



**Purchasing Contract
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA ITEM NO.: 16
AGENDA DATE: Thu 05/06/2004
PAGE: 1 of 2

SUBJECT: Authorize negotiation and execution of Amendment No. 1 to the service agreement with HONEYWELL DMC SERVICES LLC, Saugus, MA for installation of programmable thermostats and water heater switches and administration of the direct load controllers for the Power Partner Program, to increase the original contract authorization in an amount not to exceed \$234,000 and to increase the three extension options in an amount not to exceed \$234,000 per extension option, for a revised total agreement amount not to exceed \$4,511,868

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$234,000 is available in Fiscal Year 2003-2004 Amended Operating Budget of the Electric Utility Department. Funding for the extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing
DEPARTMENT: for Austin Energy;

DIRECTOR'S
AUTHORIZATION: Vickie Schubert

FOR MORE INFORMATION CONTACT: Carole Martindale, Purchasing Manager, (512) 322-6155

PRIOR COUNCIL ACTION: 10/09/03, Approved original contract.

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

MBE / WBE: This contract was awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

On October 9, 2003, Council approved a 12-month service agreement with Honeywell DMC Services LLC in an amount not to exceed \$893,967, with three 12-month extension options in an amount not to exceed \$893,967 per extension. This contract provides services for the installation of programmable thermostats and water heater switches in residential and multi-family dwellings and in commercial facilities. The contract also includes a customer service center that provides enrollment in the program, appointment setting, problem solving, and removal from the program.

The program is a load control program that allows Austin Energy to turn off customers' air conditioning and water heaters during the peak load time between 4:00 pm and 8:00 pm. Enrollment in the program is voluntary. By reducing demand during the peak period of hot summer days, Austin Energy improves system reliability, reduces the need to purchase temporary power from other utilities, and helps delay the need to build additional generating facilities.

Program participants receive a programmable thermostat that allows them to control their central air conditioning. Studies have shown that the use of a programmable thermostat can reduce overall energy use in an average home by 10% - 30% annually.

The program has been in effect since the spring of 2000. There are 29,842 residential customers and



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2,628 commercial/municipal customers are currently enrolled in the program. The current contract provides for the installation of an estimated 7,000 thermostats per year and an estimated 200 water heater switches. Estimated savings are 6.5 megawatts per year.

The contract amendment of \$234,000 per contract year will allow this program to include 900 additional commercial and municipal installations (\$125,000), along with 1000 additional single family installations (\$109,000).

Reference Contract No. S040018



Electric Utility Commission
April 19, 2004
Meeting

Authorize execution of amendment No. 1 to the service agreement with Honeywell DMC Services, for installation of programmable thermostats and water heater switches and administration of the program in an amount not to exceed \$234,000 for the original contract period for each of the two extension options, for a total agreement amount not to exceed \$3,383,901.

Motion by: Fath

Seconded by: Fernandez

Ayes: Fath, Fernandez, LeGette, Sarma, Shaw, and Skeith

Nays: NONE

Abstaining: NONE

Off the dais: NONE

Absent: Owens

The motion passed on a 6 – 0 vote.



**RESOURCE MANAGEMENT COMMISSION
R E S O L U T I O N
Amendment to Honeywell DMC Contract
April 20, 2004
Vote: 6-0-0-2-0**

Motion by: A. Martinez
Second by: J. Beckage
For: A. Donoho, K. Strnad, J. Hoffner, C. Barron
Against: 0
Abstain: 0
Absent: K. Houser, G. Haieh
Vacant: 0
Motion: Passed

The Resource Management Commission supports Austin Energy's Power Partner Load Management Program and recommends City Council approval for the execution of amendment No. 1 to the service agreement with Honeywell DMC Services LLC, Saugus, Mass. for the installation of programmable thermostats and the administration of the program in an amount not to exceed \$234,000 for the original contract period and for each of the three extension options, for a total agreement amount not to exceed \$4,511,868.

This contract amendment of \$234,000 per contract year will allow this program to cover 900 additional commercial and municipal installations (\$125,000), along with 1000 additional single-family installations (\$109,000).



Approved, Adan Martinez, Chair

April 20, 2004