

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: December 7, 2017

Item Number: **017**

Capital Contracting Office

Authorize an amendment to the Indefinite Delivery/Indefinite Quantity construction contract with Bilfinger Westcon, Inc., for the installation of chilled water piping in the right-of-way, for early extension of the three one-year extension options in an amount of \$9,000,000, for a total contract amount not to exceed \$15,000,000. (Note: This amendment will comply with City Code Chapter 2-9A [Minority Owned and Women Owned Business Enterprise Procurement Program] Current participation to date is 27.90% MBE and 1.0% WBE.)

Lead Department	Capital Contracting Office <u>Managing Department(s)</u> AustinEnergy
Fiscal Note	Funding for these extension options are available in the Fiscal Year 2017-2018 Capital and/or Operating Budgets of Austin Energy.
Purchasing Language	The original contract was awarded through a competitive Invitation for Bid solicitation process.
Prior Council Action	December 15, 2016 - Council approved an Indefinite Delivery/Indefinite Quantity contract with Bilfinger Westcon.
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 or Aiden Cohen, 512-974-1929.

Council Committee, Boards and Commission Action	November 13, 2017 - Recommended by the Electric Utility Commission on a 7-0 vote, with Fath and Hadden absent, and with two vacancies.
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Additional Backup Information:

Austin Energy owns and operates three district energy systems that 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. The aggregation of loads enables superior efficiencies, reliability, and quality when compared to stand-alone systems. The thermal storage elements within each chilling 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's district cooling systems serve the Downtown Central Business District, the Domain, and Mueller. Currently Austin Energy has 69 customers, nearly 18.9 million square feet of space, connected to its district energy systems. These customers include residential towers, office buildings, hotels, the Austin Convention Center, and City Hall. The Downtown and Domain systems provide chilled water services only. 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 of Central Texas.

On December 15, 2016, Council authorized a 24-month Indefinite Delivery/Indefinite Quantity construction services contract with Bilfinger Westcon for the installation of chilled water piping construction in the right-of-way, in the amount of \$6,000,000, with three 12-month extension options in the amount of \$3,000,000 for each extension option, for a total amount not to exceed \$15,000,000.

Austin Energy is on track with managing the work, however, a chilled water transmission project had to be added to the two-year term resulting in the expenditure of the initial contract amount before the end of the initial term. Therefore, Austin Energy is requesting approval for early extension of the three options for the Bilfinger Westcon contract, for a combined total of \$9,000,000, to complete the required chilled water project work.

Without the authorization, Austin Energy will not be able to meet contractual requirements necessary to serve its chilled water customers. In addition, non-cost-effective stop gap measures such as renting temporary chillers to cool customers' buildings may be required until authorization to complete the work is obtained.

This amendment has been approved by the City's Change Control Committee. The Change Control Committee was established to comply with Council Resolution No. 20120126-048, which required the establishment of consistent criteria and process to evaluate contractual changes for all contracts administered by the Capital Contracting Office. The Change Control Committee is comprised of management-level subject matter experts.

Bilfinger Westcon is located in Deer Park, Texas.