



**REPORT TO: SUA**

**MEETING DATE: JUNE 7, 2021**

<b>Agenda Item:</b>	5f. SUA-21-18
<b>Prior Council Action/Related Items:</b>	<a href="#">Wartsila Service and Spare Parts FY21 Sole Source Purchase Approval</a>
<b>Background / Issue:</b>	<ul style="list-style-type: none"> <li>• Stillwater Energy Center uses three Wartsila 18V50SG engine/generators to produce electricity.</li> <li>• The engine primary components, control system, and many of the auxiliary components are manufactured by Wartsila.</li> <li>• The services and parts requested can only be purchased from Wartsila, making this a sole source purchase and allow staff to purchase parts and service without delay.</li> <li>• The Grand River Dam Authority capacity purchase agreement includes provisions for a capacity payment based on availability of the engine/generators.</li> <li>• If the engines/generators are not available, the capacity payment decreases, which can potentially have a negative revenue impact on the SUA.</li> </ul>
<b>Proposal/Solution:</b>	<ul style="list-style-type: none"> <li>• Staff is requesting sole source approval to purchase services up to \$100,000 and parts up to \$200,000 from Wartsila.</li> </ul>
<b>Financial Impact/Funding Source(s):</b>	<ul style="list-style-type: none"> <li>• Funds are available in the electric rate stabilization fund and will be appropriated by approval of the attached budget amendment.</li> </ul>
<b>Related Strategic Priority:</b>	#1 Effective Services & Accountable Government: Provide effective services and accountable government for all citizens by practicing fiscal responsibility, transparency, and outstanding customer service.
<b>Recommended Action/Motion:</b>	Motion to approve the sole source purchase for Wartsila services up to \$100,000 and parts up to \$200,000, authorize expenditures from the Electric Rate Stabilization fund up to \$300,000, and approve the related budget amendment.
<b>Prepared By:</b>	Loren Smith, Electric Utility Director
<b>Reviewed By:</b>	Patti Osmus, Assistant to the City Manager
<b>Submitted By:</b>	Melissa Reames, Deputy City Manager
<b>Attachment(s):</b>	Budget Amendment