effecting increasing the labor rates being charged on this modification. The contractor stated that it the lamination and stacking is just a short duration work and that it did not result in an increase in overhead expenses, such as Finance and Human Resources.

The DCAA auditor recalculated the labor rates by allocating the overhead evenly over all the activities. This resulted in a reduction in labor rates. By the contractor's theory, this modification is a short term contract and it also does not cause an increase in their home office overhead costs so it shouldn't be charged overhead, either. The contractor should

Figure B-7 (Cont'd.)

OM 415-1-4
APP B
1 September 2003

be reminded that in his proposal he is requesting overhead totaling \$4.2M and that DCAA has determined that \$3.5M is reasonable.

The objective for this activity is to use the DCAA rates as is.

5. **PROFIT:** The contractor's proposed profit of 9.25% is not unreasonable, though it is higher than the 8.2% in the Government estimate. In reviewing the weighted guidelines method, a profit as high as 10.4% could be justified.

TIME

The contractor's request for a time increase of 180 calendar days is justified and acceptable.

SAMPLE

Date: January 6, 2003	Prepared By: BRET T. BUDD, PE Civil Engineer/Negotiator	SIGNATURE:
Date: January 6, 2003	Prepared By: LAWRENCE C. JACKSON, PE Chief, Office Engineering Branch	SIGNATURE:

Figure B-7 (Cont'd.)

PRICE NEGOTIATIONS MEMORANDUM

MAJOR REHABILITATION
GARRISON DAM & POWER PLANT
RIVERDALE, ND

Contract DACW45-98-C-0070

Modification R10047

Final price and time

ALSTOM Power, Inc.
Littleton, CO

All negotiations were held via telephone and concluded on January 15, 2003. The parties in the negotiations were:

<u>Organization/Location</u>	<u>Name</u>	<u>Title</u>	<u>Phone No.</u>
ALSTOM Power, Inc. Tracy, Quebec	Steve Mavromatis	Project Manager	(450)746-6500, ext. 6559
Corps of Engineers Rapid City, SD	Bret Budd	Civil Engineer	(605)341-3169

During negotiations, the contractor revised his proposal from \$10,732,330 .00 increase to \$9,983,950.00, which was submitted in a final proposal on January 15, 2003.

1. **LABOR ESCALATION RATES:** The contractor faxed me a copy of their union agreement for site work. The raises that are in the union agreement were used for the escalation for labor at the jobsite. The contractor is currently negotiating a new union agreement for their workforce at Tracy, Quebec. Their current union agreement has expired. Since we don't know for sure the raises will be at Tracy it was agreed to use the escalation rates recommended by the auditor.

2. **RESEARCH & DEVELOPMENT:** After further discussion, it was agreed the R&D costs would be acceptable on materials. The contractor reduced, in kind, the R&D costs that were applied to labor. The auditor had calculated the labor rates so that all the R&D costs would be compensated through labor costs only.

3. **CONTINGENCIES:** The contractor agreed to delete contingencies.

4. **OVERHEAD ON LABOR:** The contractor agreed to distribute overhead evenly over all activities, as recommended by the auditor.

5. **PROFIT:** Profit of 9.5%, based on the weighted guidelines methods, was agreed upon.

TIME

The contractor requested a contract time extension of six months (180 calendar days). With his

Figure B-7 (Cont'd.)

OM 415-1-4
APP B
1 September 2003

schedule update of April 1, 2002, the contractor revised his schedule to show the effects of this modification on his work. The early completion date of the project went from November 16, 2004 to May 27, 2005. A delay of 192 calendar days. The schedule updates since April have consistently shown May 27, 2005 as the early completion date.

A thorough review of the contractor's schedule shows that his revisions were reasonable and acceptable. See the eighteen page schedule analysis done by "Digger 2.0" that documents the changes that the contractor made to his schedule based on this additional work.

It is reasonable to assume that the contractor will gain some efficiency as he moves from Unit 3 to the other two units. Therefore, a contract time extension of 180 calendar days would be reasonable and justified.

MEMORANDUM OF UNDERSTANDING

At the conclusion of negotiations on January 15, 2003, a memorandum of understanding was prepared and signed by the Government's negotiator, Bret Budd. This memorandum was faxed to the contractor. The contractor's project manager, Steve Mavromatis, signed the MOU and faxed it back to Black Hills Area Office on January 16, 2003.

