

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	44973	Agenda Number	11.
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Meeting Date:	May 21, 2015
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Department:	Purchasing
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### Subject

Authorize negotiation and execution of a 24-month supply contract with KOBELCO COMPRESSORS AMERICA, INC. to provide replacement parts for Kobelco brand compressors for Austin Energy in an amount not to exceed \$300,000 with three 12-month extension options in an amount not to exceed \$150,000 per extension option, for a total contract amount not to exceed \$750,000.

### Amount and Source of Funding

Funding in the amount of \$50,000 is available in the Fiscal Year 2014-2015 Operating Budget of Austin Energy. Funding for the remaining 20 months of the original contract period and extension options are contingent upon available funding in future budgets.

### Fiscal Note

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

Purchasing Language:	Sole Source for original equipment manufacturer compressor replacement parts.
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Prior Council Action:	
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For More Information:	Gabriel Guerrero, Buyer II, 512-322-6060
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Boards and Commission Action:	April 20, 2015 - Approved by the Electric Utility Commission on a vote of 6-0.
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Related Items:	
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MBE / WBE:	This contract will be awarded as a sole source and is exempt from City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program as specified in Texas Government Code Chapter 252.022.
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### Additional Backup Information

The contract will provide Austin Energy with original equipment manufacturer (OEM) replacement parts for Kobelco brand LM6000 fuel gas compressors installed at Sand Hill Energy Center. These spare parts include mechanical seal assemblies, bearings, gaskets, filters, piston seals and o-rings, and are required for the safe and reliable operation of this critical equipment.

Sand Hill Energy Center has six LM6000 gas turbine units. Each LM6000 is capable of producing 48 Megawatts (MW) for a site total of 288 MW. The LM6000 gas turbine require a minimum fuel gas pressure of 600 pounds per square inch gauge (psig) to achieve full production capacity and the normal fuel gas distribution pressure to the plant is 450 to 500 psig. Without a gas compressor the capacity of each LM6000 would be reduced by nine MW for a total generation loss of 54 MW.

Only OEM parts are available for this equipment and the lead time to obtain parts is over six months. The compressors and spare parts are manufactured by Kobelco Compressor America, Inc. in California. Kobelco only sells direct to end users and does not have any authorized distributors.

This contract would ensure that Austin Energy has the proper parts required to maintain its LM6000 gas compressors, ensure the safe and reliable operation, and make timely repairs to minimize revenue loss due to capacity reduction of the LM6000 generators. There is no current contract for these items; material is being purchased on one-time sole source orders as needed.