

AGENDA



Thursday, January 31, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 55**

Subject: Approve ratification of Amendment No. 8 to the 12-month requirements service contract with SOLAR TURBINES, Houston, TX; TRANS CANADA TURBINES, Calgary, Alberta, Canada; WOOD GROUP/PRATT WHITNEY, Windsor Locks, CT; and GE PACKAGED POWER, INC., Houston, TX, for the repair of gas turbines to increase the current amount of the contract in an estimated amount not to exceed \$2,200,000, for a revised total estimated contract amount not to exceed \$9,749,000.

Amount and Source of Funding: Funding is available in the Fiscal Year 2007-2008 Approved Operating Budget of Austin Energy.

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

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

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.

Prior Council Action: 04/27/06 – Approved 12-month contract, with four 12-month extension options; 01/11/07-Approved Amendment No. 3

On April 27, 2006, Council approved a 12-month requirements service contract for maintenance and repair of gas turbine units at Austin Energy power plants in an estimated amount not to exceed \$750,000, with four 12-month extension options in an estimated amount not to exceed \$750,000 for each extension option, for a total estimated contract amount not to exceed \$3,750,000. On January 11, 2007, Council approved an increase to the current term of the contract and each of the four remaining extension options by an estimated amount not to exceed \$750,000 each.

On October 5, 2007, the gas turbine engine on Sand Hill Unit No. 2 suffered a major compressor failure. After disassembly and evaluation at the GE Packaged Power turbine repair shop, the estimate to repair the engine was \$2,165,476. This estimate was based on the initial inspection of engine components with engineering evaluations of some components still in progress. These evaluations may impact the final cost to repair the engine.

Other costs/savings may be realized as repairs move forward and all components are inspected in detail. Due to the time of year, the turbine shop had limited repair slots available, making it critical that authorization be granted and repair begun as soon as possible.

This is a Critical Business Need because Austin Energy is now without approximately 50 megawatts of efficient and low emissions gas-fired generation that is critical to its most favorable operating plan.