

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	21296	Agenda Number	24.
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Meeting Date:	January 31, 2013
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Department:	Purchasing
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## Subject

Authorize the negotiation and execution of Amendment No. 17 to the contract with IBM Corporation for envelopes, paper and other consumables for the City of Austin's utilities billing system, the Customer Care & Billing or CC&B System, in an amount not to exceed \$1,800,000 for a total estimated contract amount not to exceed \$61,039,728.

## Amount and Source of Funding

Funding in the amount of \$1,800,000 is available in the Fiscal Year 2012-2013 Operation Budget of Austin Energy. Funding for the completion of the initial contract 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.

Purchasing Language:	Contract Amendment
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Prior Council Action:	April 21, 2011, approved Amendment No. 10. December 13, 2012, approved Amendment No. 14.
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For More Information:	Art Acuña, Senior Buyer/512-322-6307
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Boards and Commission Action:	To be reviewed by the Electric Utility Commission on January 28, 2013.
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Related Items:	
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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) with 16.18% MBE and 12.70% WBE subcontractor participation to date.
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## Additional Backup Information

This contract amendment with IBM Corporation of Cleveland, Ohio, is for the Fiscal Year 2013 supply of consumables used for producing bills for City of Austin utility customers. It includes paper, envelopes, and stock paper used for the customer newsletter, Power Plus™, included in customer bills. The CC&B application provides a single service to generate utility bills for customers of the City's utilities including Austin Energy, Austin Water Utility, Public Works, Watershed Protection, and Austin Resource Recovery.

An initial amount of dollars for consumables was negotiated as part of the original CC&B contract package in mid-2009, and funding authority for consumables was not needed until system testing and implementation was completed, which was a two and a half year process. At this time, however, it is necessary to begin funding consumables on a yearly basis to meet billing demands without any interruption of paper bill production. This RCA is the first of an annual funding request for the consumables portion of the Contract.

On April 30, 2009, Council approved an award of an eight year competitive contract with IBM Corporation for a replacement billing system for the City's outdated Customer Information System (CIS).

On May 27, 2010, Council approved Amendment No. 2 to decrease the contract amount by \$5,760,272 for the removal of Oracle and SAP software maintenance services from the contract. These software maintenance and support services are now managed directly with Oracle and SAP under separate individual contracts.

On April 21, 2011, Council approved Amendment No. 10 to the contract to allow additional funding in the amount of \$4.6 million for the extension of the "go-live" date of CC&B to October 2011.

On December 13, 2012, Council approved Amendment No. 14 to the contract to allow implementation of several additional internal projects that are beyond the scope of the original project. These included structural rate changes specifically for AWU's and ARR's rate change projects, the City of Austin's Bank Change project, and AE system improvements identified during project implementation.

IBM guarantees that utility billing supplies meet AE required specifications and quality standards in addition to the standard required by IBM. All produced materials required by AE such as bill stock and envelopes are purchased through the vendor's preferred supplier program. Suppliers are selected through an annual RFP process conducted by IBM to maintain the best quality and price for the City.

The purchase of this commodity was approved with no goals; however, MBE/WBE goals were set for the service and implementation of the software. Participation goals stated on the original solicitation were 14.1% MBE and 15.0% WBE. IBM's current participation to date is 16.18% MBE and 12.70% WBE.

#### **Contract Summary**

Action	Description	Amount
Original Contract awarded 4/30/09	Original 96-month contract	\$58,500,000.
Amendment No. 1	Scope Reconciliation per Completion of the Assessment Phase	\$0.
Amendment No. 2	Transfer of Contract Authority for Oracle & SAP Support and Maintenance.	-\$5,760,272.
Amendment No. 2	Addition of Dedicated T3 line	\$0.
Amendment No. 3	FACTA	\$0.
Amendment No. 4	Correction to Amendment Three	\$0.
Amendment No. 5	Change Architecture to Development and Test Environments	\$0.
Amendment No. 6	Infrastructure Project Management Services	\$0.
Amendment No. 7	Replace Master Framework Implement SOW with Corrected Implement SOW Payment Disbursement	\$0.

	Schedule		
Amendment No. 8	Provide Professional Services that add Solution Functionality	\$0.	
Amendment No. 9	Provide Additional Functionality after Go-Live	\$0.	
Amendment No. 10	Go-Live extension and SOW modification	\$4,600,000.	
Amendment No. 11	Staffing Summary for Project Positions	\$0.	
Amendment No. 12	Electric Rate Change	\$0.	
Amendment No. 13	Amendment to Replacement contract including the Implementation & Operate statements of work.	\$0.	
Amendment No. 14	Additional Funding for system operation, system enhancements, and new projects such as AWU and ARR rate changes, COA bank change, and system enhancements, and contingency for additional unforeseen projects	\$1,900,000.	
Amendment No. 15	Term date extended for Rate Implementation	\$0.	
Amendment No. 16	AWU rate change project	\$0.	
This proposed Amendment No. 17	Add funding for FY-2013 Consumables	\$1,800,000.	
Total Revised Contract Amount		\$61,039,728.	