



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement
ACM: Christine Taylor
DATE: October 13, 2025

SUBJECT

Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, ratifying the expenditure of funds by the City Manager, for the emergency purchase of engine spare parts and service work for the Denton Energy Center; and providing an effective date (File 8937 – awarded to Wärtsilä North America, Inc., in the not-to-exceed amount of \$1,076,678.24).

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Enhance Infrastructure and Mobility.

INFORMATION/BACKGROUND

Recently, Denton Energy Center Engines 3, 6, and 10 encountered forced outages due to engine cylinder misfire, causing erratic and unstable operations. The Denton Energy Center on September 11, 2025, declared an emergency purchase for engine spare parts caused by the onsite inventory being exhausted of critical parts and components. These units are operational; however, the total output is derated 2-4 MW due to requiring additional parts and service.

Wärtsilä North America, Inc. has been contacted for the availability of personnel who could be on-site and assist in the issue diagnosis, as well as provide the needed parts for other units experiencing the same failures. Wärtsilä North America Inc. will provide field service of one (1) Electrical & Automation engineer, one (1) Mechanical engineer, and engine parts. The total service cost was quoted at \$44,437.00 for the total and return unit to service.

The recent failures associated with these components have exhausted onsite spares as well as the funding available in the current parts contract. The premature component failures were identified and planned to be corrected with the approval of two capital projects in this current budget cycle. Staff are currently in the process of entering into a contract and procuring the necessary material to correct the issues. However, the sole source procurements File 8825 (\$1,415,582) and File 8826 (\$5,852,615) that were taken to SRC on May 28, 2025, are currently in the contract approval/procurement phases, with the latest contract redlines having been reviewed on September 4, 2025. Additionally, staff began the process of renewing the existing parts contract on June 25, 2025, after amending the not-to-exceed value due to the increased component failures exhausting funding. This new contract is currently in the advertising phase of procurement with a closing date of September 10, 2025. All encumbrances associated with this Declaration of Emergency will be encumbered to the associated capital project contract or the new parts contract.

To promptly replenish onsite spares to reduce the outage time and repair engines to full output for the City of Denton's energy demands, fulfilling our ERCOT obligations, the purchase of spare parts is necessary. Additionally, Denton Municipal Electric is currently in the procurement process of DEC engine and auxiliary parts and services.

Wärtsilä North America, Inc. is the original equipment manufacturer for the engines, as well as the only authorized sales and service representative for the parts requested. Wärtsilä North America Inc. was able to provide a quote for parts and delivery for the purchase cost of \$1,032,241.24.

Delivery time is 7-30 days with two items at 8-12 weeks ETA from the fully accepted order.

Efforts to outsource the components concluded that only Wärtsilä North America can provide the engine parts. These components are manufactured by Wärtsilä and are not authorized for sale by other suppliers.

RECOMMENDATION

Approve the emergency purchase of engine spare parts and service work for the Denton Energy Center, in the estimated expenditure amount of \$1,076,678.24.

PRINCIPAL PLACE OF BUSINESS

Wärtsilä North America, Inc.
Houston, TX

ESTIMATED SCHEDULE OF PROJECT

This is a single purchase processed as an Emergency Declaration once all on-hand parts were exhausted. Delivery of the items will occur within 30 days after receipt of the order.

FISCAL INFORMATION

These services will be funded from Denton Energy Center account 600105.6525.5500. Purchase Order #212264 has been entered into the Purchasing software system in the amount of \$1,048,329.50. The budgeted amount for this item is \$1,076,678.24.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Quote

Exhibit 3: Ordinance

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Arthur Pando, 940-349-8653.

Legal point of contact: Marcella Lunn at 940-349-8333.