



COUNCIL COMMITTEE REPORT

Austin Energy Utility Oversight Committee

Date: May 28, 2015

Agenda Item #3:

Agenda Item: Consider and develop recommendations on the award, negotiation, and execution of three 24-month contracts with KEMA, INC., GDS ASSOCIATES, INC. and LEIDOS INC., or one of the other qualified offerors to RFP No. OPJ0112, for demand side management consulting services in an amount not to exceed \$1,000,000 each and combined with two 12 month extension options in an amount not to exceed \$500,000 each and combined, for a total amount not to exceed \$2,000,000.

(Notes: This contract will be awarded in compliance with City Code Chapter 2-9C Minority-Owned and Women-Owned Business Enterprise Procurement Program. No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.)

Vote: Unanimously forwarded to City Council as posted with no recommendation on a vote of 8-0 with Council Members Casar, Gallo and Garza off the dais.

Sponsors/Department: Austin Energy

Summary of Discussion:

Committee members asked questions and engaged in discussion with Larry Weis, General Manager; Debbie Kimberly, Vice President, Customer Energy Solutions; James Scarboro, Purchasing Officer; Veronica Briseño Lara, Director, Small and Minority Business Resources; Andy Perny, Division Chief, Law Department; and Robin Harris, Staff Attorney.

Questions and discussion included the following topics, with responses from staff following each topic as sub-bullets.

- What is demand-side management?
 - Demand-side management consultants have the technical ability to determine the results of Austin Energy's programs, and the consultants assist the utility in reducing consumption for a customer, as well as reducing our system peak
- Scope of the contract and subcontracting opportunities for small businesses, women- and minority-owned businesses (MBE/WBE)
 - GDS Associates, Inc., is proposing to sub out to three certified firms
 - No goals specified for this request for proposal
 - If the companies sub-consult any part of the work, they are required to go through the MBE/WBE process

- Some types of work under this contract should have subcontracting opportunities that can be included in the scopes of work as they are developed
- Solicitation pool for the contract
 - Passive notice of bids is available to everyone, those registered with the City of Austin receive an active notification
 - Only those certified with the City are considered MBE/WBE
- Cost of contract included in policy establishing energy efficiency goals
- Council passes policies without understanding the costs associated with those policies
 - Contract is in response to the strategic goal set by Council and as goals change, the budget is revised accordingly
- Is Leidos, Inc. a defense contractor?
 - Leidos Engineering, LLC, formerly SAIC Energy, Environment & Infrastructure, is one of several wholly owned subsidiaries of an international consulting firm
 - Leidos specializes in national security, health, and engineering sectors
- Can only certain contractors be selected?
 - Under State Law, the question before Council has to be based upon the merits of the proposal as they comply with the criteria that were set forth in the request for proposal
 - Legal issues of splitting contract can be discussed in executive session
- Approaching bidders with MBE/WBE requirements
- Requested that Law Department provide options of how MBE/WBE issues can be included in the requirements of the contract
 - All bidders have to be treated equally and fairly.

Public Comments:

Karen Hadden stated that the Electric Utility Commission failed to recommend approval of this item. One of the concerns raised is that Leidos Inc. is associated with a military contractor.

Direction: The Committee forwarded the item to City Council with no recommendation and requested that Law provide them with options of how minority- and women-owned business enterprises (MBE/WBE) issues can be included in the contract.

Recommendation: A motion to forward the item as posted with no recommendation to Council was approved on Mayor Adler's motion and seconded by Council Member Troxclair on an 8-0 vote, with Council Members Casar, Gallo and Garza off the dais.