



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Materials Management

CM: Todd Hileman

DATE: May 1, 2018

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract for the supply of emission system reducing agent (ammonia) for the Denton Energy Center with Southern Ionics, Inc.; providing for the expenditure of funds therefor; and providing an effective date (IFB 6701- awarded to Southern Ionics, Inc., in the three (3) year not-to-exceed amount of \$1,287,772.50). The Public Utilities Board recommends approval (5-0).

BID INFORMATION

The Denton Energy Center (DEC) is an approved CIP project for DME. The project will provide power at times that renewable energy sources are not readily available and/or when power is needed for support of the regional electric grid. The DEC's enhanced emission control package utilizes a selective catalytic reduction (SCR) system to reduce the level of the nitrogen oxide (NOx) in the exhaust gas from the engines by a means of catalyst elements and a reducing agent.

The DEC's SCR system will utilize 19% aqua ammonia as the reducing agent. The liquid ammonia will be injected into the exhaust stream prior to the catalyst, where it is mixed and heated. The ammonia and exhaust gases will then react with the catalyst. The result is the nitrogen oxide is reduced in part to nitrogen and water. The plant has facilities in place to safely offload and store bulk quantities of aqua ammonia.

Invitation for Bids were sent to 58 prospective suppliers of this item. In addition, specifications were placed on the Materials Management website for prospective suppliers to download and advertised in the local newspaper. Two (2) bids meeting specification were received (Exhibit 2). The lowest bid was received by Southern Ionics Inc.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On April 23, 2018, the Public Utilities Board (PUB) recommended this item to the City Council for consideration.

RECOMMENDATION

Award a contract with Southern Ionics, Inc., for the supply of emission system reducing agent (ammonia) for the DEC, in a three (3) year not-to-exceed amount of \$1,287,772.50.

PRINCIPAL PLACE OF BUSINESS

Southern Ionics, Inc.
West Point, MS

ESTIMATED SCHEDULE OF PROJECT

This is an initial one (1) 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

This item will be funded from the Electric Production / Wholesale Power operating account 600105.6020.5470. The budget for this fiscal year is \$1,700,000.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Sustainable & Environmental Stewardship
Related Goal: 5.2 Improve air quality and greenhouse gas management

EXHIBITS

Exhibit 1: Agenda Information Sheet
Exhibit 2: Bid Tabulation
Exhibit 3: Contract
Exhibit 4: Presentation
Exhibit 5: Ordinance

Respectfully submitted:
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Purchasing Manager

For information concerning this acquisition, contact: George F. Morrow, 940-349-8487