

AGENDA



Thursday, July 29, 2010

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 51**

Subject: Authorize award and execution of a contract with HOLMAN BOILER WORKS, INC., San Antonio, TX, for the purchase of a used steam boiler for use at the Mueller Energy Center in an amount not to exceed \$330,500.

Amount and Source of Funding: Funding is available in the Fiscal Year 2009-2010 Capital Budget of Austin Energy.

Fiscal Note: A fiscal note is attached.

For More Information: Dolores Castillo, Sr. Buyer/322-6466

Purchasing Language: Critical Business Need.

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.

Boards and Commission Action: Recommended by the Electric Utility Commission.

This contract is for the purchase of a used steam boiler currently installed as a rental unit at the Mueller Energy Center (MEC). The primary source of steam from MEC is the Heat Recovery System Generator (HRSG) that is associated with waste heat from the turbine generator. This 800 HP boiler provides additional steam to meet demand for the Dell Pediatric Research Institute (DPRI) and is the backup source of steam for the Dell Childrens Medical Center. The boiler provides steam necessary for heating, cooling, and sterilization, and hot water for washing and sanitizing. This boiler is designed to automatically go into service when the HRSG is at capacity or when the gas turbine is out of service. This boiler also serves as backup for the generation of chilled water used for air conditioning in the common areas of the hospital and to quickly lower the temperature in the operating rooms.

This boiler was installed 13 months ago as a new unit under a rental agreement with an expiration date of September 1, 2010. The 800 HP rental boiler is already piped and wired into the MEC system resulting in a less expensive purchase than the purchase of a new boiler. A new boiler system would cost approximately \$400,000 plus installation fees. If AE were to purchase and install a new boiler, the hospital would be without a backup system for at least four weeks.

Holman Boiler Works is the only authorized distributor and contractor for this Cleaver-Brooks boiler currently in use at MEC. In March 2010, a full maintenance diagnostic verified that the boiler is in excellent condition. The lifespan of this type of boiler is 30 years. It includes a 12-month limited warranty.