

A U S T I N C I T Y C O U N C I L

AGENDA

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Thursday, August 10, 2006

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**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**

ITEM No. 36

Subject: Authorize execution of Amendment No. 7 to a contract with HONEYWELL UTILITY SOLUTIONS, Austin, TX, to increase the current and remaining option for the installation of programmable thermostats and water heater switches/timers, and administration of the direct load controllers for the Power Partner Program, in an estimated amount not to exceed \$103,600 for the current option and an estimated amount not to exceed \$567,740 for the final option, for a total estimated contract amount not to exceed \$6,540,624.

Amount and Source of Funding: Funding in the amount of \$69,067 is available in the Fiscal Year 2005-2006 Amended Operating Budget of Austin Energy. Funding for the remaining one month 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.

Additional Backup Material

(click to open)

HONEYWELL CONTRACT SUMMARY

For More Information: Sandy Calles, Sr. Buyer/512-322-6487

Purchasing Language: Contract Amendment

MBE/WBE: This contract was awarded in compliance with Chapter 2-9C 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.

Prior Council Action: May 25, 2006, by Resolution No. 20060525-051

This service agreement with Honeywell Utility Solutions is part of the Austin Energy Power Partner Program. It provides for the installation of load control devices such as programmable thermostats and water heater switches/timers in residential and multi-family dwellings and in commercial facilities. 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. On May 6, 2004, Council approved the execution of Amendment No. 1 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. Amendment No. 2 was to exercise the first extension option. Amendment No. 3 corrected an administrative error. On January 27, 2005 Council approved the execution of Amendment No. 4 to increase the remaining three extension options in an amount not to exceed \$452,472 per extension option, for a revised total agreement amount not to exceed \$5,869,284. Amendment No. 5 was to exercise second extension option and Amendment No. 6 was issued to process an administrative change. This increase request (Amendment No. 7) of \$103,600 for the current option and \$567,740 for the remaining option will increase the number of installations of water heater timers for single-family, multi-family customers, and small commercial facilities, from 200 to 900 annually in FY06 and up to 3200 in FY07. The installation rate of commercial two piece thermostats will increase from 200 annually to 900 in FY06 and to 1600 in FY07. The installation rate of water heater switches in both commercial and residential applications will increase from 125 to 225 annually FY06 and FY07.

The additional funding request is part of Austin Energy's efforts to reach the conservation goals stated in the ten-year Strategic Plan approved by the City Council.

AGENDA DATE: 8/10/06

VENDOR NAME: Honeywell Utility Solutions

Contract Summary

<u>Action</u>	<u>Description</u>	<u>Amount</u>
Original Contract	Installation of programmable Thermostats, water heater switches/ Timers, administration of direct load Controllers and provision of customer Service center with three options	\$893,967
	Year 2	\$893,967
	Year 3	\$893,967
	Year 4	\$893,967
Amendment No. 1	Increase Years 1-4	
	Year 1 Increase	\$234,000
	Year 2 Increase	\$234,000
	Year 3 Increase	\$234,000
	Year 4 Increase	\$234,000
Amendment No. 2	Exercised first extension option Year 2 (\$1,025,000)	
Amendment No. 3	Corrected administrative error (\$102,967) to fix the first extension option which was set-up in the amount of \$1,025,000, instead of the correct amount of \$1,127,967)	
Amendment No. 4	Increase Years 2-4	
	Year 2 Increase	\$452,472
	Year 3 Increase	\$452,472
	Year 4 Increase	\$452,472
Amendment No. 5	Exercised second extension option Year 3 (\$1,580,439)	
Amendment No. 6	Processed administrative change	
Proposed Amendment No. 7	Increase Years 3-4	
	Year 3	\$103,600
	Year 4	<u>\$567,740</u>
	Revised Total Contract Amount	\$6,540,624