

AGENDA



Thursday, September 25, 2008

**Contract and Land Management
RECOMMENDATION FOR COUNCIL ACTION****Item No. 23**

Subject: Authorize reimbursement of costs to Multeck Community Center, L.P., a Delaware limited partnership of Simon Property Group, for the purchase and installation of underground chilled water piping and related equipment required to interconnect the Phase II residential, commercial and retail development to the Austin Energy district cooling system located at The Domain in an amount not to exceed \$2,500,000.

Amount and Source of Funding: Funding in the amount of \$2,500,000 is included in the Fiscal Year 2008-2009 Capital Budget for Austin Energy.

Fiscal Note: A fiscal note is attached.

For More Information: Jim Collins 322-6426, April Thedford 974-7141.

MBE/WBE: This contract was originally approved as a cost reimbursement on August 4, 2005, and as such was in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program).

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

Prior Council Action: August 4, 2005: Council approved the cost reimbursement for the Phase I development on this site.

In July 2006, AE entered into a Chilled Water Services Agreement and Cost Reimbursement Agreement for Simon Property Group's Phase I residential, retail, and commercial project at The Domain located at 11400 Burnet Road. As a result, AE provides chilled water service to this development from its district cooling system located at The Domain.

This request seeks authorization to provide cost reimbursement for underground chilled water piping and related equipment as required to interconnect Simon Property Group's Phase II residential, commercial and retail development, located immediately south of the Phase I project, to the Austin Energy district cooling system.

According to the proposed Cost Reimbursement Agreement, Simon Property Group will supply and install the underground chilled water piping and related equipment (pumps, valves, heat exchangers) as necessary for AE to serve the new development from its district cooling system at The Domain. In turn, AE will reimburse costs up to \$2,500,000. AE project management staff will monitor the installation, testing and commissioning of the piping system as work progresses. This contracting arrangement enables lower installed costs and avoids construction delays. Upon completion and acceptance of the underground piping and related equipment, ownership will transfer to AE.

The environmental impact associated with Simon Property Group's Domain Phase II project connecting to AE's District Cooling Plant system as compared with the same customer using conventional, on-site, air cooled chillers provides an estimated annual savings of 510,000 kWh, enough to power 51 average

homes in Austin. The annual savings is equivalent to preventing 330 tons of CO₂ from being emitted into the atmosphere or 579,155 vehicle miles from being traveled or planting 11,310 trees in Austin's parks.