



REPORT TO: SUA
MEETING DATE: JUNE 1, 2020

Agenda Item:	5e. SUA-20-16
Prior Council Action/Related Items:	Wartsila Service and Spare Parts FY20 Sole Source Purchase Approval
Background / Issue:	<ul style="list-style-type: none"> • Stillwater Energy Center uses three Wartsila 18V50SG engine/generators to produce electricity. • The engine primary components, control system, and many of the auxiliary components are manufactured by Wartsila. • The services and parts requested can only be purchased from Wartsila, making this a sole source purchase. • The Grand River Dam Authority capacity purchase agreement includes provisions for a capacity payment based on availability of the engine/generators. • If the engines/generators are not available, the capacity payment decreases, which can potentially have a negative revenue impact on the SUA.
Proposal/Solution:	Staff is requesting sole source approval to purchase services up to \$100,000 and parts up to \$200,000. This sole source purchase will allow staff to purchase services and parts from Wartsila without delays.
Financial Impact/Funding Source(s):	Funds are available in the electric rate stabilization fund and will be appropriated by approval of the attached budget amendment.
Related Strategic Priority:	<p>#1 Effective Services & Accountable Government: Provide effective services and accountable government for all citizens by practicing fiscal responsibility, transparency, and outstanding customer service.</p> <p>#3 Safe Community: To identify effective services that enhance relationships, responsiveness, and quality customer service to promote a safe and secure community.</p>
Recommended Action/Motion:	Motion to authorize sole source purchase from Wartsila for services up to \$100,000 and parts up to \$200,000 in FY21 for the Stillwater Energy Center and approve budget amendment appropriating expenditures from the Electric Rate Stabilization fund.
Prepared By:	Loren Smith, Electric Utility Director
Reviewed By:	Melissa Reames, Deputy City Manager
Submitted By:	Norman McNickle, City Manager
Attachment(s):	Budget amendment