A U S T I N C I T Y C O U N C I L

AGENDA

Thursday, March 3, 2011

Purchasing Office **Item No. 13**
RECOMMENDATION FOR COUNCIL ACTION

Subject: Authorize award and execution of a contract with FLINTCO INC., Austin, TX, for the design and installation of a thermal energy storage tank located at the Technicenter Plant, 4201 Ed Bluestein Blvd., in an estimated amount not to exceed $537,000.

Amount and Source of Funding: Funding is available from the U.S. Department of Energy (DOE), as a result of the American Recovery and Reinvestment Act (ARRA) of 2009 for the grant period of December 28, 2009 to December 27, 2012. No match is required.

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

For More Information: Shawn Harris, Supervising Sr. Buyer/505-7351

Purchasing Language: Sole bid received.

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) by meeting the goals with 1.58% MBE and 0.41% WBE subcontractor participation.

Boards and Commission Action: Recommended by the Resource Management Commission. To be reviewed by the Electric Utility Commission on February 28, 2011.

Prior Council Action: February 4, 2010 - Approved acceptance of $7,492,700 grant from DOE amending the
budget

This contract is for the purchase and installation of a thermal energy storage (TES) tank at the Technicenter Plant located at 4201 Ed Bluestein. The Technicenter building houses first responders including the Austin Fire Department, Emergency Medical Services (EMS), warehousing for Fire and EMS, Austin Police Department offices, and the Department of Small and Minority Business Resources. The building was built around 1968 and was purchased “as-is” by the City of Austin in 2005. This facility is one of the least energy-efficient buildings in the city of Austin’s inventory.

This type of thermal energy storage is basically an insulated water storage tank designed to stored chilled water. At night and at off-peak times, electric chillers are operated to air condition the building as well as store chilled water for use during time of peak electrical demand. During times of peak electrical demand, the electric chillers are shut off and the building is air conditioned using stored chilled water. Other notable thermal energy storage systems operated by the City of Austin include one at the Austin-Bergstrom International Airport, Dell Children’s Hospital, Paul Robbins district cooling plant and District Cooling Plant #2.

The work will include all labor, materials and equipment necessary for the project. This TES tank is part of a larger heating, ventilating and air conditioning (HVAC) upgrade project at the Technicenter campus that is currently underway through an existing contract with Chevron Energy Services which is also being funded through the ARRA stimulus grant. The overall project is expected to shift and reduce peak demand by 400 kW, reduce energy usage by 931,532 kWh and avoid operating costs annually by

$160,000. This project will help Austin Energy achieve its goal of reducing peak electrical demand and offsetting or delaying the need to procure new power generation resources.

This solicitation was advertised starting on December 6, 2010 for a period of 22 days and was originally scheduled with a bid opening date of December 28, 2010. The bid opening date was extended for an additional 21 days until January 18, 2011, allowing it to advertise for a total of over six weeks, an additional site visit was scheduled, and numerous vendors were contacted in an effort to secure more bids. These efforts did not produce any additional bidders. This project is very specialized and there are numerous additional requirements passed down because of the grant funding. Staff believes this contributed to the limited response from prospective bidders. While a resolicitation has been considered, the limited interest in the solicitation, and US DOE grant requirements that set a 50% grant funded commitment deadline for June 30, 2011 do not allow for a timely re-solicitation.

MBE/WBE solicited: 3/2 MBE/WBE bid: 0/0

PRICE ANALYSIS
a. Sole bid. The bid opening date was extended in an effort to secure more bids without success. This project is very specialized and there are numerous additional requirements passed down because of the grant funding and thus vendors capable of doing the work are very limited.
b. Fifty notices were sent, including two MBEs and one WBE. One bid was received, with no response from the MBE/WBEs.
c. This is the first purchase of its type; therefore, there is no pricing history available.

APPROVAL JUSTIFICATION
a. Sole bid received.
b. The Purchasing office concurs with Austin Energy's recommended award.
c. Advertised on the Internet.