

## AGENDA



Thursday, December 13, 2007

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION**
**Item No. 47**

**Subject:** Authorize award, negotiation, and execution of Amendment No. 6 to the requirements service contract with ALLIANCE DATA SYSTEMS, Dallas, TX, for a 24-month extension of maintenance and support services for the utility customer information system in an estimated amount not to exceed \$15,500,000, for a revised total estimated contract amount not to exceed \$82,934,442.

**Amount and Source of Funding:** Funding is contingent upon available funding in future budgets.

**For More Information:** Art Acuña, Senior Buyer/322-6307

**Purchasing Language:** Contract Amendment.

**MBE/WBE:** This purchase will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

**Prior Council Action:** 01/14/98, Approved Original 10-year Contract, 09/09/99 Approved Amendment No. 1, 05/27/04 Approved Amendment No. 2, and Amendment No. 3

On January 14, 1998 Council approved a 10-year requirements service contract in an estimated amount not to exceed \$51,453,600 with En.able for a Customer Information System (CIS) and subsequent production services. En.able and its successors have been acquired since the original contract was approved by Council as follows: 1) 1999, En.able assigned contract to Orcom, a wholly owned subsidiary of En.able; 2) March 2000, LiveWire acquired Orcom and En.able was dissolved; 3) December 2003, ADS Alliance Data Systems, Inc. acquired Orcom.

All of the City's utilities including electric, water, wastewater, solid waste, drainage and the transportation user fee are included in the services provided under this service contract. The implementation of the CIS included software installation, software configuration and enhancement, testing, training, etc. The CIS provides a process whereby each City of Austin customer bill is generated based upon applicable rates and the services received. The bill includes pertinent customer billing information such as address, location, consumption history, and account number. The CIS also prepares the bills to be mailed out to the customers, performs processing of service orders, conducts meter inventory, stores usage history, and maintains accounts receivable. The CIS is interfaced with other systems used by Austin Energy including those for meter reading, remittance processing and the City's financial system. Production services include processing of credit card payments, collections, and adding item inserts.

This action, proposed Amendment No. 6, is an increase in the amount of \$15,500,000 to initiate a one-time, 24-month extension to the Alliance Data CIS Master Services Agreement to allow additional time to achieve the successful testing, integration, and implementation of the replacement CIS system for a revised total estimated contract amount not to exceed \$82,934,442. This is in accord with the City of Austin's option under Section 3.3.3 of the City of Austin/ADS CIS contract dated January 1998 ("Contract") for a two (2) year renewal term upon the end of the Initial Term as defined in the Contract. This renewal option will be available October 1, 2009.

Prior to Amendment 6, a number of actions and amendments have occurred as follows:

The original 10-year service contract included the following costs: 1) the CIS implementation fee in an amount not to exceed \$4,500,000; 2) the annual estimated utility billing fee in the amount of \$4,545,360; and 3) the annual production services cost in an amount not to exceed \$150,000, for a total not to exceed \$51,453,600.

On September 9, 1999, Amendment No. 1 - Increase of the project implementation fee by an amount not to exceed \$675,000 because AE delayed the "go live" date to increase the scope of work. The amount authorized by Council for the original contract and Amendment No. 1 was for a revised total estimated amount not to exceed \$52,128,600.

On May 27, 2004 Amendment No. 2 was approved for the ratification of expenditures in the amount of \$261,337 made by Austin Energy for unforeseen CIS production expenses in excess of the authorized spending limit primarily due to an increased customer base. While performing its due diligence, Austin Energy discovered that the annual \$150,000 bill production services ceiling was exceeded in FY 2000-2001 by \$34,331, in FY 2001-2002 by \$26,018, and FY 2002-2003 by \$200,988, for a total of \$261,337. The three primary reasons for exceeding the authorized amount were:

1) account growth of the utility system in the late 90's, was higher than anticipated; 2) collection efforts by Austin Energy were increased significantly; and 3) expenditures were made for excess postage and on-going, annual SAS 70 audits of the Orcom Solutions, Inc. contract that were not included within the scope of the original contract. Amendment No. 2 resulted in a revised total estimated contract amount not to exceed \$52,389,937.

On May 27, 2004 Amendment No. 3 - Increase in the amount of \$14,996,505 allowed the City of Austin to 1) implement online access for utility account inquiries and for electronic bill payment – Online Customer Care and Electronic Bill Presentment and Payment (OCC/EBPP); 2) increase the authorization for other production services; and 3) increase the authorization for the billing fee for a revised total estimated contract amount not to exceed \$67,386,442.

On October 1, 2005 Amendment No. 4 at zero cost for the Implementation and Monthly Fee of \$0.23 for Electronic Bill Presentment and Payment Services was approved, to allow the City to pay fees to Alliance for Electronic Bill Presentment and Payment Services for each calendar month beginning with the month in which the implementation for this service is completed for the pilot phase of the Electronic Bill Presentment and Payment Services project.

On October 18, 2007 Amendment No. 5 - Increase in the amount of \$48,000 allowed ADS to configure, test implement, operate and maintain a data replication service for the purpose of building and maintaining a data warehouse for selected Energy Customer Information System files for a revised total estimated contract amount not to exceed \$67,434,442.