THE NEGOTIATED SETTLEMENT

The final settled price of \$9,983,950.00 increase and an additional 180 calendar days of contract time, is considered fair and reasonable when compared to the final Government estimate, dated January 15, 2003, in the amount of \$9,983,950.00 increase and is recommended for approval by the Contracting Officer.

CERTIFICATE OF CURRENT COST AND PRICING DATA

The contractor was faxed a Certificate of Current Cost and Pricing Data at the conclusion of negotiations. This certificate was signed by Louis Deny, Vice President of Finance, ALSTOM Power, on January 15, 2003.

RELIANCE ON THE CONTRACTOR'S COST AND PRICING DATA

The contractor's cost and pricing data, and his proposal, were relied upon for the following items: financial statements on overhead and labor; information on warranty costs; and labor hours at Tracy.

Date: January 17 2003	Prepared By: BRET T. BUDD, PE Civil Engineer/Negotiator	SIGNATURE:
--------------------------	--	------------

Figure B-7 (Cont'd.)



US Army Corps
of Engineers
Omaha District
Black Hills Area Office

MAJOR REHABILITATION



CONTRACT DACW45-98-C-0070
Garrison Dam and Powerplant
Riverdale, North Dakota

MODIFICATION R10047
REPLACE STATORS AND COILS – UNITS 1, 2 & 3
FINAL PRICE AND TIME

Figure B-7 (Cont'd.)

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Major Rehab
Garrison Dam and Powerplant
CONTRACT DACW45-98-C-0070
ALSTOM Power, Inc.

MODIFICATION R10047

**REPLACE STATORS AND COILS – UNITS 1, 2 & 3
FINAL PRICE AND TIME**

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TAB 1.	SF-30
TAB 2.	SACCR (No PR&C – continuing contract)
TAB 3.	Price Negotiation Memorandum & Memorandum of Understanding
TAB 4.	Contractor's Final (Settled) Proposal
TAB 5.	Negotiation Objectives Memorandum
TAB 6.	Proposal Analysis <ul style="list-style-type: none">a. Revised Government Estimate – November 20, 2002b. Original Government Estimate – December 18, 2001
TAB 7.	Contractor's Original & Revised Proposals <ul style="list-style-type: none">a. December 20, 2002b. September 6, 2002c. June 20, 2002d. January 23, 2002 (preliminary proposal)
TAB 8.	Request for Proposal
TAB 9.	Necessity for the Change & Initial Funding Document
TAB 10.	Background Material <ul style="list-style-type: none">a. Progress Photosb. Audit Report & Correspondencec. E-mail Correspondence with Contractord. Miscellaneouse. SF-30 modification R00047/P00025

Figure B-7 (Cont'd.)

CENWO-CD-BH

21 January 2003

MEMORANDUM FOR CENWO-CD-CA (Morrissey)

SUBJECT: Modification No. R10047; Contract DACW45-98-C-0070; Major Rehabilitation, Garrison Dam and Powerplant; Riverdale, North Dakota

1. The following documents are enclosed for your use in finalizing the SF-30 for subject modification:

- TAB 1. SF-30 (To be printed after Bret Budd enters in SPS).
- TAB 2. SACCR (No PR&C – continuing contract)
- TAB 3. Price Negotiation Memorandum & Memorandum of Understanding
- TAB 4. Contractor's Final (Settled) Proposal
- TAB 5. Negotiation Objectives Memorandum
- TAB 6. Proposal Analysis
 - a. Revised Government Estimate – November 20, 2002
 - b. Original Government Estimate – December 18, 2001
- TAB 7. Contractor's Original & Revised Proposals
 - a. December 20, 2002
 - b. September 6, 2002
 - c. June 20, 2002
 - d. January 23, 2002 (preliminary proposal)
- TAB 8. Request for Proposal
- TAB 9. Necessity for the Change & Initial Funding Document
- TAB 10. Background Material
 - a. Progress Photos
 - b. Audit Report & Correspondence
 - c. E-mail Correspondence with Contractor
 - d. Miscellaneous
 - e. SF-30 modification R00047/P00025

2. This modification is made pursuant to Contract Clause "DIFFERING SITE CONDITIONS".

3. Please note that this modification has not been entered into CEFMS. It is assumed that no money will be obligated with this modification since it is a continuing contract. For your convenience, my office will enter this modification into SPS.

