Purchasing Contract CITY OF AUSTIN RECOMMENDATION FOR COUNCIL ACTION

AGENDA ITEM NO.: 52 AGENDA DATE: Thu 12/16/2004

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SUBJECT: Approve the ratification of a contract with BJ PROCESS & PIPELINE SERVICES. Houston. TX, for services to clean and dry gas piping network at Sandhill Power Plant in an amount not to exceed \$82,744.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2004-2005 Approved Operating Budget of Austin Energy.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing

DIRECTOR'S

DEPARTMENT: for Austin Energy;

AUTHORIZATION: Vickie Schubert

FOR MORE INFORMATION CONTACT: Dolores Castillo, Senior Buyer/322-6466

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Lowest bid of three bids received.

MBE / WBE: This contract was awarded in compliance with Chapter 2-9 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 ratification of a contract is for services which were required to clean and dry 20,000 feet of gas piping network inside the Sandhill Power Plant. On October 17, 2004, Austin Energy staff determined large quantities of oily liquids were present in the natural gas fuel pipeline network. The quantity of liquids was beyond the normal capabilities of the internal filtration systems and subsequently created operational problems. The combined cycle unit at the Sandhill Power Plant was removed from service for cleaning and replacement of fuel nozzles. The unit would have to remain out of service until the gas lines were cleaned. Because the combined cycle unit is the most efficient natural gas unit in the Austin Energy system, it was determined that contracting for cleaning services was a Critical Business Need in order to return the unit to service.

BID TABULATION IFB No. DC05300002

BJ Process

\$82,744

Houston, Texas

Greene's Energy Group

\$158,500

Houston, Texas

Nicholes Pipeline Srv.

\$457,010

RCA Serial#: 7169 Date: 12/16/04 Original: Yes Published:

Adjusted version published: Disposition:



MEMORANDUM

TO: Mayor and Council Members

Toby Hammett Futrell, City Manager

FROM: Juan Garza, General Manager

Austin Energy

DATE: November 8, 2004

SUBJECT: Critical Business Need: Procurement of Services for Cleaning Natural Gas

Pipelines at the Sand Hill Energy Center

On October 17, 2004, the staff at the Sand Hill Energy Center determined that a large quantity of oily liquids was present in the natural gas fuel pipeline network inside the plant. AE personnel further determined that the liquids had been introduced to the plant pipeline network via the TXU/Lonestar external supply pipeline. The quantity of liquids was beyond the normal capabilities of the internal filtration systems and subsequently created operational problems. The combined cycle unit was removed from service for cleaning and replacement of fuel nozzles and will remain out of service until the gas lines are cleaned. Because the combined cycle unit is the most fuel efficient natural gas unit in our system, it is critical to complete this cleaning as soon as possible and return the unit to service.

Pursuant to City Council approved AE purchasing procedures, I am designating the solicitation and procurement of services to clean and dry the gas piping network inside the plant boundary as a Critical Business Need.

Cleaning natural gas pipelines is specialized work. Austin Energy solicited bids from vendors with the required experience and equipment. The vendors made site visits the week of November 1-5. We have received three bids for this work and plan to award the contract to BJ Process and Pipeline Services for a contract price of \$82,744.

Because of the benefits to be obtained from having the Sand Hill combined cycle unit in service as part of our generation resource portfolio, I am requesting the procurement of the pipeline cleaning services as a Critical Business Need of Austin Energy. Please let me know if you have any questions or concerns.

Juan Garza V General Manager Austin Energy