

## A G E N D A



## Recommendation for Council Action (CMD)

Austin City Council

Item ID:

46349

Agenda Number

14.

Meeting Date:

June 18, 2015

Department:

Contract Management

## Subject

Authorize award and execution of a 24-month construction services contract with BILFINGER TEPSCO for chilled water piping construction on customer distribution sites in an amount not to exceed \$6,000,000, with three 12-month extension options in an amount not to exceed \$2,000,000 per extension option, for a total contract amount not to exceed \$12,000,000.

## Amount and Source of Funding

Funding in the amount of \$6,000,000 is available in the Fiscal Year 2014-2015 Capital Budget of Austin Energy.

## Fiscal Note

A fiscal note is attached.

**Purchasing Language:**

Lowest responsive bid of four bids received through a competitive Invitation for Bid Solicitation.

**Prior Council Action:**

**For More Information:**

James Matlock Jr., 512-322-6273; Rolando Fernandez, 512-974-7749; Elizabeth Godfrey, 512-974-7141

**Boards and Commission Action:**

May 18, 2015 - Recommended by the Electric Utility Commission on a vote of 6-0 with Commissioner Herbert absent.

**Related Items:**

**MBE / WBE:**

This contract will be awarded in compliance with City Code Chapter 2-9A Minority Owned and Women Owned Business Enterprise Procurement Program by meeting the goals with 10.94% MBE and 1.24% WBE participation.

## Additional Backup Information

Austin Energy requests authorization to enter into an Indefinite Delivery/Indefinite Quantity contract to provide construction services necessary to connect new customers to its district cooling (chilled water) systems. Services provided under this contract include installation of piping, controls, heat exchangers and other appurtenances within customers' mechanical rooms.

This contract will enable Austin Energy to respond to new chilled water customers in a timely manner, meeting their service date requirements. It includes construction services within the four existing chilled water operating plants—Mueller Energy Center, Domain, Paul Robbins District Cooling Plant and District Cooling Plant # 2—and a proposed third plant in the downtown area to meet those needs. In addition, the contract includes repair services on piping or equipment within the plants or distribution piping systems, if needed.

Indefinite Delivery/Indefinite Quantity (IDIQ) contracts provide for an indefinite quantity of services for a fixed time, usually an initial term with extension options. They are commonly used when precise quantities of supplies or services, above a specified minimum, cannot be determined. Indefinite Delivery/Indefinite Quantity contracts help streamline the contract process and service delivery and allow the City the flexibility to add work as needs arise or change. As each project is defined, a specific work assignment will be given to the contractor who will complete the scope of work for the unit prices included in the contract. Work deadlines will be established for each work assignment.

Austin Energy's On-Site Energy Resources Division constructs, maintains and operates chilled water plants and systems. These plants transform electrical energy into thermal energy which is then distributed, via a network of underground pipes, to external customers in the form of chilled water and steam services. The aggregation of loads enables superior efficiencies, reliability and quality when compared to stand-alone systems. The thermal storage elements within each station enable On-Site Energy Resources to shift electrical consumption from "on-peak" to "off-peak" electrical periods. Austin Energy owns and operates three district energy systems serving customers in the Downtown Central Business District, Domain and Mueller. It currently has 63 customers, nearly 17 million square feet of space, connected to its chilled water systems including residential towers, office buildings, hotels, the Austin Convention Center and City Hall. The Downtown and Domain systems provide chilled water services only. Mueller Energy Center provides chilled water to neighboring buildings and chilled water, steam and on-site generated electricity to the Dell Children's Medical Center.

The benefits of District Cooling to customers include reduced construction/capital costs, extraordinary reliability and simple, low risk operations. In Austin's geographical region, 40-45% of the electricity consumed by a typical commercial building goes to powering its air conditioning system. Benefits to Austin Energy and the City of Austin include having a valuable tool for economic development, providing new revenue from long term service agreements and advancement of environmental stewardship. All of AE's electric rate payers benefit from reduced regulatory charges due to the electric demand management provided by the district cooling system.

The base bid was used to identify and determine the lowest responsive bidder and to determine contract unit prices for each bid item. The not-to-exceed contract amount of \$12,000,000 is the amount budgeted for this contract and Council authorization will allow Austin Energy to issue work assignments up to the budgeted amount within the specified contract time frame.

This request allows for the award and execution of a construction contract with the recommended firm for an estimated period of two years with three one-year extensions. The extension options are subject to the mutual agreement of both parties.

Participation sub goals stated in the solicitation were 10.94% MBE and 1.24% WBE. The recommended firm provided a MBE/WBE Compliance Plan which met the goals of the solicitation and was approved by the Small and Minority

Business Resources Department.

Notification of issuance of an Indefinite Delivery/Indefinite Quantity solicitation for the subject services was distributed on March 9, 2015. Four firms submitted bids.

Projects under this contract are located within various zip codes in the Austin area and will be managed by Austin Energy.

**RECOMMENDED FIRM:** BILFINGER TEPSCO

BILFINGER TEPSCO is located in Deer Park, TX.