



## Recommendation for Action

**File #:** 23-1153, **Agenda Item #:** 16.

2/23/2023

### **Posting Language**

Authorize execution of a construction contract for the 2023 Chilled Water Construction in the Right-of-Way Indefinite Delivery/Indefinite Quantity contract with DeNucci Constructors LLC in the amount of \$10,000,000 for an initial two-year term, with three, one-year extension options of \$5,000,000 each, for a total contract amount not to exceed \$25,000,000.

[This contract will be awarded in compliance with City Code Chapter 2-9A (Minority Owned and Women Owned Business Enterprise Procurement Program) by meeting the goals with 6.71% MBE and 2.05% WBE participation].

### **Lead Department**

Financial Services Department.

### **Managing Department**

Austin Energy.

### **Fiscal Note**

Funding is available in the Capital Budget of Austin Energy.

### **Purchasing Language:**

Lowest responsive bid of three bids received through a competitive Invitation for Bids solicitation.

### **For More Information:**

Direct inquiries to Shawn Willett, 512-974-2021, Garrett Cox, 512-974-9423, or the Project Manager, Annette Guerra, 512-322-6203.

### **Council Committee, Boards and Commission Action:**

February 13, 2023 - The Electric Utility Commission meeting was cancelled.

### **Additional Backup Information:**

Austin Energy uses thermal energy storage to shift the electric load demand from peak times (3:00 p.m. to 6:00 p.m.) to off-peak times, helping Austin Energy meet Council's thermal energy storage goal of 40MW by 2030. Adding chilled water customers connections increases the load to Austin Energy's District Cooling Plants and thereby decreases the amount of electrical demand during on-peak hours.

Austin Energy operates several district cooling plants providing chilled water to customer buildings through a network of underground pipes. Chilled water then passes through a set of heat exchangers located in the building's mechanical rooms with warm water returned to the plants for re-cooling. The plants serve multiple large buildings within a particular service area including Downtown Austin, the Domain, the Mueller Redevelopment Zone, and Austin Community College Highland Campus.

This request allows for the execution of a construction contract with DeNucci Constructors LLC for an

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estimated period of two years with three, one-year extensions to provide chilled water construction in the right-of-way. However, if funds for the initial term are expended, staff may accelerate the extension options, but in no event will exceed the total contract amount without further Council approval. The extension options are subject to the agreement of both parties.

Indefinite Delivery/Indefinite Quantity contracts provide for an indefinite quantity of services for a fixed time, usually an initial term with extension options. They are commonly used when precise quantities of supplies or services, above a specified minimum, cannot be determined. Indefinite Delivery/Indefinite Quantity contracts help streamline the contract process and service delivery and allow the City the flexibility to add work as needs arise or change. As each project is defined, a specific work assignment will be assigned to the contractor who will complete the scope of work for the unit prices included in the contract. Work deadlines will be established for each work assignment.

The base bid was used to identify and determine the lowest responsive offeror and to determine contract unit prices for each bid item.

If this contract is not executed, we may be unable to meet the schedule and operational requirements of prospective and existing customers, such as The Mexican American Cultural Center and The Republic Office Building who are undertaking expansion or redevelopment projects.

This project will be located citywide in districts with Austin Energy District Cooling systems.

DeNucci Constructors LLC is located in Austin, Texas.

**Strategic Outcome(s):**

Government that Works for All.