

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

## AGENDA



Thursday, November 30, 2006

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### Purchasing Office RECOMMENDATION FOR COUNCIL ACTION

**ITEM No 25**

**Subject** Authorize award and execution of a contract with JOHNSON CONTROLS, Austin, TX, for the purchase and installation of two 1250-ton glycol chillers and related equipment in an amount not to exceed \$4,269,531

**Amount and Source of Funding** Funding is available in the Fiscal Year 2006-2007 Capital Budget of Austin Energy

**Fiscal Note** A fiscal note is attached

#### Additional Backup Material

(click to open)

☐ Critical Business Need  
Memo

☐ JOHNSON CONTROLS  
MBE/WBE SUMMARY  
REVISION

☐ AE FN JOHNSON  
CONTROL

**For More Information** Carole Cameron, Purchasing Mgr 322-6155

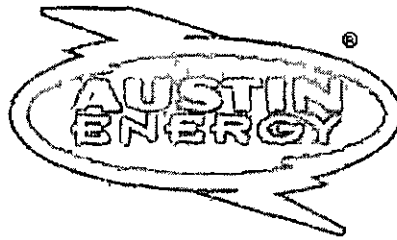
**Purchasing Language** Critical Business Need

**MBE/WBE** This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program) This contract is a critical business need, therefore, it is exempted under Chapter 252 022 of the Texas Local Government Code and no goals were established for this solicitation

This contract will provide two new 1250-ton glycol chillers and the necessary supporting equipment to be installed at the District Cooling Plant No 2, located within the Austin Convention Center Parking Garage

Austin Energy's downtown district cooling system is currently served from District Cooling Plant No 1, located at the Hobby Building parking garage This plant does not have adequate capacity to meet Austin Energy's service commitments for the 2007 summer peak cooling period Consequently, Austin Energy has been proceeding with the construction of Plant No 2 to add the necessary additional capacity to the system This project has been delayed by mechanical problems, and it has become necessary to identify alternate means to achieve capacity These chillers will allow Austin Energy to not only meet its current contractual commitments, but also to provide additional service in accordance with letters of intent signed by other potential customers

This project was identified as a Critical Business Need because the long lead times required to obtain the equipment preclude the normal solicitation process Johnson Controls is the only manufacturer known to build chillers of the size needed to meet Austin Energy's needs



## MEMORANDUM

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

**FROM:** Juan Garza, General Manager

**DATE:** October 17, 2006

**SUBJECT:** Critical Business Need Authorization to Purchase Additional Chillers for  
Downtown District Cooling Plant No 2

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Pursuant to the critical business need provision set forth in Council Resolution No 040610-02, I recommend that Council authorize Austin Energy to proceed with the non-competitive purchase of two 1250-ton capacity glycol chillers, along with related equipment and installation work, from York International Corporation for the Downtown District Cooling Plant No 2, located within the Austin Convention Center Parking Garage


Austin Energy's current downtown district cooling system is currently served from District Cooling Plant No 1, located at the Hobby Building parking garage. This plant does not have adequate capacity to meet Austin Energy's service commitments for the 2007 summer peak cooling period. Consequently, Austin Energy has been proceeding with the construction of Plant No 2 to add the necessary additional capacity to the system. This project has been significantly delayed, however, by mechanical problems that have prevented completion of the plant's chiller unit. Although Austin Energy and the contractor continue to work to resolve the issue, Austin Energy does not have a sufficient degree of confidence to prudently rely upon completion of the project to meet its 2007 service commitments.

Accordingly, I believe that it is prudent to immediately contract with York International Corporation, a subsidiary of Johnson Controls, for the purchase and installation of two 1250-ton glycol chillers and related cooling towers, pumps, piping, and other equipment at Plant No 2. The total acquisition and installation cost is estimated to fall between \$ 4 million and \$4.5 million. These chillers will allow Austin Energy to not only meet its current contractual commitments, but also to provide additional service in accordance with letters of intent signed by other potential customers.

This purchase is a critical business need because the long lead times required to obtain the necessary components will not allow the project to be completed in time if we proceed by means of the normal

competitive process. If additional chiller capacity is not in place by summer 2007, Austin Energy will not be able to meet its service commitments. Austin Energy had hoped that the problems with the current chiller project would be resolved in time to avoid the need to proceed in this manner, but that has not been the case. Regarding the choice of vendor, York International is the only company that manufactures factory assembled chillers of the size needed to meet our criteria. While York International is the company that constructed the chiller currently having problems at Plant No. 2, the purchase of factory assembled chillers (as opposed to the custom chiller constructed on site as the current one was) will not present the same risk of failure.

Austin Energy will be submitting an RCA for this purchase for the November 2, 2006 agenda. I can be reached at 322-6002 with any questions you may have.



Juan Garza  
General Manager  
Austin Energy

**AGENDA DATE 11/30/06**  
**VENDOR NAME JOHNSON CONTROLS**

**MBE/WBE SUBCONTRACTOR PARTICIPATION SUMMARY**

Prime – JOHNSON CONTROLS	\$2,881,355 60	67 5%
<u>MBE</u>	<u>\$ 47,470 80</u>	<u>1 1%</u>
NATIVE ASIAN Hagler and Kerr (MA) Austin, TX (Painting Services)	\$ 47,470 80	1 1%
<u>NON-MBE/WBE</u>	<u>\$1,340,705 60</u>	<u>31 4%</u>
KST Electrical Ltd Manor, TX (Electrical and Controls)	\$ 571,034 10	13 4%
Spaw-Glass Austin, TX (General Contracting)	\$ 73,590 40	1 7%
Young and Pratt Inc Austin, TX (Mechanical)	\$ 592,763 60	13 9%
DFW Movers and Erectors Fort Worth, TX (Rigger)	\$ 103,317 50	2 4%

**CIP BUDGET**  
**Fiscal Note**

**DATE OF COUNCIL CONSIDERATION**  
**WHERE ON AGENDA**  
**DEPARTMENT**

11/30/2006  
Resolution  
Austin Energy

**SUBJECT** Authorize award and execution of a contract with JOHNSON CONTROLS, Austin, TX, for the purchase and installation of two 1250-ton glycol chillers and related equipment in an amount not to exceed \$4,269,531

**FINANCIAL INFORMATION**

Parent Project Name     **Non-Electric Plant Assets - Chillers**  
Project Authorization    2006-2007 Approved Capital Budget

Current Appropriation	\$ 135,067,916 00	
Unencumbered Balance		\$ 28,790,339 22
Amount of This Action		(4,269,531 00)
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Remaining Balance		\$ 24,520,808 22
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**Use of Remaining Balance**

Remaining funds will be used for design, construction, equipment, and material acquisition to complete the project

**Use of Any Remaining Funds After Completion of Project**

No remaining funds anticipated at this time

Signature J E Pokorny, Director Planning & Budget Date 11/15/2006