

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL
Regular Meeting: April 26, 2018

Item Number: **005**

Capital Contracting Office

Authorize award and execution of a construction contract with Flintco, LLC, for Austin Energy's District Cooling Plant #3 project, in the amount of \$44,575,309 plus a \$4,457,530 contingency, for a total contract amount not to exceed \$49,032,839. [Note: This contract will be awarded in compliance with City Code Chapter 2-9A (Minority Owned and Women Owned Business Enterprise Procurement Program) by meeting the goals with 5.49% MBE and 2.75% WBE participation.]

District(s) Affected: District 9

Lead Department	Capital Contracting Office <u>Managing Department(s)</u> Austin Energy
Fiscal Note	Funding is available in the Fiscal Year 2017-2018 Capital Budget of Austin Energy.
Purchasing Language	Lowest responsive bid of three bids received through a competitive Invitation for Bid solicitation.
For More Information	Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov . NOTE: Respondents to this solicitation, and their representatives, shall direct inquiries to Rolando Fernandez, 512-974-7749, Aiden Cohen, 512-974-1929, or the Project Manager, Imane Mrini, 512-322-6144.

Council Committee, Boards and Commission Action	March 19, 2018 - Recommended by the Electric Utility Commission on a vote of 7-0 with Commissioners Reel and Wray absent and two vacancies.
--	---

Additional Backup Information:

Austin Energy’s On-Site Energy Resources constructs, maintains and operates district energy stations or chiller plants. These stations 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 aggregation of loads enables superior efficiencies, reliability, and quality when compared to stand-alone systems. The thermal storage elements within each station enable Austin Energy to shift electrical consumption from on-peak to off-peak electrical periods. In this region, 40-45% of the electricity consumed by a typical commercial building goes to powering its air conditioning system. Austin Energy owns and operates two district energy systems serving the Downtown Central Business District, one serving the Domain, and one serving the Mueller redevelopment sites. The program currently has 70 customers, over 19 million square feet of space, connected to its district energy systems including residential towers, office buildings, hotels, the Austin Convention Center, and City Hall. The Downtown and Domain systems provide chilled water services only while 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.

The district energy program is supported by revenue from its customers and offers many benefits in return. The benefits of district energy customers include reduced construction and capital costs, extraordinary reliability, and simple, low risk operations. Benefits to Austin Energy and the City of Austin include having a valuable tool for economic development, providing new revenue from long term service agreements, and advancement of environmental stewardship. Electric rate payers benefit from reduced electric market and regulatory charges due to the electric demand management provided by the district cooling system.

Initial steps for this project were taken in June 2012 when City Council approved the transfer of ownership of the Crescent property to Austin Energy as a possible location for a third chilled water plant downtown. This 0.596 acre tract is located between West 2nd and 3rd Streets immediately southwest of the railroad track, behind the Gables Park Tower. In January 2014, Council approved the rezoning of this property to Public and received information regarding the placement of a temporary chiller on the property to provide service to the Seaholm Development District and the new Central Library.

On June 4, 2015, Council authorized a professional services agreement to provide engineering

services for a third chilled water plant in the downtown area to meet the growing demand for chilled water services for developments such as hotels, condominiums and office buildings with large air conditioning requirements. District Cooling Plant #3, proposed for the Crescent tract, will be operated in conjunction with two existing chilled water plants, the Paul Robbins District Cooling Plant and District Cooling Plant #2. The plants will be hydraulically connected through a network of underground piping.

This request is for the construction of District Cooling Plant #3. The project will consist of site work, equipment procurement and installation and construction of a new 10,000 ton district cooling plant including two building enclosures, industrial chillers, cooling tower cells, pumps, piping, instrumentation and controls, medium and low voltage electrical, heating, ventilation, and air conditioning and other associated infrastructure and appurtenances. The site work will include the construction of a retaining wall along the adjacent Union Pacific Railroad Right of Way. This project is critical in providing reliable and uninterrupted service to chilled water customers located in Downtown Austin. In addition, this project will assist in meeting the thermal storage goal of 30 Mega Watts by 2027 included in the current Austin Energy Resource, Generation and Climate Protection Plan.

This item includes three allowances. An allowance of \$500,000 to address unknown or unanticipated underground obstructions, an allowance of \$500,000 to address unknown or unanticipated underground site contamination, and an allowance of \$100,000 to address requirements while working in the Union Pacific Railroad Right of Way. An allowance is an amount that is specified and included in the construction contract or specifications for certain items of work whose details are not yet determined at the time of bidding.

Austin Energy worked closely with residents of the Spring Condominiums and the Downtown Austin Neighborhood Association to address concerns about potential noise from the plant. The neighborhood association board unanimously supports the chiller plant project. The Downtown Austin Alliance, a partnership of downtown property owners and businesses, also provided a letter of support for the chiller project.

A delay in award could adversely impact the level of service Austin Energy currently provides to chilled water customers in Downtown Austin.

Due to the potential for a significant amount of site constraints including space limitations, site access, adjacency with an active railroad, multiple construction projects within the area and considerations for adjacent residences and businesses that may limit the working hours and the potential for the contractor to encounter additional restrictions related to working adjacent and within the Right of Way of Union Pacific Railroad, a 10% contingency in funding has been included to allow for the expeditious processing of any change orders. A contingency is an additional amount of money added to the construction budget to cover any unforeseen construction costs associated with the project.

The contract allows 757 calendar days for completion of this project. This project is located

within ZIP code 78703 (District 9).

Flintco, LLC is located in Austin, Texas.

Information on this solicitation is available through the City's Austin Finance Online website.

Link: Solicitation Documents

<https://www.ci.austin.tx.us/financeonline/vendor_connection/solicitation/solicitation_details.cfm?sid=120288>.