

# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE:** MAY 14, 2018

**ITEM NO:** 7

**SUBJECT:** REQUEST FOR PROPOSAL NO. 1787 FOR SUPPLYING AND DELIVERING CONTINUOUS EMISSIONS MONITORING SYSTEMS CALIBRATION CYLINDERS AND OTHER SPECIALTY GASES FOR THE POWER GENERATION FACILITIES TO AIRGAS USA LLC, OF LONG BEACH, CALIFORNIA, FOR THREE YEARS, WITH THREE OPTIONAL ONE-YEAR EXTENSIONS, IN THE ANNUAL AMOUNT OF \$72,778

**ISSUES:**

Award Request for Proposal No. 1787 to Airgas USA LLC, of Long Beach, California, to supply and deliver continuous emissions monitoring systems calibration cylinders and other specialty gases at Riverside's power plants - Riverside Energy Resource Center, Springs and Clearwater, for three years, with three optional one-year extensions, in the annual amount of \$72,778.

**RECOMMENDATION:**

That the Board of Public Utilities award Request For Proposal No. 1787, for the supply and delivery of continuous emissions monitoring systems calibration cylinders and other specialty gases, to Airgas USA LLC, of Long Beach, California, for three years, with three optional one-year extensions, in the annual amount of \$72,778.

**BACKGROUND:**

The Continuous Emissions Monitoring Systems (CEMS) is a critical component that monitors air emissions at Riverside's electric power plants. The CEMS includes analyzers that sample and measure extremely low concentration levels of air emissions discharged from each of Riverside Public Utilities' (RPU) nine electric generating units. Emission concentration levels can be as low as two parts per million (ppm), equivalent to about one minute in a year.

The United States Environmental Protection Agency (EPA) and the South Coast Air Quality Management District (SCAQMD) require a properly functioning CEMS to measure and monitor compliance with RPU's operating permits. Maintaining proper CEMS operation for each generating unit involves EPA-certified specialty gases to perform daily calibrations on over 40 emissions analyzers. The amount of specialty gases required each year depends on calibration test results and unit operations. Due to these variables, staff estimated the annual usage amounts when formulating the Request for Proposal (RFP).

**DISCUSSION:**

In August 7, 2015, the Board of Public Utilities (Board) approved the issuance of a purchase order to Airgas USA LLC (Airgas) for \$61,707. Airgas provided the lowest prices and guaranteed fixed rates through June 30, 2018.

To ensure continued supply of CEMS calibration and specialty gases after June 2018, RFP No. 1787 was posted on February 1, 2018, and closed February 21, 2018. Staff received and evaluated two proposals. After extensive review, staff selected Airgas because they were the most responsive and provided the lowest fixed prices.

Airgas proposed a six-year rate schedule with fixed prices for the first four years and a maximum of two percent increases for years five and six. Staff recommends approval of an annual purchase order to Airgas for such specialty gases, starting on July 1, 2018. Each fiscal year, staff will review the historical usage throughout the generation facilities, update annual estimated amounts, and request Board approval through the annual purchase order process based on the six-year rate schedule proposed by Airgas.

| Vendors    | Location       | One-Year Estimate<br>(includes 8.75% taxes) | Evaluation      |
|------------|----------------|---|-----------------|
| 1. Airgas  | Long Beach, CA | \$72,778                                    | Most responsive |
| 2. Praxair | Corona, CA     | \$89,384                                    |                 |

#### Six-Year Cost Estimate

| Year | Airgas       | Praxair                         |
|------|--------------|---------------------------------|
| 1    | \$ 72,778.00 | \$89,384.00                     |
| 2    | \$ 72,778.00 | Unable to provide fixed pricing |
| 3    | \$ 72,778.00 | Unable to provide fixed pricing |
| 4    | \$ 72,778.00 | Unable to provide fixed pricing |
| 5    | \$ 74,233.56 | Unable to provide fixed pricing |
| 6    | \$ 75,718.23 | Unable to provide fixed pricing |

The Purchasing Manager concurs that the recommended action is in compliance with the City's Purchasing Resolution No. 23256.

#### **FISCAL IMPACT:**

The total annual fiscal impact is \$72,778. Sufficient funds are included in the Fiscal Year 2018/19 - 2019/20 budgets in Public Utilities' Maintenance-Generating Plants Account Nos. 6120120-424131, 6120130-424131, and 6120140-424131, pending approval by the City Council in June 2018. The subsequent years will be included as part of the budget process.

Prepared by: Daniel E. Garcia, Utilities Assistant General Manager/Resources  
 Approved by: Todd L. Jorgenson, Interim Utilities General Manager  
 Approved by: Marianna Marysheva, Assistant City Manager  
 Approved as to form: Gary G. Geuss, City Attorney

Certifies availability of funds: Laura M. Nomura, Utilities Assistant General Manager/Finance & Administration

#### Attachments:

1. RFP Award Recommendation
2. Presentation