

# MINUTES

County Soil and Water Conservation District  
Natural Resource Center  
7413 County House Road  
Auburn, NY 13021

## Special Meeting

January 17, 2012

9:58 a.m.

### 1. ROLL CALL:

<u>Directors</u>		<u>Staff</u>	<u>Seeler Engr.</u>
S. Barski	P. Pinckney	R. Podolak	T. Seeler
D. Kehoe	C. Roberts	W. Jakaub	
R. Lockwood	J. Young		
Absent: S. Nemec		<u>Hiscock &amp; Barclay</u>	<u>Northeast Energy</u>
		A. Leja	J. Larsen

### 2. DISCUSSION:

#### Review:

##### Andy Leja

- Problems regarding contract with Northeast Energy Systems (NES). NES is the supplier of the GE Jenbacher which powers the Digester. The District paid @ \$601,000.00 for the unit. The contract states that NES is to perform the commissioning and startup process for the Digester.
- Received letter from Jeff Larson of NES requesting:
  - \$16,000.00 to reimburse for charges caused by delays during the period of Jan.- March 2011.
  - \$1200.00/Day for commissioning and start-up process.
- NES has been at the site for the past several months to review the checklist. Delays have occurred because the District's system is a novel technology with a different sequence to the startup that the NES technicians are not familiar with.
- NES states that extra costs have been incurred because they have been called to the site to start the commissioning but because of a delay with the signing of the interconnection agreement with NYSEG they could not perform the process.
- NES has stated that unnecessary delays have cost them approximately \$2,850.00 extra (28.5 hours at \$100.00/hour).
- An e-mail received confirmed that NES will send a technician to begin the startup process by Wednesday, January 17<sup>th</sup>.
- Warranty for machine expired 1 year from delivery date of March 2010.

#### Discussion:

##### Ron Podolak

- Have set up a backup plan. Johannes Lutz can send someone from Germany if NES does not perform commissioning and startup. Technician is familiar with sequence to startup. District will incur extra cost for technician.
- District can purchase extended warranty for genset but cost will be \$85,000.00/year for 5 years.

- There are two commissioning processes, the first phase with natural gas and the second phase with biogas.
- NES contract was originally negotiated with Jim Hotaling.
- As District is conducting many tours of Digester facility, feels that NES will want positive references.

#### **Stephen Barski**

- May be less of a cost to hire technician from Germany as NES may hold up commissioning process waiting to settle contract.

#### **Jim Young**

- District may want to encourage NES to go through claim and change order process for extra charges.

#### **Andy Leja**

- Request for extra charges past claim date. Contract states that request for a change order must be filed within 15 days of claim.
- Commissioning process is separate issue than past claim request.
- District will contact bonding company if NES does not perform commissioning and startup process as stated in contract.
- If problems occur during process, it is the responsibility of NES to contact Germany.
- States that Board must decide how much District will offer to settle contract:
  - **Stephen Barski** – Should start at \$0.00 and increase from that point.
  - **Paul Pinckney** – Maybe start at \$3,500.00.
  - **Charles Roberts** – Should make best effort to settle contract.
  - **Jim Young** – Agrees with C. Roberts. Start at \$2,000.00.
  - **Dale Kehoe** – Start with \$2,000.00, but make sure commissioning is started first.
  - **Ray Lockwood** – Start negotiations at \$0.00.
- If NES does perform commissioning and startup with natural gas on Phase 1, must complete Phase 2 with biogas as per contract.

#### **Tim Seeler**

- Feels that representative does not understand contract completely.
- NES does not seem to communicate between different departments.

### **3. NORTHEAST ENERGY SYSTEM**

#### **Jeff Larsen – Product Support Manager**

- Explained protocol for commissioning and startup of Jenbacher units. Have an interface list of items that technicians must check for.
- Stated that delays occurred that caused NES extra costs:
  - Delays occurred because of wiring done incorrectly .
  - Interface not followed correctly.
  - PT's to monitor voltage on genset did not match interface list.
  - Issues with hot water heater. Not plumbed out. Wired incorrectly.
  - Delay occurred with signing of interconnection agreement with NYSEG.
- Stated that a commissioning and startup process is usually completed within 24 days. Have been on site for 23 days and have not started process yet.

- Stated that NES does plan to perform commissioning and startup process for natural gas and biogas.

**Discussion:**

**Ray Lockwood** – Questioned why the District was not notified sooner of the issues that NES wants to charge extra for.

**Jeff Larsen** - Regarding the request for \$16,000.00, events date back to January 2010 including 358 total hours on the project. Feels that 185 hours are customer issues.

**Andy Leja** - Restated that contract specifies that District must be notified within 15 days of any claims for extra charges.

**Ron Podolak** – Inquired as to future service work on Genbacher.

**Jeff Larson** – Have two trained technicians from Buffalo who perform service work. Commissioning and startup technicians are from Connecticut. Current delays caused by scheduling in Ohio.

**Ron Podolak** – As many groups are currently touring the Digester facility, if negotiations go correctly, this can be positive public relations for NES.

J. Larsen left at 11:20.

**Dale Kehoe** – Questioned as to who is the pointman who communicates with NES.

**Tim Seeler**

- Stated that he is the contact person.
- A conference call took place in May 2011 with NES. Discussed with Engineering Dept. differences in interface list. Agreed with NES that customized interface list will be followed. Engineering Dept. from NES did not communicate the information with field technician.

**Andy Leja** –

- Stated that J. Larsen is not familiar with contract.
- Also feels that J. Larsen does not know that customized interface list is to be followed.
- Stated that \$16,000.00/185 Hours = @ \$86.00/Hour.

**Dale Kehoe** – Feels that there is no rush to settle contract until commissioning and startup process is completed.

**Tim Seeler** – Has confidence in field technician as he knows his work and does it well. Also shows up on job when scheduled.

#### 4. SUMMARY

**Andy Leja**

- Jeff Larsen will contact Ron Podolak with offer for contract negotiation.
- An NES technician will be on site Wednesday, January 17<sup>th</sup> to perform commissioning and startup process.

5. **ADJOURNMENT:** 11:38 a.m. *Motion by J. Young, seconded by S. Barski.*

6. **NEXT MEETING:** Wednesday, February 8, 2012 at 10:00 a.m.

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Wanda Jakaub  
Asst. Secretary

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Raymond Lockwood Jr.  
Chairman of the Board