

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	58199	Agenda Number	33.
Meeting Date:	May 19, 2016			
Department:	Purchasing			
Subject				
Authorize negotiation and execution of contracts through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES cooperative purchasing program with ORACLE AMERICA INC. to provide transition, enhancement, upgrade, hosting, software and management services of the City's existing customer information system, in an amount not to exceed \$24,671,170, for the initial 36-month project period, with two 12-month extension options in an amount not to exceed \$8,600,213 for the first extension option and \$8,889,869 for the second extension option, and one 18-month extension option in an amount not to exceed \$13,334,804, for total contract amounts not to exceed \$55,496,056, each and combined.				
Amount and Source of Funding				
Funding in the amount of \$2,741,241 is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy. Funding for the remaining 32 months of the initial contract periods and extension options are contingent upon available funding in future budgets.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:	The City has determined this Contractor best meets the needs of the department to provide the goods and services required at the best value for the City. The recommended Contractor is not the current provider for these goods and services.			
Prior Council Action:				
For More Information:	Debbie DePaul, Senior Buyer Specialist, 512-322-6235			
Boards and Commission Action:	May 16, 2016 – To be reviewed by the Electric Utility Commission.			
Related Items:				
MBE / WBE:	This contract was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods and services required for this contract, there were insufficient subcontracting opportunities; therefore, no subcontracting goals were established.			
Additional Backup Information				

These contracts are for transition, enhancement, upgrade, hosting, software and management services of the City's existing customer information system which is managed by Austin Energy on behalf of the City. They will provide the City with a single service to generate utility bills for customers of the City's utilities, including Austin Energy, Austin Water and Austin Resource Recovery.

The customer information system, also known as the Customer Care and Billing (CC&B) system, was installed in 2011 and is currently hosted and operated by International Business Machines (IBM) Corporation; Oracle America Inc. is the proprietor of the system. This purchase will transition the hosting and operation from IBM to Oracle, eliminating the need for IBM hosting and operation services. The CC&B system will continue to be operated in a hosted mode, in which Oracle will provide hardware, software and data center support services.

Anticipated costs for the various services include:

- Data center hosting and support services - \$8,821,948
- Implementation services for system transition - \$2,334,305
- Software managed services - \$28,017,316
- System enhancement services - \$2,187,500
- System upgrade services - \$800,183

If necessary, the final 18-month extension option, in an amount not to exceed \$13,334,804, will serve as a transitionary period at the end of the contracts. With these new contracts, Austin Energy anticipates the following benefits:

- Appropriately sized and stable infrastructure
- Enhanced security services for protection of customer data
- Appropriate number of environments
- Full sized and fully functional disaster recovery
- Fully functional report server and reporting solution able to provide data and reports
- Improved system performance
 - CC&B is an Oracle product and is built to run optimally on an Oracle platform.
- Product specific expertise for CC&B, including infrastructure and tools
 - Oracle products hosted on Oracle infrastructure and supported by Oracle
- Leverage experts for additional enhancements and projects, such as the redesign of the customer portal

These contracts will enhance overall functionality and services that will benefit the City and its customers by leveraging appropriate technologies and management by product and industry experts.

ORACLE AMERICA INC.				
	# months	Contract Amount	Contract Amendment	Revised Amount
Original Term	36	\$ 24,671,170	n/a	n/a
Extension Option 1	12	\$ 8,600,213	n/a	n/a
Extension Option 2	12	\$ 8,889,869	n/a	n/a
Extension Option 3	18	\$ 13,334,804	n/a	n/a
TOTAL	78	\$ 55,496,056	\$ -	\$ -