

AGENDA



Thursday, April 30, 2009

Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION

Item No. 20

Subject: Authorize award, negotiation, and execution of an eight-year contract with IBM Corporation, Cleveland, OH, to provide software, billing, and related services for the City's utilities in an amount not to exceed \$58,500,000.

Amount and Source of Funding: Funding in the amount of \$1,006,000 is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy. Funding in the amount of \$34,750,000 is available in the Fiscal Year 2008-2009 Capital Budget of Austin Energy. Funding for the original contract period and extension options for the remaining software maintenance and active hosting services following implementation of the system is contingent upon available funding in future budgets.

Fiscal Note: A fiscal note is attached.

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

Purchasing Language: Best evaluated proposal of four proposals received.

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) with 12.2% MBE and 12.2% WBE subcontractor participation. RZ and Associates (MBE) will provide Oracle software services in the approximate amount of \$2.8 million, MRSW Management, LLC (MBE) will provide implementation and support services in the approximate amount of \$2.8 million, and RFD and Associates, Inc. (WBE) will provide software procurement services in the approximate amount of \$5.6 million.

Boards and Commission Action: Recommended by the Electric Utility Commission. Related to Item #3.

This purchase is for a replacement of the City's existing Customer Information System (CIS).

CIS provides the City with a single service to generate utility bills for customers of the City's utilities, including Austin Energy, Austin Water Utility, and Solid Waste Services.

The current system was installed in 1999, and is nearing the end of its useful technological and financial lifecycle. The City can continue to use this system during the implementation of the replacement system.

The replacement system is proposed to be operated in a hosted mode, in which IBM will provide hardware, software, and data center support services, reducing the city's current requirements in these areas.

Anticipated Costs include:

- Implementation services \$29,900,000
- Software Purchase \$5,600,000
- Software maintenance years two through eight \$7,000,000
- Six-Year, two-month period of active hosted service following implementation \$16,000,000

The replacement system will also:

- Improve customer service by providing more detailed billing information via a web-interface than is delivered to customers currently.
- Reduce the price-per-bill from \$1.29 per printed bill to approximately \$0.69 per printed bill for the approximately 450,000 bills printed in each billing cycle.
- Provide the City with a more robust technology and software platform.

Not included are costs for consumables, such as paper, envelopes, and postage, which are separately budgeted and furnished to the vendor, nor the continuing costs of software licensing in the second and subsequent years of operation.

In its original proposal, IBM achieved Good Faith Effort with 0% MBE and 0% WBE subcontractor participation. Subsequently, IBM has identified the following areas as subcontracting opportunities: contract management, Oracle Database Administrator, Project Financial Analyst, Technical Specialist (Oracle), Technical Specialist, Oracle CC&B functional specialist, and data migration/conversion specialist. IBM will work with the Small & Minority Business Resources (SMBR) to obtain MBE/WBE availability for the scopes of work identified and any additional work that may materialize throughout the duration of the project. IBM has achieved 12.2% MBE and 12.2% WBE subcontractor participation through the use of three (3) City of Austin Certified vendors. RZ and Associates (MBE) will provide Oracle software services in the approximate amount of \$2.8 million. MRSW Management, LLC (MBE) will provide implementation and support services in the approximate amount of \$2.8 million, and RFD and Associates, Inc. (WBE) will provide software procurement services in the amount of \$5.6 million.

MBE/WBE solicited: 32/31

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Six hundred and eighteen notices were sent, including 32 MBEs and 31 WBEs. Four proposals were received, with no response from the MBE/WBEs.

APPROVAL JUSTIFICATION

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