### Recommendation for Council Action (CCO)

**Austin City Council**

**Item ID:** 64867  
**Agenda Number:** 8.

**Meeting Date:** December 1, 2016  
**Department:** Capital Contracting Office

#### Subject

Authorize execution of an amendment to the Indefinite Delivery/Indefinite Quantity construction services contract with BILFINGER WESTCON, INC., for chilled water piping construction in plants and on customer sites, increasing the spending authorization to $10,000,000 for the initial term of 24 months with one 24-month extension option up to $3,500,000 for a total contract amount not to exceed $13,500,000.

#### Amount and Source of Funding

Funding is available in the Fiscal Year 2016-2017 Capital Budget of Austin Energy.

#### Fiscal Note

A fiscal note is attached.

**Purchasing Language:** Original contract was awarded through a competitive Invitation For Bids process.

**Prior Council Action:** June 18, 2015 – Council approved a five-year construction services contract with Bilfinger Westcon, Inc. (formally Bilfinger Tepsco).

**For More Information:** Rolando Fernandez 512-974-7749, Sarah Torchin, 512-974-7141; Jim Collins, 512-322-6426; James Matlock Jr. 512-322-6273

**Boards and Commission Action:** November 14, 2016 - Recommended by the Electric Utility Commission on a vote of 9-0 with Commissioner Mahmood absent and one vacancy.

**Related Items:**

**MBE / WBE:** This was awarded in compliance with City Code Chapter 2-9A (Minority Owned and Women Owned Business Enterprise Procurement Program) by meeting the goals with 10.94% MBE and 1.24% WBE participation.
Austin Energy requests an amendment to the terms of the construction services contract with Bilfinger Westcon, Inc. (formally Bilfinger Tepsco) to connect chilled water customers to its district cooling plants. In June 2015, Council approved the original contract for an initial 24-month period in an amount not to exceed $6,000,000 with three 12-month extension options for up to $2,000,000 per extension option, for a total contract amount not to exceed $12,000,000.

This amendment will increase the initial 24-month contract period authorization amount to $10,000,000 and modify the extension options to only one 24-month extension option in an amount not to exceed $3,500,000. The new total contract amount of up to $13,500,000 represents a $1,500,000 increase to the original not-to-exceed amount. Austin Energy is requesting an increase in the amount of this contract because, with the rapid growth in the downtown area, the number of new customers requesting chilled water service exceeded forecasts.

Austin Energy’s three district chilled water energy systems serve the Downtown Central Business District, the Domain, and Mueller. Currently Austin Energy has 68 customers and nearly 18.5 million square feet of space connected to district energy systems. These customers include residential towers, office buildings, hotels, the Austin Convention Center, and City Hall. The Downtown and Domain systems provide chilled water services only. The Mueller Energy Center provides chilled water to neighboring buildings and chilled water, steam, and on-site generated electricity to the Dell Children’s Medical Center.

Austin Energy’s chiller plants transform electrical energy into thermal energy which is then distributed, via a network of underground pipes, to external customers in the form of chilled water and steam services.

The benefits of district energy to chilled water customers include reduced construction/capital costs, extraordinary reliability, and simple, low risk operations. The aggregation of loads enables superior efficiencies, reliability, and quality when compared to stand-alone systems. Benefits to Austin Energy and the City include having a valuable tool for economic development, providing new revenue from long-term service agreements, and advancement of environmental stewardship. In this region, 40-45% of the electricity consumed by a typical commercial building goes to powering its air conditioning system. The thermal storage elements within each station enable Austin Energy’s to shift electrical consumption from on-peak to off-peak electrical periods. Electric rate payers benefit from reduced regulatory charges due to the electric demand management provided by the district cooling system.

This contract is necessary to construct chilled water supply and return lines from Austin Energy’s existing chilled water transmission lines to a mechanical room located within the customers’ facilities. In the mechanical room, Austin Energy will install piping, heat exchangers, and metering equipment to provide thermal cooling to the customer. Austin Energy establishes chilled water service agreements with each customer that includes a billing rate designed to recover the connection costs over a 15-year period.

This amendment has been approved by the Change Control Committee of the City’s Capital Contracting Office. The Change Control Committee was established to comply with Council Resolution No. 20120126-048, which required the establishment of consistent criteria and process to evaluate contractual changes for all contracts administered by the Capital Contracting Office. The Change Control Committee is comprised of management-level subject matter experts.

The projects will be managed by Austin Energy.

Bilfinger Westcon, Inc. is located in Houston, Texas.