

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

37347

Agenda Number

43.

Meeting Date:

November 6, 2014

Department:

Purchasing

## Subject

Authorize award and execution of Amendment No. 6 to a requirements service contract with SOLAR TURBINES, INC., for gas turbine maintenance at Austin Energy's Mueller Energy Center, to increase funding in an amount not to exceed \$1,500,000 for a revised total contract amount not to exceed \$2,360,100.

## Amount and Source of Funding

Funding in the amount of \$1,500,000 is available in the Fiscal Year 2014-2015 Operating Budget of Austin Energy.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing  
Language:

Contract Amendment.

Prior Council  
Action:For More  
Information:

Darralyn Johnson, Buyer II, 512-505-7293

Boards and  
Commission  
Action:

October 20, 2014 - Recommended by the Electric Utility Commission on a 6-0 vote.

Related Items:

MBE / WBE:

This contract is to be 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

On April 7, 2011, Council approved the award of a sole source contract with Solar Turbines, Inc., in an amount not to exceed \$624,200 over five years for annual equipment and health maintenance services for the Solar Turbines, Inc. Mercury 50 gas turbine at Austin Energy's Mueller Energy Center. The agreement provides remote diagnostics, semi-annual engine maintenance and qualifies Austin Energy to receive a discounted overhaul when that service is due. The maintenance contract supplements work performed by Austin Energy staff at the plant to ensure the turbine operates reliability and efficiently. The services also include field service and parts and training for Austin Energy personnel if required.

On May 9, 2013, Council approved Amendment No. 3 increasing funding by \$180,000 for parts and service for the gas turbine. The additional funding was needed to allow for the parts and services required for unplanned maintenance of the turbine.

The proposed Amendment No. 6 will increase funding for a required overhaul of the gas turbine and support components. Per the manufacturer's recommendations and best engineering practices, overhauls of the turbine and the gearbox should be performed at 30,000 fired hours. Both of these components will reach that target on December 31, 2014. Solar Turbines Inc. is scheduled to provide an exchange turbine and gearbox as allowed in the current contract. Failure to perform the overhaul of the equipment could jeopardize unit reliability and in turn, compromise the power supply to customers served by the Mueller Energy Center such as the Dell Children's Medical Center.

#### Contract Summary

Action	Action Amount	Total Contract Amount
Initial Term: 6/17/2011 - 6/16/2012	\$139,816.	\$139,816.
Amendment No. 1 Option 1 - Extension 6/17/2012 - 6/16/2013	\$121,096.	\$260,912.
Amendment No. 2 Administrative increase 1/10/2013	\$55,900.	\$316,812.
Amendment No. 3: (RCA) Increase three remaining options by \$60,000 each 4/25/2013	\$0.	\$316,812.
Amendment No. 4 Option 2-Extension RCA increase (Amendment No. 3) 6/17/2013 - 6/16/2014	\$121,096. <u>60,000.</u> \$181,096.	\$497,908.
Amendment No. 5 Option 3 - Extension RCA increase (Amendment No. 3) 6/17/2014 - 6/16/2015	\$121,096. <u>60,000.</u> \$181,096.	\$679,004.
Future Amendment: Option 4 - Extension RCA increase (Amendment No. 3)	\$121,096. <u>60,000.</u> \$181,096.	\$860,100.
Proposed Amendment No. 6: (RCA) Increase contract amount by \$1,500,000	\$1,500,000.	\$2,360,100.