Proposed Sole Source Purchase Form

Pursuant to New Mexico Procurement law, the UNM Purchasing Department will post your completed form on the UNM Sunshine Portal for 30 days prior to purchase of the goods/services.

I. GENERAL INFORMATION. PLEASE PROVIDE THE FOLLOWING:

<table>
<thead>
<tr>
<th>Date of Request</th>
<th>01/31/2019</th>
<th>Requisition Number (If Applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Request Submitted by</td>
<td>Thomas W. Davis</td>
<td>Title</td>
</tr>
<tr>
<td>Department</td>
<td>Facilities Management</td>
<td>Email</td>
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<tr>
<td>Proposed Vendor</td>
<td>Solar Turbines, Inc</td>
<td>Amount</td>
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</tbody>
</table>

Provide a basic description of goods/services to be provided:
Manufacturer recommended 30,000 hour engine overhaul of Facilities Management Utilities' Cogeneration Turbine Unit #2. This overhaul involves removing the current gas turbine engine and reduction gears and replacing with either new or remanufactured (meeting all specifications and with the same warranty as new) gas turbine engine and reduction gears provided by the vendor. Proposal for replacement engine and reduction gears, and estimate of labor costs are attached.

Why is this purchase needed?
If not replaced, the system is expected to experience more frequent failures which will increase maintenance costs, cause increased inconvenience and result in higher electrical costs due to incurring PNM utility peak demand charges. Max peak demand charges vary by season but may be as high as $80,500 per month during winter months and increasing to $133,000 per month during the summer months. In addition, exceeding the prescribed run-time period (30,000 hours unless extended by manufacturer) reduces the core exchange allowance provided by the manufacturer for both the gas producer (engine) and the reduction gears. If the engine fails after 30,000 hours UNM would normally be charge a failed engine adder of 30% to the cost of the engine overhaul or exchange.

II. BASIS FOR SOLE SOURCE PROCUREMENT. CHOOSE APPLICABLE BOX(ES) AND PROVIDE ADDITIONAL INFORMATION, AS REQUESTED:

XX Proprietary item, technology or service only available from the proposed vendor. (Check box and describe proprietary component)

Solar Turbines, Inc. provided the original gas producer (gas turbine engine), reduction gears, associated ancillary equipment and control system. Replacement of the gas producer and reduction gears at the scheduled time allows UNM to take advantage of the allowance for returned engine and reduction gears (core charge). UNM also receives a discount from Solar Turbines, Inc. due to the existing maintenance agreement with the manufacturer.

XX Compatibility requirement with existing item, technology or service. (Check box and describe compatibility requirement)
Existing turbine controls and controls for the attached waste heat recovery system are specifically designed to function with the proposed equipment in accordance with our specifications and requirements.

☐ Renewal of support/maintenance/subscription of software, technology or other intellectual property. (Check box and describe)

☐ Other Basis for Sole Source: Please describe below:

III. SUPPLEMENTAL DETAILS. PLEASE PROVIDE ADDITIONAL INFORMATION AS REQUESTED BELOW:

Describe in detail the unique capabilities of the proposed vendor's goods/service and/or personnel performing the work and why this constitutes the only source. Focus on what is unique about the goods/service and why no other vendor could meet your needs.
Solar Turbines, Inc. and their Field Service Representatives are specially trained and best able to provide and install the replacement equipment and commission it to ensure proper operation. Our Equipment Health Management maintenance agreement with Solar Turbines affords us an additional 5% discount off the regular cost of the engine replacement.

Describe the due diligence made to locate other possible sources including communications with other universities, communications with similar providers, web searches, yellow page searches, review of advertisements and trade publications, etc.

List the other vendors who were contacted. Please describe the specs/qualifications/criteria that the other vendors were unable to satisfy.