

## A G E N D A



## Recommendation for Council Action (Purchasing)

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|---------------------|----------|-------|---------------|-----|
| Austin City Council | Item ID: | 12926 | Agenda Number | 22. |
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| Meeting Date: | March 8, 2012 |
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| Department: | Purchasing |
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## Subject

Authorize award and execution of Amendment No. 3 to a contract with GC3 SPECIALTY CHEMICALS, INC., for the purchase of aqueous ammonia for use at Austin Energy's Sand Hill Energy Center, to increase the current contract in an estimated amount not to exceed \$45,000, and to increase the two remaining extension options in an estimated amount not to exceed \$45,000 per extension option, for a revised total estimated contract amount not to exceed \$460,000.

## Amount and Source of Funding

Funding in the amount of \$26,250 is available in the Fiscal Year 2011-2012 Operating Budget of Austin Energy. Funding for the remaining five months of this contract period and extension options is contingent upon available funding in future budget.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

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| Purchasing Language: | Contract Amendment. |
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| Prior Council Action: |  |
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| For More Information: | Dolores Castillo, Sr. Buyer/322-6466. |
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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 provides aqueous ammonia on an as-needed basis to Sand Hill Energy Center (SHEC). Aqueous ammonia is injected into the exhaust gas of gas turbine generating units to convert Nitrogen Oxides (NOx) in the presence of a catalyst, to innocuous Nitrogen (N2). This process is referred to as Selective Catalytic Reduction (SCR) technology. NOx is generated as a pollutant from the combustion of fuel in the gas turbines. The control of NOx emissions is required by the Texas Commission on Environmental Quality (TCEQ) and the Environmental Protection Agency (EPA). The current air permit for SHEC stipulates the mandatory use of SCR technology to reduce NOx emissions. SCR technology is in place for the four existing gas turbines and the two new gas turbines as well as the combined cycle unit at SHEC.

Since the award of the original contract, Austin Energy has placed two additional gas turbine generating units into operation at SHEC. This request to increase the spending authority of this contract is to provide the additional aqueous ammonia needed for the two new units.

This contract was competitively bid and awarded in 2009. This recommended Council action is to approve Amendment No. 3 and authorize an increase of \$45,000 to the current contract period and each of the remaining two extension options, for a revised total estimated contract amount not to exceed \$460,000.

The \$45,000 in additional annual funds is a 30% increase to the original contract award amount. City Council Resolution No. 040610-02 adopted on June 10, 2004 allows contract modifications for Austin Energy contracts to be increased by any amount that is determined to be reasonable and necessary by the General Manager of Austin Energy or his designee. This resolution specifically accepted Senate Bill 7 establishing various purchasing procedures for Austin Energy for the public purpose of protecting and enhancing the competitive position of Austin Energy.

#### Contract Summary

| Action                        | Description  | Amount    |
|-------------------------------|--|-----------|
| Contract awarded 02/21/2009   | Original 24-month contract with three 12-month extension options                   | \$300,000 |
| Amendment No. 1<br>2/21/2011  | Exercise the first extension option  | \$0       |
| Amendment No. 2<br>1/10/12    | Administrative increase to the current contract period only                        | \$25,000  |
| Proposed Amendment No. 3      | Increase contract amount to the current contract period                            | \$45,000  |
|                               | Increase contract amount of two remaining extension options by \$45,000 per option | \$90,000  |
| Total Revised Contract Amount |  | \$460,000 |