Enclosure

MARK MAILANDER
Area Engineer

Figure B-7 (Cont'd.)

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APP B
1 September 2003

MODIFICATION COVER SHEET
CONSTRUCTION CONTRACT MODIFICATIONS
OVER \$500,000
Contract No. DACW45-98-C-0070
Modification No. R10047
ALSTOM Energy, Inc

Contracting Activity: U.S. Army Corps Of Engineers, Omaha District
Black Hills Area

Description Of Work: Replace stators and coils - Units 1,2 & 3

	<u>Amount</u>	<u>Time</u>
Original Government Estimate	\$9,102,375.00 Increase	180 cal days
Settled Price	\$9,983,950.00 Increase	180 cal days

Negotiator: Bret T. Budd, PE Tele: (605) 341-3169

Approved By: _____ Tele: (605) 341-3169

Contract Review Board Approval:

Construction Division	Date
Engineering Division	Date
Office of Counsel	Date
Contracting Division	Date
Contracting Officer	Date

Documentation

- TAB 1. SF-30
- TAB 2. SACCR (No PR&C – continuing contract)
- TAB 3. Price Negotiation Memorandum & Memorandum of Understanding
- TAB 4. Contractor's Final (Settled) Proposal
- TAB 5. Negotiation Objectives Memorandum
- TAB 6. Proposal Analysis, Revised & Original Government Estimates
- TAB 7. Contractor's Original & Revised Proposals
- TAB 8. Request for Proposal
- TAB 9. Necessity for the Change & Initial Funding Document
- TAB 10. Background Material

Figure B-7 (Cont'd.)

5. Unilateral Modification. This is a change ordered by the Contracting Officer and does not require an agreement nor does it require the signature of the contractor. It is used to issue administrative modifications and to direct changes where an agreement on price and time could not be reached.

a. The changes clause (FAR 52.243-4) states, in part, that the CO may, at any time during the contract, make changes to or accelerate the work within the general scope of the contract and, if required, provide an equitable adjustment thereto.

b. In discussing a change where a price and/or time agreement could not be reached, the funds are budgeted and committed, based on the price set forth in the government estimate. The SF 30 is then prepared for the CO or ACO signature. The date the change order is signed by the CO or ACO is the effective date and NTP date of the modification. The signed modification is forwarded and the contractor is directed to proceed with the modification work. The absence of the contractor's signature only means that he is not in full agreement with the Government estimate of the cost of the work described in the modification. He cannot refuse to do the work or he is in default. He can, however, appeal this action through the disputes clause of the contract.

c. The unilateral modification without an agreement may someday be converted to a claim and will have to be addressed as a claim at that time. The position taken by the Government and the estimate of the cost and time to do the work must be on solid ground for the Government to prevail in its unilateral position. For this reason a detailed and concise cost and time estimate must be the basis for the Government's unilateral position.

6. Procedure - Unilateral Modifications

a. Field Engineer or others (Initiator).

- (1) Identify need for modification.
- (2) Notify the Project Manager (PM)
- (3) Evaluate need for Engineering design services.
- (4) Prepare description, sketches, etc.

(5) Forward to Area Office Engineer and/or forward to District for design. (Engineering design services are coordinated by the District. Upon completion of design, all scope, specification and drawing changes will be provided to Area Office Engineer.)

b. Field Engineer (Preparer).

- (1) Get Mod number and budget dollars.
- (2) Review write-up & sketches and prepare RFP.
- (3) Send RFP to contractor.

c. Contractor (Proposer).

- (1) Receive RFP.
- (2) Prepare cost and schedule proposal
- (3) Submit proposal to Area Engineer.

d. Field Engineer (Reviewer).

- (1) Review and compare proposal to GE.
- (2) Prepare Technical Analysis and revise GE (if reqd).
- (3) Prepare Prenegotiation Objectives.

e. Field Engineer & Contractor (Negotiators).

