



## Agenda Report

21-1413

Agenda Date: 10/26/2021

### REPORT TO COUNCIL

#### **SUBJECT**

Action on an Agreement for Services with Hill Brothers Chemical Company for As-Needed Ammonia Delivery and Related Services

#### **COUNCIL PILLAR**

Deliver and Enhance High Quality Efficient Services and Infrastructure

#### **BACKGROUND**

Silicon Valley Power (SVP), the City's Electric Utility Department, operates three gas fired power generation facilities within the City limits. The Donald Von Raesfeld Power Plant (DVR), SVP's main power generation facility, is a 2x1 combined cycle power plant rated at 147 Megawatts of electrical power. SVP requires aqueous ammonia in DVR's Selective Catalyst Reduction (SCR) units to maintain compliance with DVR's air permit. The air permit is issued by the Environmental Protection Agency (EPA) and compliance with the permit is enforced by the Bay Area Air Quality Management District (BAAQMD). SVP also requires ammonia to maintain pH levels in DVR's water stream processes. SVP requires a qualified contractor to provide as-needed ammonia delivery and related services.

#### **DISCUSSION**

Pursuant to City Code Section 2.105.330, a formal qualifications-based Request for Proposals/Statement of Qualifications (SOQ) process was conducted for this procurement, with the award recommendation based on "best value."

In June 2021, the City issued the SOQ for as-needed ammonia delivery and related services, using the City's e-procurement system. A total of 22 companies viewed the SOQ, and the City received proposals from two companies:

- Airgas Specialty Products, Inc. (Lawrenceville, GA)
- Hill Brothers Chemical Company (Brea, CA)

The written proposals were evaluated and scored against the criteria and weights published in the SOQ by a three-member evaluation team consisting of staff from SVP. The proposals were evaluated on the following:

- Qualifications and experience of the firm;
- Expertise in providing ammonia storage tank inspections and services; and
- Approach to delivering the required ammonia safely.

Staff recommends award of contract to Hill Brothers Chemical Company (Hill Brothers) as the most

advantageous and best value proposal based upon the final evaluation ranking. The proposal from Hill Brothers met or exceeded all of the SOQ specifications.

Under the proposed agreement, Hill Brothers will provide the following services:

- Ammonia delivery services to the DVR plant;
- Ammonia storage system inspection and evacuation services;
- As-needed training on ammonia off-loading, storing and handling; and
- As-needed ammonia storage and processing services training.

The proposed agreement with Hill Brothers includes provision of all labor, materials, equipment, and technical expertise needed to provide the required ammonia-related services.

The term of the proposed agreement will be a five-year initial term with five additional one-year options to extend at the discretion of the City. Total costs are not expected to exceed \$1,500,000 during the initial five-year term. Hill Brothers' compensation rates shall be fixed for the first twelve months of the agreement. After the first twelve months, any requests for compensation increases must be justified by the company and are subject to approval by the City and the annual appropriations of funds.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(2) in that the proposed actions are agreements for the purchase of products and services that are continuing maintenance and administrative activities.

### **FISCAL IMPACT**

The total cost of the agreement for services with Hill Brothers is not anticipated to exceed \$1,500,000 over the five-year initial term.

Sufficient funds are available in the Adopted Biennial Operating Budget for FY 2021/22 and FY 2022/23 in the Electric Utility Operating Fund (Generation and Pumping Expense Account 091-1377-87960).

Funds required for this agreement in future years will be included in proposed budgets for those corresponding years.

### **COORDINATION**

This report has been coordinated with the Finance Department and City Attorney's Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

### **RECOMMENDATION**

1. Authorize the City Manager to execute an Agreement for Services with Hill Brothers Chemical Company for as-needed ammonia delivery and related services, for a term starting on or about November 1, 2021 and ending on or about October 31, 2026, for a total maximum amount not-to-exceed \$1,500,000 during the initial five-year term, subject to the annual appropriation of funds;
2. Authorize the City Manager to make minor changes to the attached Agreement for Services subject to approval of the City Attorney as to form;
3. Authorize the City Manager to execute up to five one-year options to extend the term of the Agreement for Services after the initial term, ending on or about October 31, 2031, assuming all options are exercised, and subject to the annual appropriation of funds; and
4. Authorize the City Manager to take actions to add or delete services consistent with the scope of the Agreement for Services and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

#### **ATTACHMENTS**

1. Proposed Agreement for Services