



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement
DCM: David Gaines
DATE: August 8, 2022

SUBJECT

Consider recommending adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with Hampel Oil Distributors, Inc., for the supply of engine lubrication oil, cooling system corrosion inhibitor, and monopropylene glycol additives for the Denton Energy Center; providing for the expenditure of funds therefor; and providing an effective date (IFB 7933 – awarded to Hampel Oil Distributors, Inc., for three (3) years, with the option for two (2) additional one (1) year extensions, in the total five (5) year not-to-exceed amount of \$3,388,787.60).

INFORMATION/BACKGROUND

The Denton Energy Center (DEC) reached commercial operation in June 2018 providing power at times of market instability and high price demand and serving as a critical component of the City of Denton's Denton Renewable Resource Plan.

The equipment used in the production of electricity requires oil for lubrication and cooling of critical components as well as a coolant to cool the components which are both vital to the overall performance and life of the equipment.

The lubrication system has a total volume of 46,131 gallons with each engine holding approximately 3,850 gallons of oil. The plant also has 12,000 gallons of oil storage on-site which resides within a containment area. The oil is primarily used to lubricate the internal moving parts of the engines with a secondary function to provide supplemental cooling of the pistons, rods, and crankshafts requiring replenishment as used in normal operation.

The coolant system is of the closed loop type and has a total volume of 42,950 gallons with each engine holding approximately 3,580 gallons of coolant. The coolant used is a mixture of water, glycol, and corrosion inhibitor. Glycol is used to protect the system from freezing and the corrosion inhibitor to protect the internal cooling spaces and components from corrosion. The coolant is primarily used to cool the engines with a secondary function providing freeze protection for the engine when offline.

The oil and coolant require replenishment or replacement based on hours of service, calendar-based intervals, or based on preventative maintenance sample evaluations for contamination resulting in change-outs as needed.

Thus far, we have been under contract with multiple suppliers for the initial fill of fluids and the routine replenishment needs and are currently seeking another contract to replace the current expiring contracts.

Currently, we are projecting an expenditure of \$865,343.84 over the first year for routine replenishment and increased glycol percentages to further freeze and protect the equipment based on the results of the engineering study that is being evaluated and considered for implementation. Without the glycol increase, the first-year total would be 8500 gallons of glycol for replenishment costing \$727,513.84, and \$553,843.04 over the remainder of the contract period based on operating hour forecasts and maintenance intervals and an estimated pricing increase of 10% included totaling \$308,071.60. The costs for material purchased under the proposed agreement will be funded out of the DEC operating budget and ordered as needed, based on operations not to exceed \$3,388,787.60 over the contract duration.

Annual Cost Estimate (2,600 Operating Hours)

	1st YR Gal	Cost	2nd YR Gal	Cost	3rd YR Gal	Cost	4th YR Gal	Cost	5th YR Gal	Cost
Oil	54,288	\$525,507.84	54,288	\$525,507.84	54,288	\$525,507.84	54,288	\$525,507.84	54,288	\$525,507.84
Glycol	16,200	\$289,980.00	1,200	\$21,480.00	1,200	\$21,480.00	1,200	\$21,480.00	1,200	\$21,480.00
Inhib	3,200	\$49,856.00	440	\$6,855.20	440	\$6,855.20	440	\$6,855.20	440	\$6,855.20
Total	73,688	\$865,343.84	55,928	\$553,843.04	55,928	\$553,843.04	55,928	\$553,843.04	55,928	\$553,843.04
Total (All years):										\$3,080,716.00
10%:										\$308,071.60
Grand Total:										\$3,388,787.60

* 1st year increase to 40% (16,200 gal. Glycol)

* 1st year increase to 40% (1,600 gal. Corrosion Inhibitor)

Invitation for Bids was sent to 277 prospective suppliers, including nine (9) Denton firms. In addition, specifications were placed on the Procurement website for prospective suppliers to download, and advertised in the local newspaper. Three (3) bids meeting specifications were received. The lowest bid was received by Hampel Oil Distributors, Inc.

NIGP Code Used for Solicitation:	190, 405, 885
Notifications sent for Solicitation sent in IonWave:	277
Number of Suppliers that viewed Solicitation in IonWave:	9
HUB-Historically Underutilized Business Invitations sent out:	17
SBE-Small Business Enterprise Invitations sent out:	102
Responses from Solicitation:	3

RECOMMENDATION

Award a contract with Hampel Oil Distributors, Inc., for the supply of engine lubrication oil, cooling system corrosion inhibitor, and mono-propylene glycol additives for the Denton Energy Center, in the three (3) years, with the option for two (2) additional one (1) year extensions, in the total five (5) year not-to-exceed amount of \$3,388,787.60.

PRINCIPAL PLACE OF BUSINESS

Hampel Oil Distributors, Inc.
Wichita, KS

ESTIMATED SCHEDULE OF PROJECT

This is an initial three (3) year contract with options to extend the contract for two (2) additional one (1) year periods, with all terms and conditions remaining the same.

FISCAL INFORMATION

These items will be funded from the annual Denton Energy Center Operating budget. Requisitions will be entered on an as-needed basis based on facility disposal needs. The total budgeted amount for this item is \$3,388,787.60. The City will only pay for services rendered and is not obligated to pay the full contract amount unless needed.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Bid Tabulation

Exhibit 3: Presentation

Exhibit 4: Ordinance and Contract

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Jason Brown, 940-349-7140.

Legal point of contact: Marcella Lunn at 940-349-8333.