



MEMORANDUM

TO: Mayor and Council Members
Toby Hammett Futrell, City Manager

FROM: Juan Garza, General Manager
Austin Energy

DATE: April 2, 2007

SUBJECT: Critical Business Need – Purchase of quality management system software for the Electric Services Delivery (ESD) business unit of Austin Energy ✓

ACTION:

As detailed below, and in accordance with City Council-approved purchasing procedures, I am designating as a Critical Business Need of Austin Energy (AE), the execution of a purchase contract with MetricStream, Inc. for the purchase and installation of their quality management software.

BACKGROUND:

This memo replaces the memo dated March 5, 2007. Austin Energy is pursuing ISO 9001:2000 registration of the ESD business unit by December 2007, in response to a request made by several of the utility's major industrial customers. A critical component of meeting the registration deadline is the implementation of a quality management software application that complies with the ISO 9000 series standards for document and record control and for monitoring and implementing corrective/preventive actions, training, auditing, equipment calibration and maintenance, process performance measures, and process compliance.

Currently, AE does not possess a software application or combination of applications that would readily meet the ISO 9000 standards. And, to build a system in-house would significantly extend the December 2007 commitment.

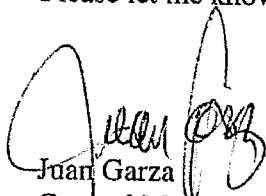
MetricStream offers an advanced and comprehensive suite of compliance software solutions to support ISO 9000 compliance. Their software platform includes integrated modules for each of the ISO 9000 standards required by the ESD quality management system. In addition, MetricStream provides an Application Service Provider (ASP) service, which will allow for a quicker installation solution to AE. Continued negotiations with MetricStream resulted in an estimated first-year cost of purchasing, configuring and hosting the required software modules

and additional services for technical support and training of \$126,000. The contract also includes options for four 12-month extensions for a total contract price not to exceed \$540,000. The difference between this total estimate and the estimate quoted in the memo dated March 5, 2007, is the inclusion of a 5-year cost projection of the contract.

AE performed due diligence by comparing different software solutions and functionality requirements before making this recommendation.

In order to be ISO 9001:2000 compliant and meet the December 2007 deadline for registration, it is imperative that a purchase order be issued for the quality management software application by April 2, 2007.

Austin Energy plans to bring this item forward for ratification by the City Council on May 10, 2007. Please let me know if you have any questions. I can be reached at 322-6002.



Juan Garza
General Manager
Austin Energy