

AGENDA



Thursday, August 7, 2008

**Contract and Land Management
RECOMMENDATION FOR COUNCIL ACTION****Item No. 10**

Subject: Authorize negotiation and execution of Amendment No. 2 to the construction contract service agreement with TEPCO, L.P., Deer Park, TX, to increase the second 12-month extension option by an amount not to exceed \$4,700,000, for an overall contract amount not to exceed \$22,580,000, for the installation of underground chilled water piping.

Amount and Source of Funding: Funding in the amount of \$4,700,000 is included in the Fiscal Year 2007-2008 Capital Budget of Austin Energy.

Fiscal Note: A fiscal note is attached.

For More Information: Jim Collins, Austin Energy, 322-6426; April Thedford, Office of Contract and Land Management, 974-7141.

MBE/WBE: This contract was awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program) with 12.04% MBE and 7.38% WBE subcontractor participation to date.

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

Prior Council Action: March 9, 2006 – Original contract approved; June 21, 2007 – Amendment No. 1 approved.

Execution of this amendment will allow Austin Energy (AE) to respond to new chilled water customers in a timely manner, meeting customer's service date requirements. The revised funding is needed to support increased construction activity and account for increased construction costs. AE plans to extend chilled water piping to new customers from its existing chilled water distribution systems located Downtown, at the Domain Energy Park and the Mueller Energy Center. For example, AE has recently contracted to provide chilled water services to The Austonian at 200 Congress, the Four Seasons Residence at 98 San Jacinto Street, Spring Condominiums at 300 Bowie Street, and the Seton Family of Hospitals' headquarters building at 4700 James Wheat Street (at Mueller).

The environmental impact associated with the aforementioned customers connecting to AE's district cooling systems as compared with the same customers using conventional, on-site, air cooled chillers provides an estimated annual savings of 366,187 kWh, enough to power 37 average homes in Austin. The annual savings is equivalent to preventing 237 tons of CO₂ from being emitted into the atmosphere or 415,841 vehicle miles from being traveled or planting 8,121 trees in Austin's parks.

Council approved the original contract on March 9, 2006 for an initial period of one year in an amount not to exceed \$4,000,000, with two optional one-year extensions, not to exceed \$4,000,000 per approved annual extension. Council approved Amendment No. 1 on June 21, 2007, increasing the overall contract amount to \$17,880,000.

AE plans to start the solicitation process for a new construction contract service agreement prior to the expiration of this second year extension.