- (1) Negotiate.
- (2) Attempt to settle cost and time.
- (3) Exit negotiations without settlement.
- (4) Contractor and Government are unable to arrive at a settlement for cost and/or time.

f. Field Engineer (Executor).

- (1) Initiate purchase request and commitment (PR&C) based on GE.
- (2) Write PNM explaining why agreement could not be reached.
- (3) Prepare unilateral mod package.
- (4) Prepare SF 30 for ACO signature* or forward unilateral mod package to CENWO-CD-C for coordination with the Contract Review Board and for CO signature. Include cover memorandum indicating that it is a unilateral modification.

g. ACO or CO (Signatories).

- (1) Sign Form 30.**
- (2) Obligate funds.
- (3) Send copy of signed mod to contractor (NTP).
- (4) Copy-furnish ACO signed modification to contract holders on the project delivery team.

h. Contractor (Acknowledger).

- (1) Receive unilateral Form 30.
- (2) Proceed with mod work.
- (3) File claim if appropriate.

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* There are several options for preparing a GSA Standard Form 30, Amendment of Solicitation / Modification of Contract. The field office may use whatever method that is most administratively convenient. However, all SF30 documents must be recorded in construction systems and the Standard Procurement System (SPS).

** The SF30 may be signed electronically in SPS or by wet signature on the original document – both forms are acceptable.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				I. CONTRACT ID CODE J	PAGE OF PAGES 1 2	
2. AMENDMENT/MODIFICATION NO. A00035		3. EFFECTIVE DATE 05-Jun-2001	4. REQUISITION/PURCHASE REQ. NO. W59XQG91799377		5. PROJECT NO.(If applicable)	
6. ISSUED BY BLACK HILLS AREA OFFICE USAED, OMAHA CENWO-CD-BH 2100 S SEVENTH S RAPID CITY SD 57701		CODE DACA45	7. ADMINISTERED BY (If other than item 6) See Item 6			
8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code) CORNER CONSTRUCTION CORP ROBERT F CORNER 1555 RAND RD RAPID CITY SD 57702				9A. AMENDMENT OF SOLICITATION NO.		
				9B. DATED (SEE ITEM 11)		
				X 10A. MOD. OF CONTRACT/ORDER NO. DACA45-99-C-0062		
CODE				X 10B. DATED (SEE ITEM 13) 18-Nov-1999		
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS						
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.						
12. ACCOUNTING AND APPROPRIATION DATA (If required) See Schedule						
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.						
X A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Contract Clause "CHANGES"						
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).						
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:						
D. OTHER (Specify type of modification and authority)						
E. IMPORTANT: Contractor <input checked="" type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.						
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) R00031 ADAL Squadron Operations Facility Ellsworth AFB, South Dakota The contractor shall furnish all plant, labor, and material, and perform all work necessary to accomplish the following described work: CONTINUED ON PAGE 2						
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.						
15A. NAME AND TITLE OF SIGNER (Type or print)				16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) LAWRENCE C JACKSON / ADMINISTRATIVE CONTRACTING OFF		
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)		15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)		16C. DATE SIGNED 05-Jun-2001	

EXCEPTION TO SF 30
APPROVED BY OIRM 11-84

30-105-04

STANDARD FORM 30 (Rev. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Figure B-8

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SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

CLIN :0001
AA: 57 NA 1999 3300.0000 G6 1999 08 8061 3210-0 25066 3200 003T1D 000000000000
is decreased by \$22,093.00.

Modification R00031

1. **SCOPE:** Delete sod.
2. **SPECIFICATION CHANGES:** Specification section 02922. The following paragraphs are deleted in their entirety: paragraph 1.2 (all sod submittals); 1.4.1.1; 1.4.3 (and its subparagraphs); 1.4.4; 1.4.5; 2.1 (and its subparagraphs); 3.1.1; 3.1.2; 3.1.3; 3.3, 3.4, 3.5, 3.6, and 3.9 (and their subparagraphs).
3. **DRAWING CHANGES (Revised but not Reissued):** Drawing AF 141-32-02, Sheet L1.01, add new note "Sod is not in the contract. Areas shown to have sod shall be prepared to receive sod."
4. **REVISED BY SERIAL LETTER 99-0062-73, dated May 2, 2001:** Drawing AF 141-32-02; Sheet L1.01, "LANDSCAPE PLAN." After notes 1, 1a, 7 and 8 add, "NOT IN THIS CONTRACT."
5. **REVISED DURING NEGOTIATIONS:** This modification also reimburses the contractor for seven (7) grab bars that were incorrectly shown on the contract drawings.

