



## Single Source Justification Form

Complete and submit this form to the Purchasing Division when requesting exception to the competitive procurement process.

Sole source procurement refers to those purchases where there is only one supplier that can provide the product/service to the City. Please be as thorough and detailed with explanations to assist in the evaluation process.

Date:	04/07/2022		Division:	Power Resources
Department:	Public Utilities	Title:	Util. Sr. Resource Analyst	
Name:	James Perez	Vendor ID:	0020766	
Requisition No:	TBD			
Vendor Name:	Cormetech Inc			

Item Description/  
Scope of Work:

Selective Catalytic Reduction Maintenance on RERC Units 3&4

1. Why is the acquisition restricted to this good/service/supplier? (Explain why the acquisition cannot be competitively bid, and Include consequences that would occur from not contracting with this supplier.)

The Selective Catalytic Reduction(SCR) systems installed on all of the RERC, Springs and Clearwater Units, are manufactured by Cormetech Inc. The SCR systems are critical to operations and environmental compliance. Nitrogen Oxide(NOx) Emissions from each unit are reduced from 25 parts per million to below the air permit level of 2.3 parts per million as it passes through the SCR. The catalyst is currently in need of maintenance and in order to maintain environmental compliance and reliable operations, staff plans to address the SCR maintenance in November 2022.

Cormetech is the only source for SCR materials and maintenance for catalyst installed at all three generating facilities. This includes the integrated sealing technology with the catalyst modules. The sealing system prevents untreated emissions from bypassing the modules and keep emission levels below permit limits. Cormetech's proposal ensure the best possible

2. How was the price offered determined to be fair and reasonable? Explain what the basis was for comparison and include cost analyses as applicable. (Compare to vendor's previous or current offer to the City or to another agency/company, market research – or any other method of comparison that will substantiate fair and reasonable pricing in the absence of competition). Attach back-up documentation for reference.

Cormetech performed the comparable maintenance on RERC1&2 in 2019. The price then was \$225,865. Cormetech's current proposal for RERC 3&4 is \$288,900. It is a reasonable price for the following reasons:

1. In 2019, Cormetech already planned to be on-site to perform Carbon Monoxide Catalyst work and the SCR maintenance cost did not require additional mobilizations. Estimated cost \$12,000
2. Cormetech's scope on RERC 3&4 increased. It now requires Cormetech to provide a portable work canopy, forklift rental &10 hour work days. Estimated cost=\$29,000.
3. The current inflationary environment compared to 2019 has significant price increases in labor and materials. Estimated cost-\$22,035

3. Describe any cost savings realized or costs avoided by acquiring the goods/services from this supplier. Include consequences that would occur from not contracting with this supplier.

The negotiated price to perform maintenance on two units is \$288,900. Cormetech recently performed similar SCR maintenance for other customers in the area and the price for a single unit was \$220,000.

The catalyst design, drawings and maintenance procedures are proprietary to Cormetech. There are only a few catalyst manufacturer options worldwide and at this time, there are no viable after market solutions for maintenance and parts on the Cormetech SCR. Replacing the entire Cormetech SCR with a different brand will cost more than \$800,000 per unit. Given the good condition assessment on the existing SCR, maintenance is the preferred and lowest cost option. It is not recommended to replace the SCR with approximately 20,000 hrs left in its operating life cycle.

Without any proven Non-OEM options for SCR maintenance, obtaining budgetary pricing is not feasible. Pursuing a Non-OEM

**Certification of Responsibility:**

I am aware of the City of Riverside requirements for competitive bidding and the established criteria for justification of single source purchasing. As an authorized Department representative, I have gathered the required technical information and have made a concentrated effort to review comparable/equal vendors or equipment. I hereby certify the validity of the information and feel confident this justification of single source meets the City's criteria and would withstand audit or vendor protest.

Charles R Casey

Charles R Casey (Apr 7, 2022 07:57 PDT)

Signature

Apr 7, 2022

Date

Daniel Garcia

Daniel Garcia (Apr 11, 2022 14:08 PDT)

Department Head

Apr 11, 2022

Date

Jennifer McCoy

Purchasing Manager (Up to \$50,000)  
Over \$50,000 - Must be submitted for City  
Council Approval with Purchasing Manager  
concurrence.

05/17/2022

Date

**1. Why is the acquisition restricted to this good/service/supplier? (Explain why the acquisition cannot be competitively bid and Include consequences that would occur from not contracting with this supplier.)**

The Selective Catalytic Reduction (SCR) systems installed on all the RERC, Springs and Clearwater Units, are manufactured by Cormetech Inc. The SCR systems are critical to operations and environmental compliance. Nitrogen Oxide (NOx) Emissions from each unit are reduced from 25 parts per million to below the air permit level of 2.3 parts per million as it passes through the SCR. The catalyst is currently in need of maintenance and to maintain environmental compliance and reliable operations, staff plans to address the SCR maintenance in November 2022.

Cormetech is the only source for SCR materials and maintenance for catalyst installed at all three generating facilities. This includes the integrated sealing technology with the catalyst modules. The sealing system prevents untreated emissions from bypassing the modules and keep emission levels below permit limits. Cormetech's proposal ensure the best possible performance of the SCR. Opting for a Non-OEM vendor presents a significant risk for compatibility, performance and environmental compliance with the plant's permit to operate.

**2. How was the price offered determined to be fair and reasonable? Explain what the basis was for comparison and include cost analyses as applicable. (Compared to vendor's previous or current offer to the City or to another agency/company, market research – or any other method of comparison that will substantiate fair and reasonable pricing in the absence of competition). Attach back-up documentation for reference.**

Cormetech performed the comparable maintenance on RERC1&2 in 2019. The price then was \$225,865. Cormetech's current proposal for RERC 3&4 is \$288,900. It is a reasonable price for the following reasons:

1. In 2019, Cormetech already planned to be on-site to perform Carbon Monoxide Catalyst work and the SCR maintenance cost did not require additional mobilizations. Estimated cost \$12,000
2. Cormetech's scope on RERC 3&4 increased. It now requires Cormetech to provide a portable work canopy, forklift rental & 10-hour workdays. Estimated cost=\$29,000.
3. The current inflationary environment compared to 2019 has significant price increases in labor and materials. Estimated cost-\$22,035.

**3. Describe any cost savings realized or costs avoided by acquiring the goods/services from this supplier. Include consequences that would occur from not contracting with this supplier.**

The negotiated price to perform maintenance on two units is \$288,900. Cormetech recently performed similar SCR maintenance for other customers in the area and the price for a single unit was \$220,000.

The catalyst design, drawings and maintenance procedures are proprietary to Cormetech. There are only a few catalyst manufacturer options worldwide and at this time, there are no viable aftermarket solutions for maintenance and parts on the Cormetech SCR. Replacing the entire Cormetech SCR with a different brand will cost more than \$800,000 per unit. Given the good condition assessment on the existing SCR, maintenance is the preferred and lowest cost option. It is not recommended to replace the SCR with approximately 20,000 hrs. left in its operating life cycle.

Without any proven non-OEM options for SCR maintenance, obtaining budgetary pricing is not feasible. Pursuing a Non-OEM alternative option requires re-engineering and that is a costly process. Additional costs associated with engineering time, unit outages and lab analysis are expected. Also, re-engineering is not cost-effective considering Cormetech's current proposal already provides an engineered solution to perform the maintenance on 2 units with the price being only \$68,900 more than their normal cost for a single unit.