

## AGENDA



Thursday, November 5, 2009

**Contract and Land Management  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 16**

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**Subject:** Authorize award and execution of a 12-month Indefinite Quantity/Indefinite Delivery construction contract with BIS TEPSCO INC., Deer Park, TX, for the installation of underground chilled water piping in an amount not to exceed \$4,000,000, with two 12-month extension options in an amount not to exceed \$4,000,000 for each extension option, for a total contract amount not to exceed \$12,000,000 or until all funds are expended.

**Amount and Source of Funding:** Funding in the amount of \$4,000,000 is available in the Fiscal Year 2009-2010 Capitol Budget of Austin Energy.

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

**For More Information:** Jim Collins 322-6426; Louis Rogers 505-3747; April Thedford 974-7141

**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) through the achievements of good faith efforts with 12.21% MBE and 4.60% WBE subcontractor participation.

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

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Austin Energy owns and operates three district cooling systems. These systems are located in the downtown CBD, at the Domain, and at Mueller. Austin Energy offers chilled water services from these systems to commercial and multi-family facilities that are located near these systems. By connecting to these services, customers can reduce their capital expenditures while receiving extraordinary system reliability. For Austin Energy, new chilled water customers represent increased long term revenue streams, increased energy efficiency and demand side management and the associated reduction in emissions.

Austin Energy's chilled water distribution system consists of a closed, pressurized system of insulated welded steel pipes connected to district energy plants. This distribution system is located mostly underground in the public right of way, and is defined by the American Society of Mechanical Engineers as a "power piping" system. In addition to the engineering complexities of constructing, operating, and maintaining a pressurized distribution system, there are complex logistical challenges to be considered when installing new sections of piping, as the right of way is very congested both above and below grade.

Austin Energy recently extended chilled water services to the Austonian and the Four Seasons Residences, and is currently working on the Block 21 development. Austin Energy continues to negotiate similar service agreements for new customers to expand the system and increase revenue. This contract will allow Austin Energy to extend the existing distribution system, as needed, to respond to new customers in a timely manner.

The Indefinite Quantity/Indefinite Delivery Invitation for Bid is for a "straw" project to set unit process, not an actual project to be built. The authorization is for the total amount available for projects in the next 12 months.

