

AGENDA



Thursday, October 15, 2009

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 14**

Subject: Authorize award and execution of Amendment No. 2 to the contract with MCCULLOUGH HEATING AND AIR CONDITIONING, Austin, TX; AIRTECH ENERGY SYSTEMS, Austin, TX; and CLIMATE MECHANICAL, Austin, TX, for the weatherization of single-family homes, manufactured homes, and duplexes for eligible low-income, elderly or disabled Austin Energy customers, to increase the contract in an estimated amount not to exceed \$150,000 for the current contract term, for a revised total estimated contract amount not to exceed \$2,474,999.

Amount and Source of Funding: Funding in the amount of \$150,000 is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy.

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

For More Information: Sandy Calles, Buyer Sr./322-6487

Purchasing Language: Contract Amendment.

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.

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

Prior Council Action: January 17, 2008 - Approved 24-month requirements service contract.

On January 17, 2008, Council approved a 24-month requirements service contract with McCullough Heating and Air Conditioning, Airtech Energy Systems, and Climate Mechanical, in an estimated amount not to exceed \$910,000, with three 12-month extension options in an estimated amount not to exceed \$455,000 per extension option, for a total estimated contract amount not to exceed \$2,275,000.

This proposed Amendment No. 2 will allow Austin Energy to meet the increased cost of performing weatherization and eligible repairs to the high volume of homes needing this service.

The goal of this service agreement is to assist eligible low-income customers living in single-family residences and duplexes, by making their homes more comfortable while reducing energy consumption and lowering utility bills through housing efficiency improvements. Customer eligibility is determined by the following criteria: 1) Must be 60 years of age or older, or 2) handicapped with household incomes not exceeding 80% of median family income, or 3) households with income not exceeding 50% median family income according to current Housing and Urban Development (HUD) Income Poverty Guidelines. Since January 2008, 824 homes have been weatherized.

This contract provides contractors with materials for making energy improvements such as air infiltration reduction which includes sealing and/or repairing duct work, weather stripping doors, caulking of plumbing penetrations, adding attic insulation, installation of solar screens, and performing other minor energy-related repairs to the home. The Free Weatherization Program allows eligible customers to make

their homes more energy efficient with weatherization measures and repairs they would not otherwise afford. The program compliments other energy conservation incentive programs of Austin Energy in providing equitable conservation services to all residential customers.

Since the inception of this Free Weatherization Program in 1982, the average weatherization and repair amounts have increased each year. The original solicitation projected that approximately 520 homes would be weatherized under this contract, based on previous invoice history. The increased costs of performing weatherization and repairs have resulted in a reduction in the number of homes that can be weatherized with budgeted funds. The requested increase will support the weatherization of 476 homes, rather than the projected 520 homes, which is 8.23% lower than the initial projected amount. The average weatherization cost per home participating in this program is \$1,500 for this year. This amount represents a 17% increase over the previous year.

This year, four main factors resulted in increased work order amounts: (1) more people utilizing the Free Weatherization Program; (2) program enhancements regarding the amount of insulation required in homes (R-30 to R-38), per building code requirements; (3) an increase in the cost of equipment; and (4) an increase in the size of the homes. Additionally, with the June 1, 2009 enactment of the Energy Conservation Audit and Disclosure Ordinance, Austin Energy projects an additional increase in customer participation, with more customers seeking to make appropriate housing upgrades in order to comply with the new ordinance.

Austin Energy's Free Home Energy Improvement Program currently has 295 weatherization applications not yet assigned to a weatherization contractor--149 (50.5%) of these applications are from ZIP codes located east of I-35.

The estimated energy savings from the weatherization of 476 homes through this program is equal to 520,000 kWh per year, avoiding the emission of 630,000 pounds of greenhouse gases and 2,000 pounds of other air pollutants. These savings are equivalent to the removal of 52 cars from the road for a year or the amount of carbon stored by 7,300 young trees for a 10-year period.