

AGENDA



Thursday, March 26, 2009

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 30

Subject: Authorize award and execution of a 24-month requirements supply contract with HYDROCHEM INDUSTRIAL SERVICES, INC, Deer Park, TX, and VEOLIA ES INDUSTRIAL SERVICES, INC, La Porte, TX, for boiler and heat exchanger cleaning services at Austin Energy power plants, in an estimated amount not to exceed \$1,200,000 each and combined, with one 24-month extension option in an estimated amount not to exceed \$1,200,000 each and combined, for a total estimated contract amount not to exceed \$2,400,000 each and combined.

Amount and Source of Funding: Funding in the amount of \$300,000 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy. Funding for the remaining 18 months of the original contract period and extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Shawn Harris, Buyer II / 505-7351

Purchasing Language: Best evaluated proposals 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 will provide for the cleaning of the boiler steam drums, heat exchangers, waterfalls, down comers, bottom headers, and economizer sections of the steam generation boilers at Austin Energy's Decker Creek Power Station and Sand Hill Energy Center to remove iron and copper containing deposits. Such deposits must be periodically removed from the boilers to prevent overheating. Cleaning also increases the heat transfer efficiency of the boiler. Multiple contractors are needed in order to assure timely response and expertise. As projects are identified, each contractor will be given the opportunity to submit pricing for the individual project. The lowest bidder meeting the requirements of each individual project will be awarded the work for that project.

MBE/WBE solicited: 1/1

MBE/WBE bid: 0/0

RFP No. SMH0101

Price Analysis

- a. Adequate competition.
- b. Thirty-seven notices were sent, including one MBE and one WBE. Two proposals were received, with no response from the MBE/WBE.
- c. The pricing offered represents a 75% increase from the last contract award in February 2008. The increase can be attributed to rising costs associated with the production of chemicals and the worldwide shortage of many chemicals used in this process.

APPROVAL JUSTIFICATION

- a. Best two evaluated proposals received.
- b. The Purchasing Office concurs with Austin Energy's recommended award.

c. Advertised on the Internet.