



**Purchasing Supply Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

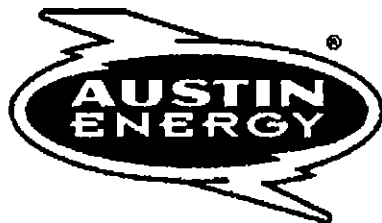
**AGENDA ITEM NO.: 49
AGENDA DATE: Thu 07/29/2004
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amount not to exceed \$1,537,500 per option for a total contract amount not to exceed \$3,539,963. This contract initially provided Austin Energy with a total of 22,900 units that were installed over the course of a three year period. On November 20, 2000, Amendment No.1 was administratively issued to exercise the first 12-month extension option 30 days early for \$1,537,500. (Because the Program was accelerated and expanded, the contract required additional funding eleven months into the first year.) Amendment No. 2 was approved by City Council on May 24, 2001, to increase contract authorization for the first and second extension options by \$640,000 each year for a revised total contract amount of \$4,819,963 and an additional 4000 units per extension. On February 16, 2002, Amendment No. 3 was administratively issued to exercise the second extension option for \$2,177,500.

A companion agenda item requests Council authorization for a new sole source 12-month contract with Comverge, with two 12-month extension options.

CONTRACT BREAKDOWN

| | |
|---|-------------------|
| Original Contract | \$ 464,963 |
| Amendment No. 1 (exercise 1st extension option) | \$1,537,500 |
| Amendment No. 2 (increase each extension option by \$640,000) | \$ 640,000 |
| 1st option only-increase for 2nd option shown in Amend. No. 3 | |
| Amendment No. 3 (exercise 2nd option) | \$2,177,500 |
| Proposed Amendment No. 4 | <u>\$ 910,000</u> |
| Total | \$5,729,963 |



MEMORANDUM

TO: Mayor and Council Members
Toby Hammett Futrell, City Manager

FROM: Juan Garza, General Manager
Austin Energy

DATE: July 14, 2004

SUBJECT: Ratification of Contract Modification with Comverge, Inc.

BACKGROUND:

Austin Energy's Power Partner Program has been purchasing and installing load management programmable thermostats since the year 2000. Austin Energy purchases the programmable thermostats from Comverge, Inc., Inc. and contracts with Honeywell DMC to install the thermostats and maintain the program call center.

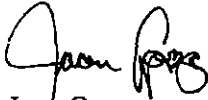
The program has adequate funding for the 2003-2004 fiscal year, and thermostats were mistakenly ordered before the contract with Comverge, Inc. was authorized by City Council. In addition, Comverge, Inc. errantly shipped 1,500 additional programmable thermostats to Honeywell DMC, who in turn put them into inventory and subsequently installed them.

It is clear that the popularity of the Power Partner Program would have required Austin Energy to purchase and install the thermostats, nonetheless. However, the errors described above necessitate the ratification of a contract extension with Comverge, Inc. and authorization for payment of outstanding invoices for the 1,500 additional programmable thermostats.

RESOLUTION:

In order to continue providing our customers the opportunity to participate in the Power Partners Program without a significant delay, I have authorized AE to extend our contract with Comverge, Inc. The total contract ratification will be in the amount of \$910,000, of which \$640,000 has already been paid, leaving \$270,000 still to be paid. The funding for this ratification is included in the FY 2004 Approved Budget. A formal request for a contract award will be brought to Council on July 29, 2004. This is in accordance with the critical business need provision of the AE Purchasing Procedures, adopted by the City Council on March 30, 2000.

Please let me know if you have any questions. I can be reached at 322-6002.



Juan Garza
General Manager
Austin Energy

cc: Diana Granger, Purchasing Officer
Michael McCluskey, Sr. VP, Wholesale & Retail Markets