

**AGENDA**



**Recommendation for Council Action (Purchasing)**

<b>Austin City Council</b>	<b>Item ID:</b>	45479	<b>Agenda Number</b>	33.
<b>Meeting Date:</b>	June 4, 2015			
<b>Department:</b>	Purchasing			
<b>Subject</b>				
Authorize award and execution of a service contract with CORMETECH, INC., or another qualified offeror to RFP NST0024, for removal, assembly, inspection and installation of a new catalyst for the Selective Catalytic Reduction system in the combined cycle Unit 5 at Austin Energy's Sand Hill Energy Center, in an amount not to exceed \$419,000.				
<b>Amount and Source of Funding</b>				
Funding in the amount of \$419,000 is available in the Fiscal Year 2014-2015 Capital Budget of Austin Energy.				
<b>Fiscal Note</b>				
A fiscal note is attached.				
<b>Purchasing Language:</b>	Best evaluated proposal.			
<b>Prior Council Action:</b>	█			
<b>For More Information:</b>	Nicole Turner, Senior Buyer, 512-322-6586			
<b>Boards and Commission Action:</b>	May 18, 2015 - Recommended by the Electric Utility Commission on a 6-0 vote with Commissioner Herbert absent.			
<b>Related Items:</b>				
<b>MBE / WBE:</b>	This contract will be awarded in compliance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.			

Additional Backup Information

This contract will provide for the removal of the existing catalyst and assembly, inspection and installation of a new catalyst for the Selective Catalytic Reduction (SCR) system for the combined cycle Unit 5 at Austin Energy's Sand Hill Energy Center (SHEC). The catalyst is a key component of the unit's emission control system. It is necessary for the removal of nitrogen oxide from the gas turbine exhaust through a chemical reaction with aqueous ammonia.

This purchase is required to ensure proper operation of Unit 5's SCR and to meet Federal and State air permit emission regulations. The catalyst is a long lead item with a five-month manufacturing time after placement of order.

The combined cycle unit at SHEC has a gross output of 300 megawatts (MW) and is Austin Energy's cleanest and most efficient fossil fuel (gas) generation unit. Degradation or failure of the catalyst would result in either loss of the unit or partial loss of energy production.

The existing catalyst is original equipment installed during construction of the unit and placed in service in 2004. Periodic testing of catalyst samples indicates the catalyst is reaching the end of its useful service life.

An Austin Energy team with expertise in this area evaluated the proposals and rated this proposal as the best to provide these services. Evaluation criteria used to compare the proposals include: technical solution, experience and qualifications, schedule, cost, and local business presence.

This request allows for the development of an agreement with a qualified offeror selected by City Council. If the City is unable to negotiate a satisfactory agreement with the selected offeror, negotiations will cease with that provider. Staff will return to Council so that Council may select another qualified offeror and authorize contract negotiations with this provider.

MBE/WBE solicited: 20/21

MBE/WBE bid: 0/0

#### **PRICE ANALYSIS**

- a. Adequate competition.
- b. 258 notices were sent, including 20 MBEs and 21 WBEs. Three proposals were received, with no response from the MBEs/WBEs.

#### **APPROVAL JUSTIFICATION**

- a. Best evaluated proposal.
- b. The Purchasing Office recommends contract award consistent with the findings of the evaluation committee. Advertised on the internet.