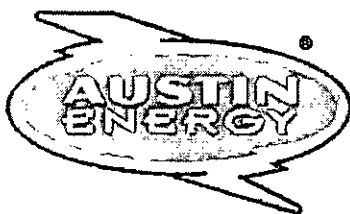


# Late Backup



## MEMORANDUM

**TO:** Mayor and City Council Members

**CC:** Marc A. Ott, City Manager  
Rudy Garza, Assistant City Manager

**FROM:** Robert D. Goode, Interim General Manager *RDE*

**DATE:** April 27 2010

**RE:** Request for Council Action – AE System Control Center Construction

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At the April 29, 2010 City Council Meeting, Austin Energy, jointly with the Contract and Land-Management Department and the Small and Minority Business Resources Department, will request authorization to negotiate future amendments to the Construction Manager at Risk (CM@R) Agreement with DPR Construction, Inc. in an amount not to exceed \$67,000,000 for completion of the Austin Energy System Control Center (SCC).

At the initiation of the SCC project, the CM@R contracting method was determined to provide the best value for the City because of the extensive scope of the SCC project, schedule concerns, and the complexity of the project. As you know, under the CM@R process, the construction manager is selected on the basis of qualifications and serves as our agent. The construction manager provides planning, estimating, scheduling, and other consulting services during the design phase (preconstruction phase services). The construction manager then changes hats and serves as the legal general contractor during construction. When the design phase is nearly complete, the construction manager and the City negotiate a Guaranteed Maximum Price (GMP) and schedule. The construction manager is required to share all cost information with the City, and we will pay only for the agreed-upon work up to the GMP. Advantages of CM-at-Risk are many: 1) the City retains control during the design phase while being able to receive preconstruction input from the constructor, 2) the procurement phase between design and construction is eliminated, potentially trimming months from a project's schedule, 3) the potential for change orders is minimized, 4) the City is able to choose the constructor, and the construction cost is guaranteed.

On March 5, 2009, Council approved the execution of the CM@R Agreement with DPR Construction and authorized the preconstruction phase services in an amount not to exceed \$145,000. Austin Energy initiated the SCC Project with a construction budget placeholder of \$17,000,000 essentially to replace the West Ave. site. This placeholder was used for the

construction budget estimate in solicitation documents. Once programming was underway, Austin Energy found opportunities to maximize the use of the site to meet current and future business needs. The funding for construction and design was increased in the 2010 CIP budget adopted by the City Council in recognition of these changes. This increased functionality includes reclaiming space in the existing building, by adding a third floor, as well as constructing an additional service center building on site. The usable space of the existing building as purchased was 120,000 sq. ft; this project will increase the main building's space to 174,000 sq. ft. plus add a new building of 18,000 sq. ft. Within the main building over 22,000 sq. ft. of raised floor space will be constructed: 10,000 sq. ft of transmission and distribution control room and 12,000 sq. ft of corporate data center and related support rooms. Over 160 new parking spaces will be added, including 17 covered bucket truck bays that are integral to the new building. Austin Energy now seeks approval to proceed with negotiations and execution of amendments to the existing CM@R Agreement for construction phase services.

The authorization currently requested will provide staff with authority to proceed with construction phase services, as required, but not exceed the total estimated construction budget of \$67,000,000. It is expected that during the construction phase four amendments will be issued each with a Guaranteed Maximum Price (GMP). These amendments are expected to be demolition, purchase of long-lead equipment items, structural steel purchase and finally construction services. With the authorization to negotiate future amendments to the Construction Manager at Risk Agreement, Austin Energy expects to maintain the current schedule to vacate the Energy Control Center site on West Avenue and make it available for redevelopment.

MBE/WBE participation goals of 1.45% African American, 3.60% Hispanic, 1.32% Native/Asian American, and 1.98% WBE have been established by the Small and Minority Business Resources Department for construction phase services. Each negotiated amendment will require inclusion of an approved Compliance Plan. Goals were established based upon the estimated construction value and the availability of certified firms for trades identified by Austin Energy. SMBR, in conjunction with Public Works, reviewed and verified the trade summary and the process used to establish the goals. The estimated construction budget for the System Control Center is as follows:

Estimated Construction Budget	\$58,096,000
Steel Package*	\$ 2,039,000
Demolition Package*	\$ 2,632,000
Long Lead Package*	\$ 3,334,000
Main Construction Package*	\$50,090,000
5% contingency	\$ 2,905,000
Rooftop Solar Equipment *	\$ 3,500,000
Equipment Warranties & Service Agreements *	\$ 2,500,000
<b>TOTAL</b>	<b>\$67,000,000</b>
* Estimates based on current design; may shift as design is finalized.	

One of the amendments to the CM@R agreement is expected to be the purchase of long-lead equipment items. Due to limited subcontracting opportunities for this particular item, participation is expected to be limited or set at "no goals". This package represents approximately 5% of the

overall construction phase budget. The goals established for the construction phase services include this long-lead equipment package. In general if there is decreased participation for any one amendment (e.g. long-lead package) it is expected that the participation for the remaining construction packages will be higher in order to meet the overall project goals.

Austin Energy will submit a status memo with each amendment to keep City Council informed of the project progress. Future status memos will include detailed information on each amendment as illustrated by the following template:

<b>Brief Narrative of the Amendment and Project Status.</b>
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<b>Construction Manager at Risk Agreement Authorization NTE</b>			<b>\$67,000,000.00</b>
<b>Contract/GMP Amendment</b>	<b>Description</b>	<b>Executed Date</b>	<b>Contract Amount</b>
Initial Contract	Preconstruction Phase Services	3/1/09	\$145,000.00
Amend. No. 1			
Amend. No. 2			
Amend. No. 3			
Amend. No. 4			
<b>Total Agreement To Date</b>			<b>\$XXX</b>
<b>REMAINING AUTHORIZATION</b>			<b>\$XXX</b>

<b>PRE CONSTRUCTION MBE/WBE PARTICIPATION</b> (deemed "No Goals" however the following represents actual participation)							
<b>GOALS</b>		<b>African American 0.0%</b>	<b>Hispanic 0.0%</b>	<b>Asian/Native American 0.0%</b>	<b>MBE 0%</b>	<b>WBE 0.0%</b>	<b>Non-Cert N/A</b>
Precon Phase	\$145,000.00	0%	11%	0%	0%	0%	N/A

<b>CONSTRUCTION MBE/WBE PARTICIPATION</b>							
<b>GOALS</b>		<b>African American 1.45%</b>	<b>Hispanic 3.60%</b>	<b>Asian/Native American 1.32%</b>	<b>MBE 0%</b>	<b>WBE 1.98%</b>	<b>Non-Cert N/A</b>
Amend. No. 1	\$00.00	%	%	%	%	%	N/A
Amend. No. 2	\$00.00	%	%	%	%	%	N/A
Amend. No. 3	\$00.00	%	%	%	%	%	N/A
Amend. No. 4	\$00.00	%	%	%	%	%	N/A
<b>SUMMARY (SUB TOTAL)</b>	<b>\$00.00</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>N/A</b>
<b>TOTAL AUTHORIZATION</b>	<b>\$00.00</b>						

During the project, or at project completion, Austin Energy representatives are available to attend and report to the MBE/WBE and Small Business Council Subcommittee on progress of the project. Please do not hesitate to contact me if you have questions or need additional information. I can be reached at 322-6157.