Due to the changes described herein, the contract price will be adjusted and is designated for payment purposes as follows:

Mod		Unit	Amount
<u>Item No.</u>	<u>Description</u>	<u>Unit</u>	<u>Price</u> <u>Decrease</u>
31M-1	Delete sod	Job	L.S. \$22,093.00

The contract time remains unchanged.

It is understood and agreed that the adjustment to the contract price and time for performance set forth herein is inclusive of all costs and time incurred by the contractor as a consequence of this modification individually and collectively with other modifications including, but not limited to, those for delay, impact, inefficiency and extended field and home office overhead.

Figure B-8 (Cont'd.)

NECESSITY FOR THE CHANGE
ADAL SQUADRON OPERATIONS FACILITY
ELLSWORTH AFB, SD

Contract DACA45-99-C-0062
Modification R00031
Delete sod

Corner Construction Corporation
Rapid City, SD

This modification is required due to a **CONSTRUCTION CHANGE** and is made pursuant to contract clause 106 "CHANGES".

Landscaping, irrigation and additional patio work, with a trellis, will be done by a follow-on contract. It would make more sense to have the follow-on contract also install the sod on this site, in lieu of having it done by the current contractor. Any sod applied would be damaged in the planting of trees and shrubs and would also be damaged by the lawn sprinkler system installation. The additional patio area will be installed in an area that is now shown to be sodded.

REVISED BY SERIAL LETTER

The scope of the modification was revised on May 2, 2001 by serial letter 99-0062-73. This letter deleted the metal edging, mulch, landscape fabric and repair of the existing sprinkler system. All of these items are being covered by Delivery Order 17 of the SCPIDT contract, contract DACA45-99-D-0014, and therefore should be removed from the contract. This will allow the contractor to finish sooner and will eliminate interference between this contractor and the SCPIDT contractor on the job site.

REVISED DURING NEGOTIATIONS

The contractor sent a request for reimbursements for having to order grab bars of the correct size to work with the plumbing fixtures specified. This item is of marginal cost and is included in this modification for administrative convenience.

Figure B-9

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PROPOSAL ANALYSIS
ADAL SQUADRON OPERATIONS FACILITY
ELLSWORTH AFB, SD

Contract DACA45-99-C-0062
Modification R00031
Delete sod

Corner Construction Corporation
Rapid City, SD

The contractor was sent a request for proposal on April 16, 2001, with a proposal due date of April 20, 2001.

The contractor submitted his proposal, via faxed serial letter 9903-106 dated April 25, 2001. The amount of the contractor's proposal was \$12,871.00 DECREASE, with no additional contract time.

The contractor's proposal was reviewed in detail by the undersigned. This review consisted of checking each proposed work item to verify that it was a requirement of the modification scope. Also, the proposal was checked for reasonableness, omissions and/or duplications, math errors, takeoff quantity errors, unit prices and markups. Adequate cost and pricing data was provided. This review resulted in the following prenegotiations objectives:

The proposed credit has no back-up information, such as quotes for the sod or installation. The total credit is also very low. The proposed quantity of 63,615 square feet is reasonable, though less than the 64,415 square feet determined in a quantity take-off done by the undersigned.

Also, the total credit is too low. Based on independent pricing, the total credit should be approximately \$22,000, not \$12,871.

TIME

This contract is currently in liquidated damages due to the contractor not finishing the building. The sod is not part of the critical path and would be done as a punch list item.

The contractor is no longer maintaining his network analysis system due to the late stage of the project. Therefore, no subnet is required nor is necessary.

Date: April 27, 2001	Prepared By: BRET T. BUDD Civil Engineer	SIGNATURE:
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Figure B-9 (Cont'd.)

NEGOTIATION OBJECTIVES MEMORANDUM
ADAL SQUADRON OPERATIONS FACILITY
ELLSWORTH AFB, SD

Contract DACA45-99-C-0062
Modification R00031
Delete sod

Corner Construction Corporation
Rapid City, SD

The following negotiation objectives follow the same order as they were presented in the Proposal Analysis.

