

SPONSOR: _____

ORDINANCE NO. 141-06

AN ORDINANCE AUTHORIZING THE CITY TO ENTER INTO AN AGREEMENT BETWEEN THE CITY OF JACKSON, OHIO, AND MK POWER SOLUTIONS, INC., 708 WINTERBERRY DRIVE, FINDLAY, OHIO 45840, FOR CONSULTING SERVICES TO ASSIST THE CITY OF JACKSON WITH ENGINEERING FOR SERVICE SCHEDULE 5 TO THE AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES BETWEEN THE CITY OF JACKSON AND MK POWER SOLUTIONS, INC., AND DECLARING AN EMERGENCY.

WHEREAS, the MK Power Solutions, Inc. has provided engineering and consulting services to the City of Jackson, Ohio for the City's electrical system; and

WHEREAS, the City and MK Power Solutions, Inc. desire to continue the previous contractual arrangement and to enter into an agreement whereby MK Power Solutions, Inc. can and will provide engineering services to assist the City in the Service Schedule 5 to the Agreement for Professional Consulting Services between the City of Jackson, Ohio and MK Power Solutions, Inc.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF JACKSON, STATE OF OHIO, as follows:

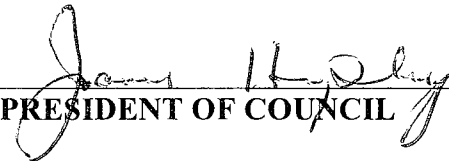
Section One. The Mayor and/or City Council President is authorized to enter into an Agreement between the City of Jackson, Ohio, and MK Power Solutions, Inc., 708 Winterberry Drive, Findlay, Ohio 45840, for the provision of engineering services to assist the City in the Service Schedule 5 to the Agreement for Professional Consulting Services between the City of Jackson, Ohio and MK Power Solutions, Inc. A copy of the Proposal from MK Power Solutions, Inc. is attached hereto as Exhibit "A". The cost of his contract shall be in an amount of Two Hundred Seventy Nine Thousand and No/100 Dollars (\$279,000.00), and shall be paid from line item 731-7555-53007 – (Professional Services).

Section Two. This Ordinance is hereby declared to be an emergency Ordinance necessary for the immediate preservation of the public peace, health, or safety of the City of Jackson, in that it is necessary to enter into this agreement as soon as possible. Therefore, this Ordinance shall go into effect upon passage and approval by the Mayor, as provided in Ohio Revised Code Section 731.30.

Section Three. In the event this Ordinance receives a majority vote for passage but fails to receive the required number of votes to pass as an emergency, then this Ordinance shall be deemed to have passed but with no emergency clause and shall take effect at the earliest time permitted by law.

Section Four. It is hereby found and determined that all formal actions of this Council relating to the adoption of this Ordinance were adopted in an open meeting of this Council, and that the deliberations of this Council that resulted in such formal actions, were in a meeting open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.


Date: July 10, 06

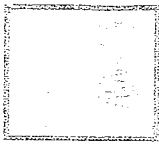

PRESIDENT OF COUNCIL


CLERK OF COUNCIL

Approved:

Date: 7/12/06


MAYOR



MK Power Solutions

Engineering • Consulting • Design

June 1, 2006

Steve Benson, P.E.
City of Jackson
Memorial Building
145 Broadway Street
Jackson, OH 45640

Dear Steve:

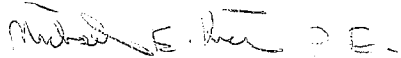
Enclosed you will find two copies of *Service Schedule 5 To The Agreement for Professional Consulting Services Between The City of Jackson And MK Power Solutions, Inc., Effective May, 2006* (Service Schedule 5). Service Schedule 5 encompasses the remaining engineering services necessary to complete modifications to Lick Substation, construction of the new Veteran's Substation and other planned electrical projects in the City of Jackson.

