

AGENDA



Thursday, August 27, 2009

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 38**

Subject: Authorize award, negotiation, and execution of a contract with PACE GLOBAL ENERGY SERVICES, LLC, Fairfax, VA, for energy risk management program review at Austin Energy in an amount not to exceed \$232,151.

Amount and Source of Funding: Funding is available in the Fiscal Year 2008-2009 Operating Budget of Austin Energy.

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

For More Information: Gabriel Guerrero, Buyer II, 322-6060

Purchasing Language: Best evaluated proposal of seven 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). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

Boards and Commission Action: Recommended by the Electric Utility Commission.

Austin Energy's (AE) supply portfolio consists of renewable energy, natural gas, coal, and nuclear-fueled generation. Fuel prices from the supply portfolio are exposed to significant price volatility, especially in the natural gas market. Upon passage of Senate Bill 7 by the Texas Legislature in 1999, and as later amended, AE was authorized to use hedging contracts in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuation. AE uses financial instruments such as futures and options to hedge these risks. After adoption by City Council of the Policy for Energy Risk Management, AE launched an energy risk management pilot program in 2003 and established a permanent program in 2004. Each year, according to policy, an external evaluation of the program is conducted, including proposals for improvement.

The work provided through this contract will review AE's energy risk management program and assess the program effectiveness. This external evaluation of the goals, objectives, methods, tools, policies, processes, procedures, and communication protocols will result in a final report and formal presentations. This year's scope of work has been expanded to address changes in Government Accounting Standards Boards (GASB) accounting and reporting standards and also address more performance metrics and analytics.

An AE team with experience in legal, finance, and operations evaluated the proposals submitted. The criteria evaluated included system concept, applicable experience, personnel qualifications, responsiveness to the terms and conditions of the Request For Proposal and total evaluated cost.

MBE/WBE solicited: 2/5

MBE/WBE bid: 0/0

PROPOSAL ANALYSIS

- a. Adequate competition.
- b. Eighty-six notices were sent, including two MBEs and five WBEs. Seven proposals were received, with no response from the MBE/WBEs.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal received. Pace Global Energy Services was not the previous provider of these services.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.