

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	16250	Agenda Number	69.
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Meeting Date:	June 28, 2012
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Department:	Purchasing
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Subject

Authorize award and execution of Amendment No. 5 to a contract with SECURITY MANAGEMENT SERVICES, LLC, for installation, expansion, and maintenance of Austin Energy's Integrated Security Management System (ISMS), to add one additional 24-month extension option in an estimated amount not to exceed \$3,902,400 for a revised total contract amount not to exceed \$13,211,752.

Amount and Source of Funding

Funding in the amount of \$16,162 is available in the Fiscal Year 2011-2012 Operating Budget of Austin Energy. Funding in the amount of \$10,117 is available in the Fiscal Year 2011-2012 Capital Budget of Austin Energy. Funding for the remaining 23 months of the contract period is contingent upon available funding in future budgets.

Fiscal Note

A fiscal note is attached.

Purchasing Language:	Contract Amendment.
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Prior Council Action:	
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For More Information:	Gage Loots, Buyer II/322-6118
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Boards and Commission Action:	Recommended by the Electric Utility Commission.
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Related Items:	
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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.
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Additional Backup Information

This contract provides security equipment, installation, support and maintenance services for Austin Energy's (AE) Integrated Security Management System (ISMS). ISMS is an enterprise system that combines a physical access control and alarm system, employee identification system, digital video monitoring and recording system into a single application with a primary System Operations Center to manage the system. This system is in place throughout AE's locations and is critical to effectively protect and monitor remote facilities, electric substations, power plants, payment centers, and other physical assets.

North American Electric Reliability Corporation (NERC) requires protection of critical infrastructure in compliance of physical and cyber security for the bulk power system to maintain electric service reliability. AE is currently in compliance and has worked with the contractor, Security Management Services (SMS), LLC, on compliance with NERC standards. The system is currently physically located at SMS' facility; however, AE will move it to the new System Control Center (SCC) after it opens at the end of calendar year to mitigate risk exposure.

This SMS, LLC contract was initially awarded in 2007 as a sole source purchase in the amount of \$1,775,740. Four 12-month contract amendments for extension options have been exercised totaling \$7,533,612 for a total current not-to-exceed contract amount of \$9,309,352. This contract is due to expire in September 2012 which leaves a three month gap for system relocation between the expiration date and the expected SCC opening date of December 2012. This presents a significant risk of security exposure and NERC non-compliance; therefore, this Recommendation for Council Action is to approve a fifth amendment to the contract to add an additional 24-month extension option in a estimated amount not to exceed \$3,902,400 for a total revised contract amount not to exceed \$13,211,752.

Extending the existing contract will allow AE to relocate the enterprise system to SCC and allow time to solicit a new contract. Introduction of a new vendor, products or services before the commissioning of SCC would present a high risk exposure for non-compliance because AE would have to verify that any new vendor is NERC compliant. It would also require AE to relocate the system twice—once to another vendor site and again to SCC once it is ready. This amendment is critical to maintaining reliable performance and NERC compliance for AE.

Contract Summary

Action	Description	Amount
Original Contract awarded 09/24/2007	Original 12-month contract with four 12-month extension options	\$1,775,740
Amendment No. 1	Exercise the first 12-month extension option	\$1,816,800
Amendment No. 2	Exercise the second 12-month extension option	\$1,860,120
Amendment No. 3	Exercise the third 12-month extension option	\$1,905,492
Amendment No. 4	Exercise the fourth 12-month extension option and modify contractual requirements	\$1,951,200
Proposed Amendment No. 5	Approve award of one additional 24-month extension option	\$3,902,400
Total Revised Contract Amount		\$13,211,752

