

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	65508	Agenda Number	4.
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Meeting Date:	12/1/2016	Department:	Austin Energy
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Subject

Approve an ordinance authorizing negotiation and execution of a Developer Participation Agreement with Catellus Austin, LLC, for construction services associated with chilled water utilities to serve additional facilities at Mueller, in an amount not to exceed \$3,536,500.

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:	
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.
Council Committee, Boards and Commission Action:	November 14, 2016 - Recommended by the Electric Utility Commission on a 9-0 vote with Commissioner Mahmood absent and one vacancy.
MBE / WBE:	This contract will be awarded in compliance with the City of Austin Third Party Resolution (Resolution No. 20120112-058.)
Related Items:	

Additional Backup Information

This request seeks authorization to negotiate and execute a Developer Participation Agreement to reimburse Catellus Austin LLC for construction costs associated with the installation of chilled water transmission lines at Mueller in an amount not to exceed \$3,536,500.

The project includes installation of approximately 700 feet of 18-inch supply and return chilled water transmission lines and associated appurtenances under Garcia Street and connection to existing chilled water lines under Mueller Boulevard. The improvements will serve the next phase of development at Mueller including the Texas Mutual Insurance building at the corner of Aldrich and Garcia.

Austin Energy expects to reduce installation costs and avoid schedule delays by having the Catellus' general contractor responsible for utility and street improvements in Garcia Street install the chilled water transmission lines. The chilled water lines will be permitted and bid out along with the other utilities allowing for greater coordination of design and

construction activities.

With this Developer Participation Agreement, Austin Energy recovers the construction costs for the transmission lines over time as part of the chilled water service rate specified in multi-year agreements between Austin Energy and new commercial chilled water customers added as part of the next phase of development at Mueller.

Austin Energy owns 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. 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 OSEER 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. The program currently serves the Downtown Central Business District, the Domain, and Mueller. It currently has 68 customers—nearly 18.5 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 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 regulatory charges and power supply adjustments due to the electric demand management provided by the district cooling system. 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.