As you are aware, Service Schedule 5 is a continuation of Service Schedule 4, which was defined as Phase 1 of the Veteran's Substation plus other related projects. Originally this Service Schedule 5 would have been for Phase 2 of the Veteran's Substation Project, which was completion of design of a new 69 kV transmission line and the addition of a second power transformer at Veteran's Substation. However, several key decisions have occurred since Service Schedule 4 was executed which has changed the project scope significantly. Originally, the project scope was to install a 69 kV delivery point at Lick Substation, construct a 69 kV transmission line to Veteran's Substation and construct Veteran's Substation. Engineering Services contained in Service Schedule 4 were approved on this premise for the Phase 1 projects. Project development instead led us to a solution which includes the City modifying Lick Substation, building a 138 kV transmission line to Veteran's Substation and building a 138 kV Veteran's Substation in lieu of a 69 kV substation. In addition, Lick Substation will be modified in the near future to allow each of the feeders to have regulation instead of bus regulation. This will include a new control house and switchgear to replace aging switchgear at Lick Substation, and replacement or rebuilding of voltage regulators. One other key difference is that now a single large power transformer is planned at Veteran's Substation instead of two smaller ones. This decision was made based upon economics since the cost of copper, steel and other raw materials have substantially increased the cost of power transformers. A secondary factor is that installing two transformers at Veteran's Substations does not significantly increase the substation reliability since an outage of the single 138 kV line feeding the substation would cause a complete substation outage, regardless of whether one or two transformers are installed. Future plans will allow for another transmission source to Veteran's Substation and addition of another transformer at Veteran's (if another substation is not constructed instead).

The result of these changes is a new Capital Improvements Plan that is attached with Service Schedule 5.

Please review the Service Schedule 5 and let me know if you have any questions or comments. If there are no comments or issues to clarify, please obtain the proper signature and return a copy of the appropriate service schedule for our records.

Sincerely,



Michael E. Kiser, P.E.

Enclosures (2)



SERVICE SCHEDULE 5
TO THE AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES
BETWEEN THE CITY OF JACKSON AND MK POWER SOLUTIONS, INC.
EFFECTIVE JUNE, 2006

Schedule of Services – 2006 through 2007 Engineering Services

Description of Services

This Service Schedule describes the services that MK Power Solutions, Inc. (MK Power Solutions) will provide to assist the City of Jackson, Ohio with engineering and construction of a new 138/13.2 kV Electrical Substation, a new 138 kV transmission line, implementation of a new SCADA system, and various distribution conversions and improvements. This work is being completed to meet load demand growth and to provide greater reliability for the electric system as a whole.

This Service Schedule 5 supplements Service Schedule 4 approved by the City of Jackson in 2005. Project development has lead to a project somewhat different than the scope defined in Service Schedule 4. Therefore, this Service Schedule 5 outlines the remaining tasks that are additional to those outlined in Service Schedule 4.

Task 1 – Design and Engineering for 138 kV Transmission Line (Phase 2)

MK Power Solutions will provide the following services:

1. Develop route for new 138 kV line to new Veteran's Substation.
2. Prepare detailed line design including; pole sizing, conductor sizing, material requirements, conductor sag and tension calculations, etc.
3. Prepare construction specifications and drawings for competitive bidding.
4. Review bids and recommend contractor.
5. Coordinate and attend construction kick-off meeting.
6. Periodic site visits during construction.
7. Prepare payment recommendations based on site visits and progress of construction.
8. Approve contractor materials and any submittal data.
9. Prepare "For-Record" drawings based on final construction records.

Task 2 – Develop and Design 138 kV Improvements at Lick Substation

Task 2 involves the following services to develop Lick Substation:

1. Complete design of modified 138 kV bus work at Lick Substation.

2. Design new 138 kV switching scheme and breaker position of Veteran's Substation feed.
3. Develop 138 kV transmission line exist to AEP leased line.
4. Design 138 kV transmission line from the end of the AEP leased line to the new Veteran's Substation.
5. Develop plans, specifications, foundation and steel designs for new 138 kV equipment at Lick Substation.
6. Develop and design 138 kV protective relay scheme for protection of new line and interfacing with AEP's protective system.
7. Prepare construction specifications and drawings for competitive bidding.
8. Review bids and recommend contractor.
9. Coordinate and attend construction kick-off meeting.
10. Periodic site visits during construction.
11. Prepare payment recommendations based on site visits and progress of construction.
12. Approve contractor materials and any submittal data.
13. Prepare "For-Record" drawings based on final construction records.

