

## AGENDA



Thursday, April 12, 2007

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 9**

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**Subject:** Authorize negotiation, ratification, and execution of coal transportation tariff agreement with BNSF RAILWAY CO. (BNSF), Ft. Worth, TX, for coal transportation service in an amount not to exceed \$49,000,000.

**Amount and Source of Funding:** Funding will be provided through the Electric Utility Fuel Charge revenue.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Sandy Calles, Sr. Buyer/512-322-6487

**Purchasing Language:** Critical Business Need.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

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The City of Austin and the Lower Colorado River Authority (LCRA) each own an undivided one-half interest in Units I and II of the Fayette Power Project (FPP), a coal-fired power plant near LaGrange, Texas. As FPP Project Manager, LCRA conducts the bidding process, evaluation of the bids, and contract administration for FPP fuel and rail needs.

The recommended authority will provide a supplemental portion of FPP's coal transportation requirements. It will grant FPP access to the commercial options available for rail service from one of the two carriers with rail capacity out of the Powder River Basin in Wyoming, the primary supply source for the coal consumed at FPP, and allow AE to fully utilize the generating services available from FPP at considerable cost savings when compared to alternate fuels and other power generating sources.

LCRA is in agreement with the award of the contracts to BNSF and received Board approval on February 21, 2007 to execute the agreement. The agreement will be executed jointly by Austin Energy and LCRA.