

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	15655	Agenda Number	21.
Meeting Date:	June 7, 2012			
Department:	Purchasing			
Subject				
Approve ratification of Amendment No. 1 to the contract with POWER SYSTEMS MFG., LLC., for a long term maintenance agreement for the gas turbine and generator unit # 5 at Austin Energy's Sand Hill Energy Center, to increase the contract authorization in an estimated amount not to exceed \$9,000,000, for a revised total contract amount not to exceed \$31,937,248.				
Amount and Source of Funding				
Funding is available in the Fiscal Year 2011-2012 Operating Budget of Austin Energy.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:	Critical Business Need.			
Prior Council Action:	July 28, 2011 - Approved 84-month contract.			
For More Information:	Gage Loots, Buyer II, 512-322-6118			
Boards and Commission Action:	Recommended by the Electric Utility Commission.			
Related Items:	This contract was awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.			
MBE / WBE:	This contract was awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.			
Additional Backup Information				

This contract was awarded in August 2011 as a competitive procurement for a long term maintenance contract and remote monitoring for the 7FA+e gas turbine and associated generator on the combined cycle unit at Austin Energy's Sand Hill Energy Center. The 7FA+e is a General Electric industrial gas turbine which requires regular maintenance throughout engine life to ensure reliability and equipment safety. This contract covers required planned maintenance for the gas turbine and the associated generator including disassembly, installation, inspection, repair of major parts, and replacement of major parts which have reached the end of service life. It also includes corrective maintenance as required for all components of the combined cycle unit and facilitates Austin Energy's access to parts and services to minimize forced outage duration.

A planned inspection identified that a portion of one of the stationary gas turbine compressor vanes had broken off during operation causing damage to downstream components. The current estimate for repairs is \$8,729,020, however, the unit is still undergoing final repairs and reassembly and the final cost is not yet known. The estimated time to complete the repairs was six weeks; therefore it was necessary to take immediate action to return the unit to service in time for the summer peak season and that is on track. Until Unit #5 is repaired, Austin Energy is without approximately 307 megawatts of its most efficient and lowest emissions gas-fired generation. In order to ensure adequate funding to complete repairs, Austin Energy declared this a critical business need and Amendment No. 1 was issued to increase the contract authorization by \$9,000,000. This amendment will ensure funding for the remaining 74 months of the contract period.

The repair costs associated with the failure are expected to be covered by insurance less the deductible of \$1 million.

Contract Summary

Action	Description	Amount
Original Contract awarded 08/22/2011 to Power Systems Mfg., LLC, Jupiter, FL	Original 84-month contract	\$22,937,248
Amendment No. 1	Increase to contract per Critical Business Need.	\$9,000,000
Total Revised Contract Amount		\$31,937,248