

Purchasing Modification CITY OF AUSTIN RECOMMENDATION FOR COUNCIL ACTION

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<u>SUBJECT:</u> Ratify execution of an amendment No. 5 to the contract with THIELSCH ENGINEERING, INCORPORATED, Cranston, RI, for the dismantling and disposal of a temporary chiller located at the Austin Convention Center, in an amount not to exceed \$58,355.12, for a total agreement amount not to exceed \$7,500,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$58,355.12 is available in the Fiscal Year 2003-2004 Amended Operating Budget of the Austin Energy Department.

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

REQUESTING Purchasing**DIRECTOR'SDEPARTMENT:** for Austin Energy;**AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Martha L. Gaines, Buyer II, 322-6583

PRIOR COUNCIL ACTION: July 19, 2001 - Approved original contract.

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

MBE / WBE: Original contract - 14.1% MBE: 15% WBE subcontracting participation.

In February 2004, Austin Energy (AE) utilized a general maintenance service agreement with Thielsch Engineering, Inc. to dismantle and dispose of a temporary chiller located at the Austin Convention Center. The temporary chiller was no longer in service and needed to be removed to allow completion of the Convention Center expansion project. It was determined that the most cost effective action was to dismantle and dispose of the chiller. Austin Energy has since determined that the work performed by Thielsch and their subcontractor did not fall within the scope of the original service agreement contract. The Thielsch agreement was established to provide general power plant maintenance and repair services at Holly and Decker Power Plants. Therefore, Austin Energy is requesting ratification of a contract amendment with Thielsch for this scope of work in the amount of \$58,355,12. No increase to the total contract amount is being requested. There is sufficient contract authority to pay for this service.

In 2001, City Council authorized Austin Energy to purchase the temporary 800-ton chiller from the State of Texas. AE purchased the chiller to temporarily provide chilled water to the Convention Center until the facility was permanently connected to AE's downtown chilled water loop. AE relocated the chiller from 3rd Street behind the Hobby building to the Convention Center, and connected the chiller so it could be placed in service. It provided service for six months until the Convention Center was permanently connected to the chilled water loop. The temporary chiller remained in place at the Convention Center until February 2004.

Due to the expansion project, the Convention Center staff requested that the temporary chiller be removed. AE solicited bids for the sale and removal of the chiller at the end of last year, but no bids were received. Because the chiller had to be removed, AE elected to utilize the general maintenance service



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agreement with Thielsch Engineering with the idea that the chiller could be relocated to a storage area at the Decker Creek Power Station. Upon review of the cost proposals submitted by Thielsch and their subcontractors, AE staff determined it would be more cost effective to dismantle and dispose of the chiller than to move the chiller to Decker. Thielsch subsequently dismantled and disposed of the chiller. Upon further review, AE determined the work performed by Thielsch Engineering did not fall with the scope of its service agreement.

Prior to the solicitation for the sale of the chiller, the chilled water operations staff had coordinated the retirement of this equipment with AE Finance.

Contract History		
Original contract		\$2,500,000
Amendment No. 1	Exercised first 12-month extension option	\$2,500,000
Amendment No. 2	Exercised second 12-month extension option	\$2,500,000
Amendment No. 3	Correction to Amendment No. 2	\$0
Amendment No. 4	Execute holdover from	\$ 0
	August 5, 2004 to December 5, 2004	
Proposed Amendment No. 5	Ratify modification to the scope of work	\$0
	in the amount of \$58,355.12 (no increase to	
	to contract total because funds were	
	available in the second extension option.	