The contractor needs to submit quotes to justify his proposed credit. Also, the proposed credit is substantially less than what would be considered reasonable.

TIME

No change in contract time was requested nor is justified.

Date: April 27, 2001	Prepared By: BRET T. BUDD Civil Engineer/Negotiator	SIGNATURE:
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Figure B-9 (Cont'd.)

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PRICE NEGOTIATIONS MEMORANDUM
ADAL SQUADRON OPERATIONS FACILITY
ELLSWORTH AFB, SD

Contract DACA45-99-C-0062
Modification R00031
Delete sod

Corner Construction Corporation
Rapid City, SD

All negotiations were held via telephone and concluded on June 5, 2001. The parties in the negotiations were:

<u>Organization/Location</u>	<u>Name</u>	<u>Title</u>	<u>Phone No.</u>
Corner Construction Rapid City, SD	Robert Corner	President	(605)348-7879
Corps of Engineers Rapid City, SD	Bret Budd	Civil Engineer	(605)341-3169

During negotiations, the contractor was sent serial letter 99-0062-73 on May 2, 2001. This serial letter told the contractor that items of work listed in notes 1, 1a, 7 and 8 were not in his contract. The contractor accordingly submitted a revised proposal for \$11,883.00 and no change in contract time with his serial letter 9903-108 dated May 8, 2001.

In this proposal, the contractor stated that the irrigation system that was present with the old building could not be made functional due to the additions to the existing building made by this contract. In verbal discussions with Mr. Corner, he stated that he felt that the mulch, fabric and metal edging were part of the Option 5 work, which was not awarded to him. He believed that notes 1 and 1a pertained only to Option 5 since they were only referenced in the Option 5 Plant Schedule. After carefully reviewing the contractor's case, it seemed reasonable and not further pursued.

The contractor was requested to furnish back-up quotes to substantiate his proposed credit, which he had reduced since his first submission.

The contractor forwarded his third proposal on May 15, 2001. This was transmitted by his serial letter 9903-108 dated May 8, 2001 (note that the contractor neglected to give this third proposal a new serial letter number nor did he correctly date the letter). The amount of the proposal stayed the same at \$11,833 but the contractor revised his quantity of sod from 63,615 square feet to 58,495 square feet. He also supplied a quote for sod from Valley Green, Inc. for sod at \$0.15 per square foot, delivered based on a quote from Valley Green, Inc. as though the

Figure B-9 (Cont'd)

contractor is merely playing with numbers and is not intent on settling this modification in good faith. The credit for sod, at 63,615 square feet should have been \$9,542 plus \$382 for sales tax, for a total material credit of \$9,924. The contractor's proposed material credit is only \$7,663. Even using his new quantity of 58,495 square feet, which is incorrect, the contractor's credit should have been \$9,125.

Looking at the total cost of the credit, of \$11,833 divided by 63,615 square feet (again, just using the contractor's number, not the Government's quantity of 64,415 square feet), the contractor is proposing a credit of sod, installed, at less than \$0.186 per square foot. Considering that the sod itself is \$0.15 per square foot, \$0.156 with sales tax, that only leaves \$0.03 per square foot for installation, equipment, maintenance, and mark-ups. This is totally unreasonable.

This work was competitively bid by another contractor. The competitive quotes that he received for installing the sod from landscaping companies was for \$0.35 per square feet. I also did an independent review of these prices and came up with the same costs.

A review of the *Means' 2001 Building Construction Cost Data, 2001 Western Edition*, shows an estimated cost for 1-inch blue grass, with over 8,000 square feet to be installed on slope ground a estimate unit price of \$0.44 per square foot (see Means' item 02920-600-0500). It is interesting to note that the material cost in the Means' guide is \$0.155 per square foot, the same material price with tax that Corner Construction received. The sloped ground was chosen since a very large area of the site to be sodded will be on berms.

As a further check, the original contract Government estimate was reviewed and the quantity of 64,000 square foot was used with that estimate's unit prices and Corners mark-ups. The credited calculated using this method was \$22,375. Nearly identical to the \$22,400 used by my estimate.

