

## AGENDA



Thursday, February 28, 2008

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 42**

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**Subject:** Authorize award, negotiation, and execution of a 12-month requirements service contract with VELOCITY CREDIT UNION, Austin, TX for the underwriting of residential energy improvement loans, in an estimated amount not to exceed \$197,130, with three 12-month extension options in an estimated amount not to exceed \$197,130 per extension option, for a total estimated contract amount not to exceed \$788,520.

**Amount and Source of Funding:** Funding in the amount of \$114,993 is available in the Fiscal Year 2007-2008 Operating Budget of Austin Energy. Funding for the remaining five months of the original contract period and extension options is contingent upon available funding in future budgets.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Sandy Calles, Buyer Sr./512-322-6487

**Purchasing Language:** Best evaluated proposal of two proposals received.

**MBE/WBE:** This contract was 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.

**Boards and Commission Action:** Recommended by the Resource Management Commission.

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This contract will allow Velocity Credit Union to offer low interest loans to Austin Energy residential customers for the purpose of making home energy improvements. The home improvement loans are being offered at 0% interest rate for three and five year loans, 3.5% for seven and 10 year loans, with a maximum loan amount of \$11,000. In 2007, over 200 residential customers qualified for low interest loans. These loans covered home improvements such as HVAC system upgrades, solar screens, attic insulation upgrades, and other energy improvement measures to assist residential customers in reducing their electric consumption as part of Austin Energy's Power Saver Program.

The program offers financing options that traditional loan programs would not otherwise offer. Velocity will make the loan and Austin Energy pays Velocity to lower the interest rate (a buy down). The City will not be responsible for any other fees or potential losses from the loans. All servicing, collection, foreclosure and loan loss expenses will be absorbed by Velocity Credit Union.

Austin Energy is expected to save 540 kW in demand savings per year. The estimated energy savings is equal to 592,500 kWh per year, which represents a major benefit to the local environment. These savings are equivalent to 672,842 vehicle miles traveled, the removal of 84 cars from our roadways, or the planting of 13,140 trees.

MBE/WBE solicited: 0/0

MBE/WBE bid: 0/0

**PRICE ANALYSIS**

a. Adequate competition.

- b. Ten notices were sent. There are no known MBEs/WBEs available for this service.
- c. The pricing offered represents a 1.66% decrease in the cost of loans to consumers from the last award in March 2004.

**APPROVAL JUSTIFICATION**

- a. Best evaluated proposal received.
- b. The Purchasing office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.