



## Legislation Details (With Text)

**File #:** ID 16-1031    **Version:** 1    **Name:**

**Type:** Action Item

**File created:** 7/29/2016    **In control:** City Council

**On agenda:** 9/13/2016    **Final action:**

**Title:** Consider adoption of an ordinance of the City Council of the City of Denton, a Texas home-rule municipal corporation, providing for, authorizing, and approving the execution by the City Manager, or his designee, of an Equipment Supply and Services Contract for the purchase of twelve (12) reciprocating internal combustion engines and related technical services between the City of Denton and Wärtsilä North America, Inc., a Maryland corporation,; approving the execution of such other and further related documents deemed necessary to effectuate this transaction by the City Manager, or his designee, which are incident or related thereto; confirming and ratifying that the City of Denton, its City Manager, and its City Attorney shall be authorized and empowered to perform such acts and obligations as are reasonably required to consummate this transaction; ratifying all prior actions taken by the City Council, City Manager and City Attorney, or their designees, in furtherance of the foregoing transaction; and determining that specific information in the said documents involved in this transaction pertain to a "competitive electric matter" as set forth under the provisions of §§551.086 and 552.133 of the Texas Government Code, as amended; adopting significant recitations, findings and conclusions, as are set forth in the preamble of this ordinance; that the purchase of power generating equipment and services made by the City under the terms of this Equipment Supply and Services Contract are in the public welfare; authorizing the expenditure of funds therefore; providing an effective date.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit 1-Ordinance, 2. Exhibit 2-Redacted Wartsila Contract 09082016 FINAL

| Date | Ver. | Action By | Action | Result |
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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Materials Management

**ACM:** Bryan Langley

**AGENDA DATE:** September 13, 2016

### SUBJECT

Consider adoption of an ordinance of the City Council of the City of Denton, a Texas home-rule municipal corporation, providing for, authorizing, and approving the execution by the City Manager, or his designee, of an Equipment Supply and Services Contract for the purchase of twelve (12) reciprocating internal combustion engines and related technical services between the City of Denton and Wärtsilä North America, Inc., a Maryland corporation,; approving the execution of such other and further related documents deemed necessary to effectuate this transaction by the City Manager, or his designee, which are incident or related thereto; confirming and ratifying that the City of Denton, its City Manager, and its City Attorney shall be authorized

and empowered to perform such acts and obligations as are reasonably required to consummate this transaction; ratifying all prior actions taken by the City Council, City Manager and City Attorney, or their designees, in furtherance of the foregoing transaction; and determining that specific information in the said documents involved in this transaction pertain to a “competitive electric matter” as set forth under the provisions of §§551.086 and 552.133 of the Texas Government Code, as amended; adopting significant recitations, findings and conclusions, as are set forth in the preamble of this ordinance; that the purchase of power generating equipment and services made by the City under the terms of this Equipment Supply and Services Contract are in the public welfare; authorizing the expenditure of funds therefore; providing an effective date.

### **RFP INFORMATION**

Denton Municipal Electric (DME) staff has presented the Renewable Denton Plan (RDP) to the Public Utilities Board and City Council at meetings between May 2015 and present. During these meetings, DME has outlined the associated components of the RDP, including over 300 MW of new renewable capacity to reach 70% renewable penetration and construction of a 220 MW quick start facility for firming the new renewable capacity. DME has presented the estimated cost that would be required to implement the RDP, including the up-front capital cost for the quick-start facility. This contract is a required step in the implementation of the RDP. In order to ensure that the DME staff can effectively firm the new variable renewable capacity, the quick start facility is required.

Requests for Proposals were sent to 53 prospective suppliers. In addition, specifications were placed on the Materials Management website for prospective suppliers to download and advertised in the local newspaper. Four (4) proposals were received. The proposals were evaluated based upon identification and understanding of the City’s requirements for the project, past performance and experience on projects of this magnitude and complexity, experience and qualifications of the respondent and key personnel available for the project, and proposed schedule for services to be performed. Wärtsilä North America, Inc. was ranked with the highest score and determined to be the best value for the City.

Wärtsilä North America, Inc. (Wärtsilä), is the premier manufacturer of Reciprocating Internal Combustion Engines (RICE) for use in electric generating stations. They currently provide engines and auxiliary equipment for electric power generation worldwide, including the State of Texas. Based on the final scoring as set forth in the RFP, DME would like to award a contract to Wärtsilä, which will provide the RICE and auxiliary equipment for the Denton Energy Center.

The contract can be broken down into the following items:

- Reciprocating Engine Generator Sets rated for 220 MWe output, technical assistance during installation, testing and commissioning, training and warranty
- Furnish Emissions Control system for or Alternate Bid to provide reduced emissions
- Furnish engine cooling radiators that meet the Ultra Low-Noise standards
- Furnish recommended operating spare parts

### **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

- 12/14/2015 - Public Utilities Board approved RDP Resolution
- 06/21/2016 - Council approved RDP Resolution
- 06/21/2016 - Council approved financing
- 08/08/2016 - Public Utilities Board Closed Session discussion

## **PRINCIPAL PLACE OF BUSINESS**

Wärtsilä North America, Inc.  
Houston, TX

## **RECOMMENDATION**

Approve a contract with Wärtsilä North America, Inc.

## **ESTIMATED SCHEDULE OF PROJECT**

- 09/13/2016 - Approval by City Council and contract signed
- Summer 2018- Commercial Operation Date (COD)

## **FISCAL INFORMATION**

This project has been budgeted in the Denton Municipal Electric budget and implementation schedule. A payment to Wärtsilä of 20% within 10 days of approval is required under this contract. This payment is planned to be paid out of the Electric Operating Fund reserve and reimbursed from proceeds of the Utility System Revenue Bonds, Series 2016 anticipated to close in October. A budget amendment for the FY 2015-16 Electric Operating Fund for this payment was presented to City Council as part of the budget approval process on September 13, 2016.

## **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:** Organizational Excellence  
**Related Goal:** 2.3 Promote superior utility services and facilities

## **EXHIBITS**

Exhibit 1: Ordinance  
Exhibit 2: Contract

Respectfully submitted:

Chuck Springer, 349-8260  
Director of Finance

For information concerning this acquisition, contact: William A. Bunselmeyer at 349-7328.