

AGENDA



Thursday, January 13, 2011

**Contract and Land Management
RECOMMENDATION FOR COUNCIL ACTION****Item No. 7**

Subject: Authorize negotiation and execution of a contract with TRC ENVIRONMENTAL CORPORATION, Austin, TX, or one of the other qualified offerors to RFP Solicitation No. CLMB301, for the Holly Street Power Plant Decommissioning Project for \$24,905,361, plus \$1,245,268 contingency for a total not-to-exceed amount of \$26,150,629.

Amount and Source of Funding: Funding is available in the 2010-2011 Capital Budget of Austin Energy.

Fiscal Note: A fiscal note is attached.

For More Information: Rose San Miguel 322-6260, Lynda Williams 974-3066, Sarah Terry 974-7141.

Purchasing Language: Best Value to the City of 6 proposals received.

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) by meeting the goals with 22.56% MBE and 3.06% WBE subcontractor participation.

Boards and Commission Action: Recommended by the Electric Utility Commission. Related to Item #2.

Prior Council Action: September 24, 2009 – Council authorized the use of Competitive Sealed Proposal Alternative Project Delivery Method.

The retirement of the Holly Street Power Plant met goals set by the City Council and Austin Energy in the early 1990's to retire the plant at the earliest practical date, due to its location within a residential neighborhood that has increased in density over the 47-year life of the facility. Holly's four generating units were constructed between 1960 and 1974. Holly Units 1 and 2 ceased operations in October 2004 and Units 3 and 4 ceased operations in September 2007. Regular communications with neighborhood representatives and the Holly neighborhood at large continue to provide information on the progress of this project through the use of monthly newsletters and meetings.

The decommissioning project consists of specialized construction services necessary for the deconstruction of an electrical power production facility, including but not limited to construction of a temporary road to facilitate removal of materials and equipment from the plant site, skilled labor and heavy equipment as required for the demolition and/or removal of equipment, tanks, boilers, structural steel and associated buildings. The services are to be provided by a duly qualified and experienced contractor offering best value to the City.

A five percent (5%) contingency is being requested for any unforeseen circumstances during decommissioning and will also allow for expeditious processing of change orders, if required.

The Holly Street Power Plant Decommissioning Project was issued as Competitive Sealed Proposal procurement. Local Government Code Chapter 271, Chapter H, Section. 271.116, provides for governmental entities to first attempt to negotiate a contract with the top-ranked firm who is determined to

be the best value to the governmental entity. Pursuant to Statute, the "best value" determination shall be on weighted criterion and may include, but is not limited to, price, reputation, quality of product, past relationship with the governmental entity, total long-term cost to require goods or services, compliance with the historically underutilized business programs, and other relevant factors. In order to establish a level playing field for all prospective Offerors, the solicitation must contain the evaluation criteria factors and relative weights.

The Holly Street Power Plant Decommissioning project included fourteen evaluation criteria factors with weights ranging from 5 points to 25 points maximum. Of the fourteen evaluation criteria items, the four items which had the greatest maximum points are: "Price and Cost Recovery Strategy" valued at a maximum of 18 points; and "Comparable Project Experience" valued at a maximum of 22 points; "Team Structure, Work Approach and Delivery Schedule" valued at a maximum 25 points, and "Interview" valued at a maximum of 15 points. As is demonstrated above, "Team Structure, Work Approach and Delivery Schedule" and "Comparable Project Experience", the two criteria factors with the larger weights applied indicate criticality and importance of those elements.

The statute goes on to state that if negotiations with the top-ranked firm are unsuccessful, the governmental entity shall end those negotiations and proceed to negotiate with the next contractor in the order of selection ranking. Council's authorization of this request allows for such negotiations. If negotiations are required with the next contractor in the order of selection ranking, staff will return to Council prior to contract execution.

Notification of issuance of a Request for Competitive Sealed Proposals (RFP) for the subject services was issued on April 26, 2010. Forty-nine contractors who identified themselves as Prime Contractors obtained solicitation packets and on August 11, 2010, six proposals were received. None of the six contractors who submitted proposals are certified MBE/WBE firms.

TOP RANKED FIRM: TRC Environmental Corporation, Austin, TX

SECOND RANKED FIRM: Dixie Demolition, LLC, Birmingham, AL

Participation goals stated in the solicitation were: African American 1.22%; Hispanic 3.81%; Native/Asian 0.48%; and 1.22% WBE subcontractor participation. The top ranked and second ranked Contractors provided an MBE/WBE Compliance Plan that met the goals of the solicitation or provided good faith efforts and were approved by the Small and Minority Business Resources Department.

The Electric Utility Commission recommended approval of this item with concerns about the large price differentiation between the first and second proposals of approximately \$6.1 million, about 25 percent of the project cost, in relation to the small score difference on the evaluation matrix.