

AGENDA



Thursday, June 21, 2007

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 75**

Subject: Authorize award and execution of a contract with ALSTOM POWER, INCORPORATED, Wellsville, NY, for the purchase of air pre-heater baskets on Decker Unit #2 boiler, in an amount not to exceed \$165,400.

Amount and Source of Funding: Funding is available in Fiscal Year 2006-2007 Capital Budget of Austin Energy.

Fiscal Note: A fiscal note is attached.

For More Information: Martha L. Gaines, Buyer II/322-6583

Purchasing Language: Low bid of 2 bids received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D 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.

This contract is for cold end baskets that are on the air pre-heaters on Decker Unit #2. An air pre-heater is a heat exchanger which uses exhaust gas to heat up combustion air from the Forced Draft Fans before it enters the furnace. The preheating of combustion air makes the boiler more efficient because it takes less fuel to heat the furnace.

The cold end baskets are deteriorating. Austin Energy is removing large quantities of rust from the boiler which is coming from the air pre-heater baskets. The primary cause of the deterioration is corrosion resulting from moisture in the boiler exhaust gas. These are the original baskets which went into service in 1978. The new baskets will be made from upgraded steel which will stand up better to the environment.

MBE/WBE solicited: 1/1

MBE/WBE responded: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Thirty-two notices were sent, including one MBE and one WBE. Two bids were received with no response from the MBE/WBE.
- c. Purchase was made to replace the hot end air preheater baskets on Decker Unit #1 in 2006. The cost has remained the same.

APPROVAL JUSTIFICATION

- a. Low bid.
- b. Austin Energy concurs with the Purchasing Office recommended award.
- c. Advertised on the Internet.