Task 3 – Change Veteran's Substation to 138 kV Design

MK Power Solutions will provide the following services at Veteran's Substation:

1. Modify the substation design for 138 kV operations instead of 69 kV operations.
2. Change the substation design for a "ring bus" configuration to allow the substation to be looped with other AEP and/or City of Jackson future 138 kV substations.
3. Modify protection scheme for "ring bus" operation and per AEP's requirements for protective relaying.
4. Review bids and recommend manufacturer.
5. Prepare construction drawings for installation of the new transformer.
6. Oversight and commissioning of the new transformer.
7. Approve contractor materials and any submittal data.
8. Develop plans, specifications, foundation and steel designs for new 138 kV equipment at Veteran's Substation.
9. Prepare construction specifications and drawings for competitive bidding.
10. Review bids and recommend contractor.
11. Coordinate and attend construction kick-off meeting.
12. Periodic site visits during construction.
13. Prepare payment recommendations based on site visits and progress of construction.
14. Approve contractor materials and any submittal data.
15. Prepare "For-Record" drawings based on final construction records.

Task 4 – Lick Substation Switchgear Replacement

In 2007, MK Power Solutions will provide services to allow replacement of the two older switchgear buildings at Lick Substation. These services include:

1. Site plan and development work to allow replacement of the two old Westinghouse switchgear buildings with a new modern control house.
2. Prepare construction specifications and drawings for competitive bidding.
3. Review bids and recommend contractor.
4. Coordinate and attend construction kick-off meeting.
5. Periodic site visits during construction.
6. Prepare payment recommendations based on site visits and progress of construction.
7. Approve contractor materials and any submittal data.
8. Prepare “For-Record” drawings based on final construction records.

Task 5 – Lick Substation Voltage Regulator Upgrade/Relocations

Beginning in 2007 and into early 2008, MK Power Solutions will provide the following services at Lick Substation:

1. Design changes to Lick Substation to allow voltage regulators to be rebuilt/relocated to allow individual feeders to have regulators in lieu of the existing bus regulator scheme.
2. Prepare specifications; steel drawings, foundation drawings and site plan changes to allow the regulators to be relocated to behind the switchgear buildings.
3. Assist with commissioning, set up and tuning of the voltage regulators for proper system performance.

COMPENSATION:

The compensation amount for Engineering Services described above is \$279,000.00 for 2006 through 2007 as shown on the *3-Year Capital Plan* attached to this Service Schedule 5. MK Power Solutions will invoice monthly for Engineering Services described above. The current Standard Consulting Rate Schedule effective as of the date of this Service Schedule 5 is attached and is subject to revision by MK Power Solutions from time to time. Client shall make prompt payments in response of MK Power Solutions monthly invoices within 30 days of invoice date.

Agreed:

Client

Date

Michael E. ...

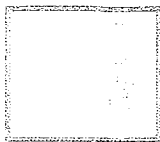
President
MK Power Solutions, Inc.

June 1, 2006

Date

Capital Improvements Plan

Project	2006	2007	2008 2009	or
Veteran Substation (Phase 1)	\$1,800,000			
Veterans Substation Transmission Line	\$375,000			
Lick Substation Modifications	\$584,000			
Lick Substation Swgr Upgrade			\$591,000	
Lick Substation Regulator Rebuilds		\$75,000		
SCADA System		\$275,000		
4/13.2 kV Conversion through Downtown		\$320,000	\$80,000	
Capacitor Bank Installations	\$10,000	\$15,000		
Engineering, Const. Management and Planning	\$197,400	\$198,480	\$80,520	
Totals	\$2,966,400	\$883,480	\$751,520	



MK Power Solutions

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STANDARD CONSULTING RATE SCHEDULE

Effective January 1, 2006

The following hourly billing rates shall apply to MK Power Solutions, Inc. consulting services:

<u>Consulting Classification</u>	<u>Hourly Rates</u>
Professional Engineer Consulting and Design Services	\$90.00
Staff Engineer Consulting and Design Services	\$65.00

Expenses

Expenses incurred in completing the services according to the Agreement shall be paid at the cost or rate associated with the expense. Such expenses include, but are not limited to, travel, telephone, facsimile, copy and other identifiable expenses expressly associated with the Agreement. The following rates are in effect for expenses:

Copies	\$0.08/copy
Fax.....	\$0.20/page
Mileage	\$0.445/mile

Hotel, airfare and other direct expenses will be billed at cost.