



**Purchasing Contract
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA ITEM NO.: 23
AGENDA DATE: Thu 01/29/2004
PAGE: 1 of 2

SUBJECT: Authorize negotiation and execution of a 12-month service agreement with VELOCITY CREDIT UNION, Austin, TX for administration of the Total Home Efficiency Loan Program in an amount not to exceed \$250,000, with three 12-month extension options in an amount not to exceed \$250,000 per option, for a total amount not to exceed \$1,000,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$145,833 is available in the Fiscal Year 2003-2004 Amended Operating Budget of the Electric Utility Department. Funding for the remaining five months of the contract period and for the extension options is contingent upon funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing
DEPARTMENT: for Austin Energy;

DIRECTOR'S
AUTHORIZATION: Vickie Schubert

FOR MORE INFORMATION CONTACT: Carole M. Martindale, Supervising Senior Buyer/322-6155

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: Recommended by the Resource Management Commission

PURCHASING: Best proposal of two received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). There are no subcontracting opportunities; therefore, no goals were established for this solicitation.

This contract will allow Velocity Credit Union to offer loans to Austin Energy customers for the purpose of making energy conservation improvements/repairs to their homes such as air conditioner replacement, attic insulation, and duct diagnostics. Austin Energy offers utility customers the opportunity to take advantage of low-interest loans in return for lowering their energy consumption. Velocity Credit Union makes the loan, and Austin Energy pays the credit union to lower the interest rate (a buy down). This program is one element in the comprehensive effort to reduce citywide electrical demand, and assist customers in lowering their utility bills.

Customers will complete a loan application, and if approved, will make monthly payments to Velocity Credit Union. Standard credit review will be completed by Velocity. Most loans will be unsecured; however, Velocity has offered an option of secured loans for customers who may prefer this method.

In Fiscal Year 03, there were 280 loans funded, at an average per loan cost to Austin Energy of \$985. The average loan amount was \$5,400. The estimated energy savings resulting from this program was 580 kilowatts.

A Request for Proposal was used to evaluate both quality and cost of the offers. A panel of five Austin Energy employees reviewed and evaluated each proposal. Representatives were taken from both the



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conservation and financial areas of expertise.

MBE/WBE solicited: 0/0

MBE/WBE responded: 0/0

**RFP# CM04300003
PROPOSAL ANALYSIS**

- a. Adequate competition
- b. Twelve notices were issued. Two solicitations were issued and received. There were no known M/WBEs for this commodity code.

APPROVAL JUSTIFICATION

- a. The recommended awardee meets the requirements of the Request for Proposals.
- b. Austin Energy concurs with the recommendation.
- c. Advertised on the Internet.