

AGENDA



Thursday, August 7, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 29

Subject: Authorize award and execution of a contract with TEGRON LP, Longview, TX for Phase I of the upgrade of a demineralization system in an estimated amount not to exceed \$990,000, with the option to complete Phases II and III in an estimated amount not to exceed \$1,000,000 and \$657,508 respectively, for a total estimated contract amount not to exceed \$2,647,508.

Amount and Source of Funding: Funding in the amount of \$990,000 is available in the Fiscal Year 2007-2008 Capital Budget of Austin Energy. Funding for the remaining phases of the original contract is contingent upon available funding in future budgets.

Fiscal Note: A fiscal note is attached.

For More Information: Martha L. Gaines, Buyer II, 322-6583.

Purchasing Language: Best evaluated proposal of two proposals received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C 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.

This contract is for the upgrade of the demineralization system at the Decker Creek Power Station, to be completed in three phases. The demineralizer removes all trace amounts of minerals from the feedwater that enters the boiler. Minerals must be removed to prevent build-up that could lead to failure of the generation system. The existing system is the original installed equipment and is becoming too time consuming and expensive to maintain.

Phase 1 includes the elimination of the use of strong acid and hazardous base chemicals in the water demineralization process and is expected to be completed May 2009. Phase 1 also includes preliminary plans for the completion of Phases II and III. Phase II would allow the use of untreated river water instead of treated City water. Phase III would increase the capacity of the demineralizer for future generating needs. If the Contractor's work is satisfactory, Phases II and III will be approved for work. These two phases are expected to take approximately one year each.

MBE/WBE solicited: 2/4 MBE/WBE responded: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Eighteen notices were sent, including two MBEs and four WBEs. Two proposals were received, with no response from the MBE/WBEs.
- c. This is the first purchase of an upgrade of a demineralizer system; therefore, there is no pricing history available.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received.
- b. The Purchasing office concurs with Austin Energy's recommended award.

c. Advertised on the Internet.