

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	19744	Agenda Number	17.
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Meeting Date:	November 1, 2012
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Department:	Purchasing
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Subject

Authorize award, negotiation, and execution of a contract with BARON USA, INC. for the refurbishment and upgrade of an oil processor for Austin Energy substation equipment in an estimated amount not to exceed \$185,000.

Amount and Source of Funding

Funding is available in the Fiscal Year 2012-2013 Capital Budget of Austin Energy.

Fiscal Note

A fiscal note is attached.

Purchasing Language:	Sole Source.
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Prior Council Action:	
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For More Information:	Gage Loots, Buyer II /512-322-6118
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Boards and Commission Action:	Recommended by the Electric Utility Commission.
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MBE / WBE:	This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.
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Related Items:	
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Additional Backup Information

This contract with Baron USA, Inc., Cookeville, TN, is for the refurbishment and upgrade of an oil processor for Austin Energy (AE). This processor is an integral part of performing substation maintenance, as it allows AE crews to remove oil from a power transformer or oil circuit breaker, filter it and store it during maintenance or repair. It then allows AE to vacuum fill the unit after maintenance is complete. In addition, when a fault occurs, gasses sometimes develop in the oil and the processor is used to remove those gasses so the equipment can function properly.

The current oil processor has many parts that are now obsolete and no longer supported or readily available in the marketplace. The upgrade incorporates commercially available components that will be easily obtainable for future replacement of parts that are designed to wear out. Most importantly, the upgrade will extend the life of the unit at a fraction of the cost of a new unit. A new model similar to the existing unit will cost between \$800,000 and \$1,000,000 with an estimated life of 15 years; however, this refurbishment and upgrade for \$185,000 will extend the life of the currently owned unit by approximately 10 years.

Baron USA, Inc. is the sole manufacturer and developer of the proprietary hardware and software required to complete this upgrade and does not permit outsourcing of these products and services through third-parties. Therefore, Baron USA, Inc. is the sole source provider of the products and services to be provided under this contract.

The original contract for purchase of the current oil processor was issued as a competitive solicitation in 2002.