

**CITY OF AUSTIN – PURCHASING OFFICE
RECOMMENDATION FOR COUNCIL ACTION****AGENDA DATE: 04/07/2011**

SUBJECT: Authorize award and execution of Amendment No. 3 to six requirements service contracts with AIRTECH ENERGY SYSTEMS, INC., Austin, TX; CLIMATE MECHANICAL, INC., Austin, TX; GO GREEN SQUADS LLC, Austin, TX; MCCULLOUGH HEATING & AIR CONDITIONING, INC., Austin, TX; VALDEZ REMODELING & WEATHERIZATION, INC., Austin, TX; and WEATHERIZATION MANAGEMENT GROUP, Dallas, TX, to increase the contract for weatherization measures and improvement services in an estimated combined amount not to exceed \$1,652,000, for a revised estimated combined contract amount not to exceed \$6,477,490.

AMOUNT & SOURCE OF FUNDING: Funding is available from the Department of Energy (DOE) through the Texas Department of Housing and Community Affairs (TDHCA) as a result of the American Recovery and Reinvestment Act (ARRA) of 2009 for the grant period of October 1, 2009 to August 31, 2011. No match is required.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

PURCHASING: Contract Amendment

PRIOR COUNCIL ACTION: 4/08/10 – Approved six 24-month contracts

BOARD AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on 3/21/2011 and the Resource Management Commission on 3/22/2011.

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) by meeting the goals with 14% MBE and 2% WBE subcontractor participation.

FOR MORE INFORMATION CONTACT: Shawn Harris, Supervising Sr. Buyer/505-7351

On April 8, 2010, Council approved six 24-month requirements service contracts for weatherization measures and improvement services in an estimated combined amount not to exceed \$4,825,490. The weatherization measures/improvements performed on each home will maintain and improve energy efficiencies that can be shown are cost-effective by ensuring that the discounted savings-to-investment ratio (SIR) is greater than or equal to one. Improvements would include measures such as caulking, adding insulation or duct work and the tune-up, repair or replacement of heating and cooling systems.

This Federal Weatherization Assistance Program complements Austin Energy's existing Free Home Energy Improvement program which is on-going. The goals of both programs are to increase the energy efficiency of the home, increase the comfort level of the homes inhabitants, reduce energy consumption, lower utility bills, and improve the health and safety of residents.

The original federal grant was for \$5,969,774.00 for the grant period from October 1, 2009 through August 31, 2011 and was estimated to provide for the audit and weatherization of 1,000 low income, elderly, and disabled Austin Energy customers homes. To date, Austin Energy has a total of 770 homes completed or in the process of receiving a final inspection (test-out). Due to Austin Energy's strong performance on expenditures and production, they have since received a voluntary reobligation of \$2,121, 000.00 in additional grant funding.

This proposed Amendment would allow for the completion of weatherization projects for which applications have already been received as well as some designated multifamily units using this additional grant funding. The time period for this additional funding is extremely short necessitating an expedited process to receive as well as use the funds. Austin Energy (AE) met with TDHCA on February 28, 2011 to discuss the option to receive additional funding and AE was advised of the proposed amendment increasing the amount of the grant on March 9th, 2011. The Department of Energy held the official hearing for all movement of funds among subrecipients on March 28th 2011. It is imperative that the projects are completed and the funds expended within the grant period time frame which does not allow for time to re-solicit the project. AE already having contractors in place to be able to do the work in this time frame was a recognized factor in TDHCA's decision to provide the additional funding. This additional funding will allow Austin Energy to complete 1,712 homes (71% more than originally anticipated) during the grant period.

Contract Summary

Original Contract	Original 24-month contract		\$ 4,825,490.00
Amendment No.1	Amended contract to add FACTA requirements		\$ 0
Amendment No. 2	Correction to Amendment No. 2 regarding M/WBE compliance plans		\$ 0
Proposed Amendment No. 3	Increase contract amount from additional Federal funding to allow for additional weatherization measures and improvement services		\$1,652,000.00
Total Revised Contract Amount			\$6,477,490.00