



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

**AGENDA ITEM NO.: 8
AGENDA DATE: Thu 03/09/2006
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SUBJECT: Authorize negotiation and execution of a 12-month construction contract service agreement with TEPSCO, L.P., Deer Park, TX, for the installation of underground chilled water piping in an amount not to exceed \$4,000,000, with two 12-month extension options in an amount not to exceed \$4,000,000 for each option, for an overall contract amount not to exceed \$12,000,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$4,000,000 is available in the Fiscal Year 2005-2006 Approved Capital Budget of Austin Energy.

FISCAL NOTE: A fiscal note is attached.

REQUESTING Austin Energy
DEPARTMENT:

DIRECTOR'S
AUTHORIZATION: Juan Garza

FOR MORE INFORMATION CONTACT: Jim Collins, District Cooling Operations / 322-6426

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

MBE / WBE: 19.9% MBE and 1.5% WBE subcontractor participation

This contract will allow Austin Energy to respond to new chilled water customers in a timely manner, meeting each customer's service date requirements. Austin Energy will extend chilled water piping to such customers from its existing chilled water distribution systems located Downtown, at the Domain Energy Park, and at RMMA (i.e., Dell Children's Hospital). For example, Austin Energy has recently contracted to provide chilled water services to 515 Congress, and is currently negotiating similar service agreements with over a dozen potential customers.

To ensure the best value to the City, the contractor was selected by evaluation of competitive sealed proposals. Proposals were distributed to three prime contractors. Two proposals were received and evaluated based on the criteria stated in the solicitation. Based on the proposal evaluations, Austin Energy recommends Tepsco, L.P., as the service provider.

Participation goals stated in the solicitation were 12.9% MBE and, 12.6% WBE. Total participation breakdown is:

<u>NON M/WBE TOTAL – PRIME</u>	50.1%
Tepsco, Deer Park, TX	50.1%



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MBE TOTAL – SUBCONTRACTORS **19.9%**

(MH) Benitez Construction, Inc., Austin, TX (Backfill, Construction Pipeline)	17.4%
(MA) Benqwest, Austin, TX (Fuel, Oil)	2.3%
(FH) ABC Erosion Control, Austin, TX (Erosion Control)	0.2%

WBE TOTAL – SUBCONTRACTORS **1.5%**

(FR) Diva Imaging, Austin, TX (Construction Photos)	0.5%
(FB) All Points Inspection, Austin, TX (Construction Photos)	1.0%

NON M/WBE TOTAL – SUBCONTRACTORS **28.5%**

Hydro Tech, The Woodlands, TX (Insulated Pipe)	8.4%
Magnum Tunneling, Houston, TX (Tunneling)	4.7%
United Rentals, Austin, TX (Traffic Control)	7.5%
Valve and Equipment, Huffman, TX (Valves)	3.6%
Southwest Carbon, La Porte, TX (Valves)	4.3%

The Contractor submitted a MBE/WBE Compliance Plan that demonstrated a Good Faith Effort and was approved by the Department of Small & Minority Business Resources.

MEMORANDUM

TO: Mayor and Council Members
Toby Hammett Futrell, City Manager

FROM: Juan Garza, General Manager
Austin Energy

DATE: March 3, 2006

SUBJECT: Lack of Electric Utility Commission action on Tepsco, L.P. contract RCA and STP Agreements RCA

The Electric Utility Commission (EUC) routinely reviews and gives us feedback about the items Austin Energy brings to Council, as noted on the RCAs. However, at their last scheduled meeting, the Commission failed to reach quorum, and therefore took no action on the posted "Items Scheduled for Council Action." The EUC has rescheduled their meeting for Monday, March 6, 2006, and they will take action on these items at that time.

Two of those RCAs are on the City Council Meeting agenda for this week, March 9, 2006. Due to time constraints, I am requesting that you consider these items without the appropriate commission action. To delay the RCA for the contract with Tepsco, L.P. for chilled water piping until the March 23rd agenda, the next available Council meeting, would compromise the scheduled project start date and jeopardize completion of the project by the promised date. Postponement of the other RCA (to approve various South Texas Project (STP) agreements) further delays related transmission and distribution work already suspended pending Council approval of this RCA. As this work is required by ERCOT, Austin Energy must move forward as promptly as possible.

I apologize for requesting this exception to procedure, but I assure you it is an unavoidable situation. Please let me know if you have any questions. I can be reached at 322-6002.

Juan Garza
General Manager
Austin Energy