

## AGENDA



Thursday, April 30, 2009

**Contract and Land Management  
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 12

**Subject:** Authorize negotiation and execution of Amendment No. 2 to the design-build contract with Sand Hill Energy Partners, a joint venture consisting of PB Americas, Inc. and TIC – The Industrial Company, Kingwood, Texas, for the construction phase of the Sand Hill Energy Center 100-MW Expansion, in the amount of \$16,000,000, for a total not to exceed contract amount of \$40,000,000.

**Amount and Source of Funding:** Funding in the amount of \$16,000,000 is available in the Fiscal Year 2008-2009 Capital Budget of Austin Energy.

**Fiscal Note:** A fiscal note is attached.

**For More Information:** Robert Anderson 322-6187; Rosie Truelove 974-3064; April Thedford 974-7141

**Purchasing Language:** Selection was made based on most qualified.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9A of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program) with 3.79% MBE and 0.47% WBE subcontractor participation to date.

**Boards and Commission Action:** Recommended by the Electric Utility Commission. Related to Item #2.

**Prior Council Action:** August 30, 2007 – Approved design-build project delivery method; May 8, 2008 – Approved design-build agreement with Sand Hill Energy Partners.

The Project consists of the design, equipment procurement and construction for the addition of two (2) gas turbine-generators and associated auxiliary equipment at the existing Sand Hill Energy Center site. Funding in the amount of \$24,000,000 for design-build services was approved by Council on May 8, 2008, and an Agreement was executed on August 7, 2008 with Sand Hill Energy Partners. Engineering and design services are approximately 60% complete and the purchase of long-lead equipment is underway. Amendment No. 1 moved the project from preliminary design into full design under the authorization originally granted by Council on May 8, 2008 for a contract not to exceed \$24,000,000. This request for an additional \$16,000,000 allows for the continuation of the design-build Agreement, in the form of Amendment No. 2 which will establish the not to exceed Total Contract Price for completion of construction and commissioning of the turbine-generators. The generators and main transformer have been separately purchased by Austin Energy and are not included in the total contract price. Construction is anticipated to begin in May 2009 with an expected completion date of July 2010.

The Sand Hill Energy Center 100-MW Expansion project was initially solicited as a design-build project, where one firm is hired to perform the design work and the construction work for the project. Due to the nature of a design-build contract, there will be two separate sets of MBE/WBE sub-contracting goals established for the project. The first set of goals is for the design-phase. These goals were issued with the initial contract solicitation. The second set of goals is for the construction-phase of the project. These goals are issued to the selected Design-Build firm at the point they are ready to establish their Guaranteed Maximum Price (GMP). The two sets of goals are tracked and reported on separately; scopes of work are distinct and do not cross between the phases. Work performed by subcontractors

identified in the design-phase compliance plan's participation will only count towards achievement of the design-phase goals and, likewise, work performed by subcontractors identified for the construction-phase compliance plan will only count towards fulfillment of the construction-phase goal.