

**AGENDA**



**Recommendation for Council Action (Purchasing)**

Austin City Council	Item ID:	44972	Agenda Number	10.
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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 IVES EQUIPMENT CORPORATION to provide valve replacement parts for Welland & Tuxhorn brand valves for Austin Energy, in an amount not to exceed \$400,000; with three 12-month extension options, in an amount not to exceed \$200,000 per extension option, for a total contract amount not to exceed \$1,000,000.

Amount and Source of Funding

Funding in the amount of \$66,667 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 with the current provider of original manufacturer valve parts. Current contract expires August 12, 2015.
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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 Welland & Tuxhorn brand valves installed in the combined cycle generating unit (Unit 5) at Sand Hill Energy Center. These critical spare parts include spindles, gaskets and piston rings and are required for valves on Unit 5. Sand Hill Energy Center has seven generation units. Units 1-4 and 6-7 are gas turbines (LM 6000's) and Unit 5 is a combined cycle unit. A combined cycle unit uses both a gas and a steam turbine to produce up to 50 percent more electricity from the same fuel than a traditional simple cycle unit. The waste heat from the gas turbine is captured and routed to a nearby steam turbine, which generates extra power. Unit 5 is Austin Energy's most efficient and clean unit with a capacity of 300 Megawatts. Loss of these valves would result in the loss of the generator and the entire combined cycle unit.

Austin Energy standardized its use of only OEM parts for critical power plant equipment. The valves and spare parts are manufactured by Welland & Tuxhorn Company in Germany. Ives Equipment Corporation is the only authorized distributor in the United States.

Loss of the combined cycle unit at Austin Energy's Sand Hill Energy Center would result in loss of revenue. The current contract expires on August 12, 2015.