

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council - Commissioner's Court Meeting		Item ID:	34251	Agenda Number	71.
Meeting Date:	August 7, 2014				
Department:	Purchasing				
Subject					
Authorize award and execution of Amendment No. 2 to a requirements service contract with POWER SYSTEMS MFG., LLC., for a long term maintenance agreement for Austin Energy's Sand Hill Energy Center's gas turbine and generator unit # 5, to increase the contract authorization in an amount not to exceed \$8,000,000, for a revised total contract amount not to exceed \$39,937,248.					
Amount and Source of Funding					
Funding is contingent upon available funding in future budgets.					
Fiscal Note					
There is no unanticipated fiscal impact. A fiscal note is not required.					
Purchasing Language:	Contract Amendment.				
Prior Council Action:	July 28, 2011 - Approved original contract; June 14, 2012 – Approved Amendment 1.				
For More Information:	Nicole Turner, Senior Buyer, 512-322-6586				
Boards and Commission Action:	July 21, 2014 - Approved by the Electric Utility Commission on a vote of 7-0.				
Related Items:					
MBE / WBE:	This contract was awarded in compliance with City Code Chapter 2-9C (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 #5 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.

Amendment No. 1 was executed in April 2012 to increase the contract authorization by \$9,000,000 for the emergency repair of combined cycle unit #5 based on a Critical Business Need. Those repairs needed to be issued immediately to return the unit to service in time for peak summer season. The proposed Amendment No. 2 will increase funding for these services in an amount not to exceed \$8,000,000. The additional spending authority in this request is to:

- Upgrade the 7FA to improve the fuel efficiency and capacity of the combined cycle unit
- Replace 7FA spare capital parts that will reach end of life
- Increased 7FA maintenance costs due to changes in ERCOT market conditions which require more start cycles for the 7FA. This shift in the 7FA unit operating profile (more starts) results in increased wear and tear on turbine parts.

The additional funding is requested now so that required parts can be ordered in Fall 2014 to arrive in time for the gas turbine upgrade which is expected to be completed in Spring 2015.

The additional authority represents approximately a 25.05% increase to the current contract amount. In accordance with Senate Bill 7 as adopted by the City of Austin as Resolution No. 040610-02, Austin Energy contracts may be increased in excess of the 25% limit required by Chapter 252 of the Texas Local Government Code.

Contract Summary

Action	Description	Amount
Original Contract awarded 08/22/2011	Original 84-month contract	\$22,937,248.
Amendment No. 1	Increase to contract per Critical Business Need.	\$9,000,000.
Amendment No. 2	Approve an increase to the current contract period in an amount not to exceed \$8,000,000	\$8,000,000.
Total Revised Contract Amount		\$39,937,248.