



Legislation Text

File #: ID 16-1231, **Version:** 1

AGENDA INFORMATION SHEET

DEPARTMENT: Materials Management

ACM: Bryan Langley

AGENDA DATE: September 20, 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 engineering, procurement and construction agreement for the construction of an electric power generation facility between the City of Denton and Burns and McDonnell Engineering Company, Inc. a Missouri 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 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 construction of the electric power generation plant by the City under the terms of this engineering, procurement and construction agreement are in the public welfare; authorizing the expenditure of funds therefore; providing an effective date.

RFQ INFORMATION

Denton Municipal Electric (DME) staff has presented the Renewable Denton Plan (RDP) to the Public Utilities Board at several meetings between May 2015 and present. DME has also presented the RDP to the City Council at several meetings during the same time frame. 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

Requests for Qualifications for design-build of the proposed Denton Energy Center (quick-start facility) were sent to seven (7) prospective suppliers. In addition, specifications were placed on the Materials Management website for prospective suppliers to download and advertised in the local newspaper. Three (3) 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. Burns and McDonnell, Engineering Co., Inc. (Burns and McDonnell) was ranked with the highest score and determined to be the best value for the City.

In order to ensure that the DME staff can effectively firm the new variable renewable capacity, the quick start facility is required and is especially important as a hedging mechanism during periods of potential price volatility in the ERCOT market. With the quick start facility designed and constructed by Burns and McDonnell, DME will be able to move quickly in the market and secure and firm the energy supply for the City of Denton.

Burns and McDonnell is an industry leader in design and execution of utility scale reciprocating engine projects. Their experience in Reciprocating Internal Combustion Engine (RICE) projects is unmatched and includes designing ten of the last twelve large gas engine projects in the U.S. market, with seven RICE Projects greater than 50MW.

These projects include:

- Midwest Energy Goodman Energy Center in Kansas (75.6 MW),
- STEC Pearsall Project in Texas (202 MW),
- GEUS Engine Plant in Texas (25.2 MW),
- Modesto Irrigation District Woodland 3 Generation Project in California (49 MW),
- LCEC Generation Plant in New Mexico (46.7MW),
- MEA's Eklutna Generation Station in Alaska (176 MW),
- Mid-Kansas Electric's Rubart Station in Kansas (110 MW),
- STEC Redgate Project in Texas (220 MW),
- Stillwater Utilities Authority in Oklahoma (56 MW),
- City of Coffeyville in Kansas (56 MW).

Both the design engineers and the construction management team members have knowledge of the subtle design interface issues, contract document submittal processes, subcontracted vendor equipment design team personnel and executive management professionals in order to provide a team with the highest potential for RICE project success in the industry.

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

RECOMMENDATION

Approve a contract with Burns and McDonnell, Engineering Co., Inc.

PRINCIPAL PLACE OF BUSINESS

Burns and McDonnell, Engineering Co., Inc.
Kansas City, MO

ESTIMATED SCHEDULE OF PROJECT

- 08/08/2016 - Public Utilities Board Closed Session
- Summer 2018 - Commercial Operation Date (COD)

FISCAL INFORMATION

This project has been budgeted in the Denton Municipal Electric budget.

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.