To facilitate negotiations, a Government estimate was prepared by the undersigned on May 31, 2001. This estimate used a quantity of 64,000 square feet for sod (a rough average between the contractor's 63,615 and the Government's 64,415 square feet). The unit price for sod of \$0.35 was used. The contractor's proposal indicates that he would be doing the sod work himself, not using a subcontractor. It is impossible to think that this contractor would be able to this work as efficiently as a landscaping contractor, nor as inexpensively, though by using the competitively bid unit price of \$0.35, we are giving the contractor the benefit of doubt. The resulting credit was determined to be \$22,400. Added to this total was \$307 to reimburse the contractor for grab bars that he had to reprocure due to a minor design error, the total amount came to \$22,093.

I faxed a Memorandum of Understanding to the contractor on May 31, 2001 in the amount of \$22,093 credit and no change in contract time. The contractor's office contacted on the same date and I was informed that the contractor's president, Robert Corner, was out-of-town for the rest of the week. I also tried contacting him on the morning of June 4, 2001 and was informed that he was out of the office and may, or may not, return that day or the next. Another call was placed on the afternoon of June 4, 2001 and was told that the president was in the office but on a long phone call. I requested, again, that Mr. Corner return my call.

Figure B-9 (Cont'd.)

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Mr. Corner finally did call back on June 5, 2001 to discuss this issue. He refused to accept the proposal by the Government. He stated that he physically measured the site and did not intend on installing sod as shown on the drawings but only on "disturbed" areas that he thought needed it. He also stated that the discrepancy in his material price was due to backing out his mark-ups from the quote for sod due so that he did not give any mark-ups back. He stated that his approach would be to hire a foreman and day laborers to do this work, the same as the landscaping contractors. I told him that if his approach was the same as landscaping contractors then his price should be the same the landscaping contractors who are competitively bidding this work. He flatly refused and said that he could do it at the price proposed, which is roughly half of the competitive bids. I told him that the Government couldn't accept that and that we would have to issue this modification unilaterally.

Since agreement could not be reached on price, the Government has no choice but to issue this modification unilaterally in the amount of the Government estimate of \$22,093.00 decrease and no change in contract time.

SAMPLE

Date: June 5, 2001	Prepared By: BRET T. BUDD, PE Civil Engineer/Negotiator	SIGNATURE:
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Figure B-9 (Cont'd.)

CEMRO-CD-BH (415-10C)

MEMORANDUM FOR: Commander, Omaha District. ATTN: CEMRO-CD-CA
(Mr. Steve Morrissey)

SUBJECT: Contract DACA45-99-C-, Adal Squadron Operations Facility
Ellsworth AFB, SD (Modification R00031)

1. Forwarded for unilateral action is subject modification file.
2. Modification negotiations were held and mutual agreement could not be reached by the negotiating parties. The modification was signed by the Administrative Contracting Officer on November 30, 1994 and a copy was forwarded to the contractor.
3. Request you execute this modification unilaterally without the contractor's signature.

Larry Jackson
Chief, Office Engineering Branch

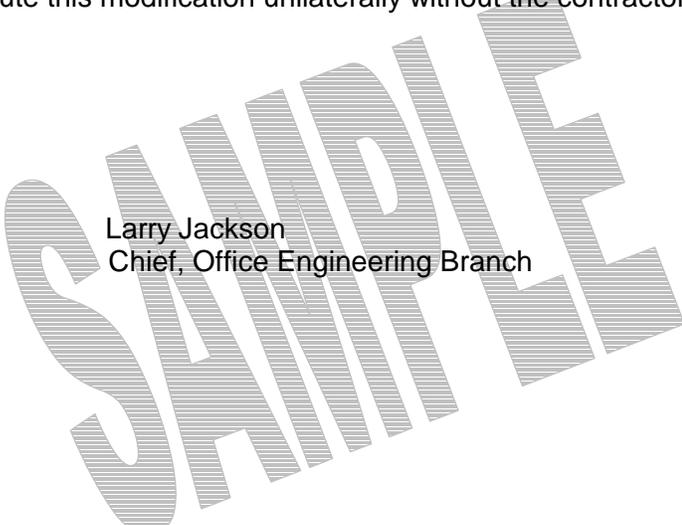


Figure B-10

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