



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

**AGENDA ITEM NO.: 51
AGENDA DATE: Thu 07/29/2004
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SUBJECT: Authorize negotiation and execution of a 12-month service agreement with NAVIGANT CONSULTING INC., Burlington, MA, for consulting services for the development of a non-traditional energy business model in an amount not to exceed \$258,536, with one 12-month extension option in an amount not to exceed \$258,536, for a total contract amount not to exceed \$517,072.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$43,089.34 is available in the Fiscal Year 2003-2004 Amended Operating Budget for the Electric Utility Department. Funding for the remaining 10-months of the contract and the extension option is contingent upon available funding in future budgets.

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

REQUESTING Purchasing **DIRECTOR'S**
DEPARTMENT:for Austin Energy; **AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Sandy Calles, Buyer/322-6487

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Best proposal of four proposals 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). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract will secure consulting services from Navigant Consulting, Inc. (the Consultant), to assist and support a cross-functional team of Austin Energy (AE) employees in the creation of a Non-Traditional Energy Business Model that will guide the development and utilization of non-traditional energy technologies. For the purposes of this effort, non-traditional energy technologies will include renewable energy, distributed generation, energy storage and other clean energy technologies that may not be fully supported by the traditional utility model. Services to be provided by the Consultant include meeting directly with the cross-functional team to: define the market scope, analyze value chains and non-traditional energy business opportunities, prioritize viable opportunities, create business models and develop recommendations to the AE cross-functional team in the creation of business models that support those products and services that show promise. The Consultant will also work independently on analysis, evaluations and other activities, as directed by the AE cross-functional team, related to the investigation of non-traditional energy technologies. The Consultant will provide technical and business expertise specific to the evaluation and application of non-traditional energy technologies and their potential use within the AE utility business environment. The ultimate deliverable, to be recommended by the AE cross-functional team, will be a Non-Traditional Energy Business Model, which will provide AE with the framework to investigate, evaluate, and determine when and how to enter into business ventures involving non-traditional energy technologies and will serve as the foundation for the effective advancement and deployment of non-traditional energy technologies.



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The services provided in this contract will assist AE in the development of a business model that will help AE comply with the following resolutions:

1. Resolution 030828-38 allows AE to develop and incorporate strategies in its Strategic Plan to ensure Austin remains a national and international leader in the development and use of clean energy.
2. Resolution 030925-02 allows AE to pursue a reasonable approach to "switch" from fossil fuels to more renewable energy sources and cites specific goals of 20 % in its portfolio mix from renewable sources by January 1, 2020 and increasing energy efficiency by 15 % by 2020.

In addition, on December 4, 2003 the City Council authorized implementation of AE's Strategic Plan, which outlines objectives including: renewable portfolio standard, economic development, customer satisfaction, and cumulative solar generation capacity of 100MW by 2020.

MBE/WBE solicited: 19/9

MBE/WBE Responded: 0/0

PRICE ANALYSIS

- a. Adequate competition
- b. Thirty-five notices were issued, including 19 MBEs and 9 WBEs. Thirteen solicitations were issued and four proposals were received. MBE/WBEs did not respond.

APPROVAL JUSTIFICATION

- a. The proposal submitted by the recommended awardee meets the requirements of the Request for Proposal.
- b. The Electric Utility Department concurs with the recommended award.
- c. Advertised on the Internet.