



Recommendation for Action

File #: 19-1526, **Agenda Item #:** 25.

4/25/2019

Posting Language

Authorize amendments to existing contracts with Megawatt Machine Services, LLC and Setpoint Integrated Solutions, Inc., to provide continued specialized valve repair, replacement and testing, for an increase in the amount of \$1,500,000, for revised contract amounts not to exceed \$4,117,000 divided between the contractors.

(Note: These contracts were reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods and services required for these contracts, there were an insufficient number of certified M/WBEs; therefore, no subcontracting goals were established).

Lead Department

Purchasing Office.

Client Department(s)

Austin Energy.

Fiscal Note

Funding in the amount of \$583,324 is available in the Fiscal Year 2018-2019 Operating Budget of Austin Energy. Funding for the remaining contract terms are contingent upon available funding in future budgets.

Purchasing Language:

Contract Amendment.

Prior Council Action:

October 6, 2016 - Council approved the original contract, item 43, on an 8-0 vote, with Council Members Houston and Zimmerman abstaining and Council Member Troxclair absent.

For More Information:

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov <mailto:AgendaOffice@austintexas.gov> or to Terry V. Nicholson, at 512-322-6586 or Terry.Nicholson@austinenergy.com <mailto:Terry.Nicholson@austinenergy.com>.

Council Committee, Boards and Commission Action:

April 8, 2019 - Recommended unanimously by the Electric Utility Commission on a 9-0 vote, with Commissioners Hopkins and Wray absent.

Additional Backup Information:

These contracts provide Austin Energy with labor and materials for standard and emergency valve repairs at its power plants on an as-needed basis. The repairs require specialized equipment and training to maintain safe and reliable operation due to the large and complex valves used at power plants. Maintenance covered

under these contracts include boiler safety valves which must be performed by contractors certified by the National Board of Boiler and Pressure Vessel Inspectors. Properly functioning safety valves are required by the State of Texas for boiler licensing and are critical to safety of plant personnel and equipment.

These contracts are primarily used for planned spring and fall outage support at power plants. The additional authority requested is critical to cover future outages and includes contingency funding for unplanned repairs, especially during the peak summer season. These contracts authorize two qualified contractors to compete on a per-project basis to provide specialized services, such as planned maintenance, emergency maintenance, parts, inspections, and valve replacements.

The current contracts expire in November 2022; however, remaining authorization is low due to unanticipated maintenance requirements and higher prices for the services covered by these contracts. Without this additional authorization, the power plants risk the ability to pass State of Texas mandated inspections and operate safely and reliably.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Current Contract Authorization</u>	<u>Requested Additional Authorization</u>	<u>Revised Total Authorization</u>
Initial Term	2 yrs.	\$1,000,000		\$1,000,000
Administrative Increase		\$ 58,000		\$ 58,000
Extension Option 1	2 yrs.	\$ 750,000		\$ 750,000
Administrative Increase		\$ 59,000		\$ 59,000
Extension Option 2	2 yr.	\$ 750,000		\$ 750,000
Proposed Amendment			\$1,500,000	\$1,500,000
TOTALS	6 yrs.	\$2,617,000	\$1,500,000	\$4,117,000

Note: Contract Authorization amounts are based on the City’s estimated annual usage.