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

AGENDA

Recommendation for Council Action (Purchasing)

Austin City Council	**Item ID:**	46755	**Agenda Number**	57.

Meeting Date:	June 18, 2015
Department:	Purchasing

Subject

Authorize award, negotiation and execution of a contract with JOHNSON CONTROLS INC., or another qualified offeror to Request For Proposal No. OPJ0114, for the purchase and installation of a 2500 ton chiller to be installed at Austin Energy's Domain District Cooling Plant, in an amount not to exceed $3,075,554.

Amount and Source of Funding

Funding in the amount of $3,075,554 is available in the Fiscal Year 2014-2015 Capital Budget of Austin Energy.

Fiscal Note

A fiscal note is attached.

Purchasing Language:	Best evaluated proposal for the purchase and installation of a chiller.
Prior Council Action:	
For More Information:	Oralia Jones, Senior Buyer Specialist, 512-322-6594
Boards and Commission Action:	June 15, 2015 - To be reviewed by the Electric Utility Commission.
Related Items:	
MBE / WBE:	This contract will be awarded in compliance with City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program by meeting the goals with 0.99% MBE and 2.49% WBE participation.

Additional Backup Information

This contract is for the purchase and installation of a new 2500-ton centrifugal chiller at Austin Energy's Domain District Cooling Plant. The Domain District Cooling Plant provides thermal energy services to commercial and residential customers within the Domain development.

Austin Energy's On-Site Energy Resources (OSER) constructs, maintains, and operates district energy stations and 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 OSER 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 three district energy systems serving the Downtown Central Business District, the Domain, and Mueller. It currently has 61 customers—nearly 17 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. 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 benefits of district energy to chilled water customers include reduced construction/capital costs, extraordinary reliability, and simple, low risk operations. 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. Electric rate payers benefit from reduced regulatory charges due to the electric demand management provided by the district cooling system.

An evaluation team with expertise in this area evaluated the proposals and rated this proposal as the best to provide these services. Evaluation criteria used to evaluate the proposals included price, demonstrated installation and project management experience, technical plan for accomplishing required work and local business presence.

The request allows for the development of a contract with the qualified offeror selected by Council. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease and staff will return to Council so that another qualified offeror may be selected, authorizing new contract negotiations.

This chiller takes approximately 10 months to manufacture. Due to the age of the chillers at the Domain, it is critical to maintain the schedule for the purchase and installation of this chiller to ensure reliable chilled water services, especially as the load increases within the Domain development.

MBE/WBE solicited: 64/35 MBE/WBE proposed: 1/0

PRICE ANALYSIS

a. Adequate competition.
b. 984 notices were sent including 64 MBEs and 35 WBEs. Four proposals were received, with one response from a MBE and no response from the WBEs.

APPROVAL JUSTIFICATION

a. Best evaluated proposal of four proposals received.
b. The Purchasing Office recommends contract award consistent with the findings of the evaluation committee.

c. Advertised on the internet.