



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

**AGENDA ITEM NO.: 21  
AGENDA DATE: Thu 08/05/2004  
PAGE: 1 of 2**

**SUBJECT:** Authorize negotiation and execution of a 12-month service agreement with OPENLINK OPERATING LLP, Houston, TX, for a risk management system including software, implementation services and maintenance in an amount not to exceed \$1,500,000, with three 12-month extension options for maintenance services in an amount not to exceed \$145,000 per extension option, for a total agreement amount not to exceed \$1,935,000.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$1,500,000 is available in the Fiscal Year 2003-2004 Amended Capital Budget of Austin Energy. Funding for the extension options is contingent upon available funding in future budgets.

**FISCAL NOTE:** A fiscal note is attached.

**REQUESTING** Purchasing  
**DEPARTMENT:** for Austin Energy;  
Financial and  
Administrative Services -  
Communications and  
Technology  
Management;

**DIRECTOR'S  
AUTHORIZATION:** Vickie Schubert

**FOR MORE INFORMATION CONTACT:** Mario Guerrero, Senior Buyer/322-6307

**PRIOR COUNCIL ACTION:** N/A

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** Best evaluated proposal of thirteen 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 request is for authorization for the negotiation and execution of an agreement for the purchase of an integrated energy risk management software system supporting Austin Energy's (AE) Energy Risk Management Program. The system will provide a single platform to record, track and account for AE's financial and physical transactions for natural gas, coal, fuel oil, power and associated emission or renewable energy credits. The system will also allow AE to perform risk analysis on the combined data set or any subset of the data.

On June 10, 2004, Council approved expansion and continuation of AE's Energy Risk Management program in order to fully implement AE's Policy for Energy Risk Management. Prior to that time, AE conducted a pilot Energy Risk Management program to utilize exchange-traded and over-the-counter financial instruments to hedge AE's risk of fluctuating prices for fuel and power. The expanded program is designed to manage AE's wholesale electric and fuel market risks using various exchange traded energy and fuel contracts/options, over-the-counter products, derivatives and physical commodities. In order to support an on-going Energy Risk Management program Austin Energy requires a deal-capture



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

**AGENDA ITEM NO.: 21  
AGENDA DATE: Thu 08/05/2004  
PAGE: 2 of 2**

solution capable of tracking its physical and financial transactions and a risk analytics solution capable of modeling its assets, market exposures and credit risks. AE conducted an extensive review of the proposals it received from various software providers and conducted onsite demonstrations of each solution. AE has selected an integrated solution that best addresses the functional needs of both the deal-capture and risk analytics required for the Energy Risk Management Program.

CTM has reviewed the scope of work for this RFP and has found this interim solution for the Oracle update to be technically feasible.

**PRICE ANALYSIS**

- a. Best evaluated proposal.
- b. Twenty-two notices were issued including 4 MBEs. Thirteen solicitations were received. MBEs did not respond. 2 no bids were received.

**APPROVAL JUSTIFICATION**

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

**CIP BUDGET**  
**Fiscal Note**

**DATE OF COUNCIL CONSIDERATION:**

8/5/2004

**WHERE ON AGENDA:**

Resolution

**DEPARTMENT:**

Electric Utility Department

**SUBJECT:** Authorize negotiation and execution of a 12-month service agreement with OPENLINK OPERATING LLP, Houston, TX, for a risk management system including software, implementation services and maintenance in an amount not to exceed \$1,500,000, with three 12-month extension options for maintenance services in an amount not to exceed \$145,000 per extension option, for a total agreement amount not to exceed \$1,935,000.

**FINANCIAL INFORMATION:**

Parent Project Name:      **Support Services**  
Project Authorization:    2003-2004 Amended Capital Budget

Current Appropriation	\$ 58,812,222.00	
Unencumbered Balance		\$ 22,395,644.06
Amount of This Action		<u>(1,500,000.00)</u>
Remaining Balance		<u>\$ 20,895,644.06</u>

**Use of Remaining Balance:**

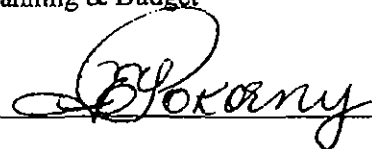
Remaining funds will be used for design, construction, equipment, and material acquisition to complete the project.

**Use of Any Remaining Funds After Completion of Project:**

No remaining funds anticipated at this time.

Director, Planning & Budget

Signature: \_\_\_\_\_



Date: \_\_\_\_\_

