

AGENDA



Thursday, December 18, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 51**

Subject: Authorize award and execution of Amendment No. 2 to a requirements service contract with VELOCITY CREDIT UNION, Austin, TX for the underwriting of residential energy improvement loans for Austin Energy customers, to increase the current contract period in an estimated amount not to exceed \$47,001, and to increase each of the remaining three extension options in an estimated amount not to exceed \$100,000 for each extension option, for a revised total estimated contract amount not to exceed \$1,188,520.

Amount and Source of Funding: Funding in the amount of \$47,001 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy. Funding for the 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., 322-6487.

Purchasing Language: Contract Amendment.

MBE/WBE: This contract 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: February 28, 2008 - Approved original 12-month contract.

The goal of this service contract with Velocity Credit Union is to make financing available to homeowners for home energy improvements and upgrades through low-cost loans to which they would not otherwise have access.

On February 28, 2008, Council approved a 12-month contract with Velocity Credit Union, in an estimated amount not to exceed \$197,130 per year, 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.

Amendment No. 1 was executed to exercise an administrative increase due to more participation in the program than was originally expected.

The proposed Amendment No. 2 will allow Austin Energy to meet the increased demands of the high volume of homes needing this service. The solicitation projected that approximately 300 loans would be financed under this contract annually, based on previous invoice history. Since the inception of this loan program in 2004, the average loan amount has increased each year. This year, there are three primary factors resulting in increased loan amounts: (1) more people utilizing the loan program; (2) program enhancements regarding the increased amount of insulation required in homes (R-30 to R38), per building code requirements; and (3) and increases in the cost of equipment. Historically, loan amounts increase in the fall and continue through the end of March. Additionally, with the Council's approval of the Energy Efficiency Upgrade Ordinance, it is expected that this will increase customer participation with

more customers seeking to make appropriate housing upgrades in order to voluntarily comply with the new ordinance.