



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 26
AGENDA DATE: Thu 11/18/2004
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SUBJECT: Authorize execution of a 12-month service agreement with APPLIANCE RECYCLING CENTERS OF AMERICA, INC., Minneapolis, MN, for appliance recycling services in an amount not to exceed \$402,000, with three 12-month extension options in an amount not to exceed \$469,000 per extension option, for a total agreement amount not to exceed \$1,809,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$335,000 is available in Fiscal Year 2004-2005 Approved Operating Budget of Austin Energy Conservation Rebates and Incentives Fund. Funding for the remaining two months of the contract period and 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 **DIRECTOR'S**
DEPARTMENT:for Austin Energy; **AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Sandy Calles, Buyer II /322-6487

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Best proposal of two proposals received.

MBE / WBE: This contract will be 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.

This service agreement is for refrigerator/freezer pickup and recycling services for Austin Energy's residential (single-family and multi-family) customers. The Contractor will be responsible for setting up a call center to provide enrollment in the program and to provide scheduling of appliance pickup. The Contractor will also set up a recycling facility, which will provide the complete breakdown and recycling of each refrigerator/freezer collected. This new residential program supports the initiatives of the Austin Strategic Plan and is not only a peak-demand and energy-saving program for the Utility, but it is also an environmentally efficient program. Materials such as metals, ozone-depleting chlorofluorocarbon refrigerants, and foam insulation are found in refrigerators and are disposed of in an environmentally friendly way.

Through the Contractor, program participants will receive an incentive of \$35 that allows for the disposal of their old, inefficient refrigerators or freezers that are still in operation. An estimated 15% of U.S. homes have two or more refrigerators. In many cases, the second unit is an old, inefficient model that is located in the garage. Removal of the spare units prevents or reduces the number of refrigerators entering the used appliance market. Studies show that a ten-year old refrigerator uses twice the energy of a new one. Customers can expect to save 1000 to 1600 kWh per year or \$90 to \$150 from not using the refrigerator.

The utility expects recruitment of customers to begin in November and the pickup and recycling service



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to begin in January 2005. This contract allows for the pick-up and recycling of approximately 3000 units in the first year and 3500 units in the following years of the contract. Estimated savings are 0.84 megawatts per year.

MBE/WBE Solicited: 1/0

MBE/WBE Responded: 0/0

PRICE ANALYSIS

- a. Eight solicitations were issued including one MBE. Two proposals were received. MBE did not respond. There are no known WBEs for this service.
- b. There was no prior solicitation for this type of service.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal.
- b. Austin Energy concurs with the recommended award.
- c. Advertised on the Internet.