



## Recommendation for Action

**File #:** 20-1186, **Agenda Item #:** 5.

2/20/2020

### **Posting Language**

Approve a resolution finding the use of the Design-Build method of contracting, as authorized by Subchapter G Chapter 2269 of the Texas Government Code, is the project delivery method that provides the best value to the City for the Mueller Energy Center #2 for the construction of a new 4000-ton chilled water plant.

(Note: MBE/WBE goals will be established prior to issuance of this solicitation.)

### **Lead Department**

Capital Contracting Office

### **Managing Department**

Capital Contracting Office

### **Fiscal Note**

A Recommendation for Council Action with the not to exceed contract amount for the resultant contract will be presented to Council once the Design-Build selection has been completed.

### **Purchasing Language:**

This request is for Council to authorize the use of the Design-Build; therefore, no solicitation has yet been initiated.

### **For More Information:**

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or [AgendaOffice@austintexas.gov](mailto:AgendaOffice@austintexas.gov).

NOTE: Respondents to this solicitation, and their representatives, shall direct inquiries to Rolando Fernandez, 512-974-7749 or Beverly Mendez, 512-974-3596.

### **Additional Backup Information:**

State Statute governs construction procurement for municipalities. The standard method of contracting used for construction services is competitive bidding where the contract is awarded to the lowest responsible bidder. Texas Government Code Chapter 2269 allows for alternate methodologies to the low bidding method in order to provide the best value to the municipality. Alternate methodologies include: Competitive Sealed Proposals, Construction Manager-at-Risk, Design-Build, and Job Order Contracting. Texas Local Government Code Section 252.022(d) allows the City of Austin to adopt and use an alternative method such as Design-Build under Chapter 2269 of the Texas Government Code if the method provides a better value for the City.

The project will consist of two continuous phases: design of the facility and building of the facility. The Design-Build method is the most effective delivery method for meeting schedule constraints within the project budget as each phase of design and construction services is carefully negotiated. Design-Build is a method of construction procurement under which design and construction services are contracted through one entity, either a joint venture between a design consultant and a construction firm, or a single entity with both

capabilities.

A Design-Build firm will be selected by a City-staffed evaluation panel responsible for evaluating and scoring proposals based on published evaluation criteria to determine the highest ranked proposer or firm. As set forth in Government Code Section 2269, the City will select a Design-Build firm to provide the “best value” as established through a two-step qualifications-based selection process.

The project consists of construction of a new 4,000-ton chilled water plant, including thermal storage, to serve commercial customers at Mueller. The new plant will connect to existing chilled water distribution piping. This project will require multiple disciplines including mechanical, structural, electrical, and civil engineering. Considerations include electrical power availability, access to existing chilled water and plumbing lines, and coordination with existing Mueller Energy Center operations. The estimated construction budget is \$15,000,000 and includes chillers, cooling towers, pumps and other equipment necessary for a remotely operated chilled water plant. Using the Design-Build method will enhance the equipment manufacturer's process which will allow for more flexibility with staging and scheduling the work.

Austin Energy anticipates construction to begin in 2020 and be completed in January or February 2022 to meet an increase in cooling demands at Mueller. Greater demand for chilled water is expected due to the completion of several new facilities that will rely on chilled water services, including the new Austin Energy headquarters building and two proposed medical office buildings sited near the Dell Children's Medical Center of Central Texas.

In addition, the new Mueller Energy Center #2 will include thermal energy storage to help meet the stated goal of 30 megawatts of local thermal storage by 2027 set forth in the current Austin Energy Resource, Generation and Climate Protection Plan.

A delay in approval will negatively affect Austin Energy's ability to cost-effectively meet the anticipated increase in cooling demands.

The estimated duration of this solicitation and evaluation process is approximately seven months.