

AGENDA



Recommendation for Council Action

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| Austin City Council | Item ID | 26375 | Agenda Number | 9. |
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| Meeting Date: | 8/29/2013 | Department: | Austin Energy |
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Subject

Authorize negotiation and execution of a nine-month lease agreement with Girard Diversified Interests for approximately 4,500 square feet located at 318 East 5th Street to support construction and installation of chilled water transmission piping by Austin Energy, in an amount not to exceed \$112,500, with two three-month extension options, in the amount of \$80,000 for the first extension option and \$45,000 for the second extension option, for a total amount not to exceed \$237,500.

Amount and Source of Funding

Funding in the amount of \$112,500 is contingent upon available funding in the Fiscal Year 2013-2014 Operating Budget of Austin Energy. Funding for the extension options is contingent upon available funding in future budgets.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

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| Purchasing Language: | |
| Prior Council Action: | |
| For More Information: | Jeff Vice, Director, Local Government Issues (512) 322-6087; Jim Collins, Director, On-Site Energy Resources (512) 322-6426. |
| Boards and Commission Action: | August 19, 2013 – Unanimously approved by the Electric Utility Commission on a 5-0 vote. |
| MBE / WBE: | |
| Related Items: | |

Additional Backup Information

In addition to serving a growing number of chilled water customers in an increasingly dense downtown area, this project will improve distribution system hydraulics which will, in turn, increase throughput from District Cooling Plant # 2 on the east side of Downtown Austin to potential customers on the west side near the Lamar area.

It is anticipated the lease will begin in April 2014. The initial term of the lease will be nine months for the lump sum of \$112,500. The lease includes two three-month extension options which may be exercised with sufficient notice to the property owner. The costs for the first extension period are: January 2015, \$15,000; February 2015, \$15,000; and March 2015, \$50,000. The increase during the month of March reflects higher rates during SXSW. The cost for the second extension period (April-June 2015) is \$15,000 per month.

Austin Energy owns and operates approximately 10 miles of chilled water transmission and distribution piping in Downtown Austin and at Mueller. Austin Energy also provides operation and maintenance services for the Domain

chilled water transmission and distribution loop which is approximately three miles long. All the lines are fed by four plants, two in the downtown area (the Paul Robbins Plant and District Cooling Plant # 2) and one each at Mueller and the Domain. In all, Austin Energy provides chilled water services to approximately 60 customers within the City of Austin via its transmission and distribution pipelines.

The Downtown District Cooling Plants are located at 3rd and San Antonio Streets and 5th and Sabine Streets. The downtown system is a 33,000-ton capable system that provides chilled water to large buildings including: Silicon Labs, Hobby Office, Plaza Lofts, Hilton Hotel, Hampton Hotel, Austin City Hall, Austin Convention Center, Whole Foods Market, The Monarch, Austin 360 Condominiums, Courtyard by Marriott, Residence Inn by Marriott, The Shores, 515 Congress, The Austonian, Four Seasons Residences, AMLI High Rise, 5 Fifty Five Condos, and a mix of retail and restaurants along 2nd Street.

Connection of new customers to Austin Energy's District Cooling system increases the potential electrical peak demand shift capability of the downtown system as well as increases gross revenue and profitability.