

## AGENDA



Thursday, August 30, 2007

## Public Works

Item No. 32

## RECOMMENDATION FOR COUNCIL ACTION

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**Subject:** Authorize the use of the Design/Build method for contracting for facility construction for the Sand Hill Energy Center 100-Megawatt Expansion Project as permitted by Subchapter H of Chapter 271 of the Texas Local Government Code.

**For More Information:** Rosie Truelove 974-3064, Laura Bohl 974-7064.

**Boards and Commission Action:** Recommended by the MBE/WBE and Small Business Council Subcommittee; the MBE/WBE and Small Business Advisory Committee; and, the Electric Utility Commission.

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Subchapter H of Chapter 271 of the Texas Local Government Code allows municipalities new solicitation options, upon approval of the governing entity, for construction of a facility, including Design/Build. To consider a construction contract using a method other than traditional competitive bidding, the governing body of the municipality must, before advertising, approve the alternative method selected.

Design-build is a method of construction procurement under which design and construction services are contracted through one entity, either a joint venture between a design consultant and a constructor or from a single entity that has both capabilities. The project will consist of two continuous phases: Design of the facility and the Building of the facility. The Design/Build contract is awarded to the proposer providing the best value to the City. The Sand Hill Energy Center 100-Megawatt Expansion Project is being recommended for this methodology.

Austin Energy desires to add 100-MW of peaking, gas turbine electrical generation at the existing Sand Hill Energy Center site. The project delivery method requested is an Design-Build (D-B) contract negotiated and executed with a qualified and experienced power plant constructor. The new gas turbine generator(s), main transformer, and switchyard equipment will be purchased and supplied separately by Austin Energy. The D-B contractor will provide the installation of the gas turbines, auxiliary equipment, and subsequent start-up.

Sand Hill Energy Center is a fully operational, power generating facility providing peaking and base load generation to meet the needs of the City of Austin citizens. The plant presently consists of four (4) simple-cycle peaking generating units, and one (1) combined-cycle unit for a total, nominal capacity of 480-MW.

This requested addition of 100-MW of generating capacity will help offset the lost of the generating capacity due to the closure of the Holly Street Power Plant, as well as position the City for potential power generation sales in the future.

The requested new generating capacity will lie within the existing footprint of the Sand Hill Energy Center, therefore no additional land acquisition is required. The configuration of the new generators will be "quick start", allowing the units to be connected to the power grid and supply power within a small duration of time. The environmental impact of the new generators will be minimized by pursuing the "best available technology", in the form of pre- and post-combustion emissions reduction technology.

If this generation addition is approved in the Fall 2007, the anticipated date of commercial operation of the new generating units is the Summer 2009.