

AGENDA



Thursday, June 8, 2006

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**Purchasing Service Agreement
RECOMMENDATION FOR COUNCIL
ACTION**

ITEM 37

45

Subject: Authorize negotiation and execution of Amendment No. 5 to the requirements contract with ENERGY SAVING STRATEGIES, Georgetown, TX to increase the two 12-month extension options for the small business lighting program in an estimated amount not to exceed \$485,000 per extension option, for a revised total estimated contract amount not to exceed \$2,054,022.50.

Amount and Source of Funding: Funding in the amount of \$161,667 is available in the Fiscal Year 2005-2006 Approved Operating Budget of Austin Energy. Funding for the remaining eight months of the contract period and the extension option is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Sandy Calles, Buyer Sr./322-6487

Prior Council Action: January 27, 2005 - Approved 12-month requirements contract with two 12-month extension options.

Boards and Commission Action:

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.

Additional Backup Material

(click to open)

**D ENERGY SAVING
CONTRACT SUMMARY
060806**

On January 27, 2005, Council approved a 12-month requirements contract to provide energy-efficient lighting services to accomplish energy conservation goals for small business and not-for-profit electric customers in an amount not to exceed \$345,674.50 with two 12-month extension options.

Under the contract, these customers have their existing incandescent or older fluorescent lighting systems removed and recycled, and their new energy-efficient fluorescent lighting systems designed and installed. The contract also provides lighting audits, timely project proposals, schedules, and warranty service.

This is a continuation of a commercial program that supports the initiatives of the Austin

Energy Resource Plan and is both a peak-demand and energy-saving program for the utility.

The implementation of an aggressive marketing campaign this fiscal year has led to an overwhelming response for these services by small businesses and not-for-profit organizations which have resulted in more rapid depletion of the contract authorization than was expected.

To date there have been four Amendments, none requiring City Council action. (Amendment #1 added pricing for lighting audits; Amendment #2 added menu items; Amendment #3 exercised the first extension option; and Amendment #4 administratively added funding to fund the contract through May 2006).

This request for an increase (Proposed Amendment No. 5) is part of Austin Energy's efforts to reach the conservation goals stated in the 10-year AE Strategic Plan approved by the City Council by adding an additional 1.9-MW of load reduction as a result of this program at a weighted forecast cost of \$313/kW in FY06, and will play a significant part in reaching the Division's increased goal in FY07.

To meet this demand, the contract with Energy Saving Strategies needs to be increased by \$485,000 for both the current extension option as well as the second and final contract extension.