



**Electric Utility Commission
December 14, 2009
Town Lake Center, The Shudde Fath Conference Room
721 Barton Springs Road, Austin, Texas**

AGENDA

The Electric Utility Commission may go into a closed session, if necessary, under Chapter 551 of the Texas Government Code to discuss or take action on a "competitive matter" of the Electric Utility Department as provided for under Section 551.086.

Reading and Action on Consent Agenda: Item 4a may be acted upon by one motion. No separate discussion or action on any of the items is necessary unless desired by a Commission Member.

- 1. CALL TO ORDER – 6:00 PM**
- 2. APPROVAL OF MINUTES**
- 3. CITIZEN COMMUNICATIONS**
- 4. NEW BUSINESS**
 - a. Discussion and possible action on City Council agenda items related to Austin Energy
 - b. Discussion of plans to review Resolution #20051201-002 defining competitive matters of the utility
- 5. OLD BUSINESS**
 - a. Discussion and possible action regarding the General Fund transfer policy
 - b. Discussion and possible action on Austin Energy's interest in the Fayette Power Project
- 6. BRIEFINGS AND REPORTS BY AUSTIN ENERGY STAFF**
 - a. Monthly Reports: Upcoming Procurements; Customer Report
 - b. Energy Conservation and Audit Disclosure Ordinance Update
- 7. EXECUTIVE SESSION – Public Power Utility Competitive Matters, Section 551.086;**
Consider matters relating to Austin Energy generation resources.
- 8. FUTURE AGENDA ITEMS**
- 9. ADJOURNMENT**

The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. If requiring Sign Language Interpreters or alternative formats, please give notice at least four days before the meeting date. Please call Toye Goodson Collins at Austin Energy at (512) 322-6450 for additional information. TTY users route through Relay Texas at 711.

**Requests for Council Action (RCAs) related to Austin Energy
For Review by the Electric Utility Commission on December 14, 2009**

AUSTIN ENERGY

1. Approve an ordinance amending the Fiscal Year 2009-2010 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20090914-002 to add four full-time equivalent (FTE) positions to assist in implementation of a federally-funded weatherization program. (12/17/09 Council Agenda; Staff Responsible: PERNY)
2. Approve issuance of a rebate to Leander Independent School District – Four Points Middle School, for the installation of energy efficient equipment in an amount not to exceed \$55,638. (01/14/10; RABAGO, YEBRA)
3. Approve issuance of a rebate to the Texas Facilities Commission – William B. Travis Building, for the installation of energy efficient equipment in an amount not to exceed \$77,443. (01/14/10; RABAGO, YEBRA)

PURCHASING

4. Authorize award and execution of a 12-month requirements service contract through State of Texas Department of Information Resources (DIR), with ADJACENT TECHNOLOGIES, INC., Austin, TX, for the purchase of document and records imaging services for Austin Energy in an estimated amount not to exceed \$250,000, with four 12-month extension options in an estimated amount not to exceed \$250,000 per extension option, for a total estimated contract amount not to exceed \$1,250,000. (12/17/10; ALBA)
5. Approve award, negotiation, and execution of a 12-month contract with WORTHAM INSURANCE & RISK MANAGEMENT, Houston, Texas 77251-1388 to provide insurance services for the procurement of Excess Liability insurance through Associated Electric & Gas Insurance Services Limited (AEGIS), in an estimated amount not to exceed \$633,603, with six 12-month extension options in estimated amounts not to exceed \$697,073, \$766,780, \$843,458, \$927,804, \$1,020,584, and \$1,122,642 respectively for a total estimated contract amount not to exceed \$6,011,944. (12/17/10; ALBA)
6. Authorize award, negotiation, and execution of Amendment No. 10 to a contract with MOTOROLA COMMUNICATIONS AND ELECTRONICS, INC., Austin, TX, to increase the contract in an amount not to exceed \$1,056,800 for the purchase of subscriber radio equipment, add-on radios for new positions and vehicles, budgeted system upgrades, replacement units and related equipment and services for City departments for a revised total contract amount not to exceed \$98,900,732. (12/17/10; CARVALLO)
7. Authorize award, and execution of Amendment No. 8 to a requirements service agreement with GREATER AUSTIN ECONOMIC DEVELOPMENT CORPORATION, Austin, TX, for continued participation in the Opportunity Austin 2.0 Campaign program and adding five extension options in an estimated amount not to exceed \$350,000 per extension option, for a revised total estimated contract amount not to exceed \$3,530,000. (01/14/10; VICE)

RCA 1

**Austin Energy
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA DATE: 12/17/2009

Subject: Approve an ordinance amending the Fiscal Year 2009-2010 Austin Energy Operating Budget Special Revenue Fund of Ordinance No. 20090914-002 to add four full-time equivalent (FTE) positions to assist in implementation of a federally-funded weatherization program.

Amount and Source of Funding: Funding is available from the Department of Energy (DOE) through the Texas Department of Housing and Community Affairs (TDHCA) as a result of the American Recovery and Reinvestment Act (ARRA) of 2009 for the grant period of October 1, 2009 to August 31, 2011. No match is required.

Fiscal Note: A fiscal note is attached.

Agenda Category: Austin Energy

For More Information: Andy Perny, Assistant City Attorney, 322-6277

Prior Council Action: November 19, 2009 - Approved acceptance of \$2,900,000 grant from DOE amending the budget and approved related Interlocal Agreement with Travis County.

Boards and Commission Action: To be reviewed by the Electric Utility Commission on December 14, 2009 and by the Resource Management Commission on December 15, 2009.

On November 19, 2009, Council approved the acceptance of \$2,900,000 in grant funds from the Department of Energy (DOE) through the Texas Department of Housing and Community Affairs (TDHCA) to weatherize homes for low-income, elderly, and disabled customers within Austin Energy's service area.

Although language regarding the hiring of four FTEs was included in the RCA and the related Fiscal Note that was approved on November 19, 2009, the language was inadvertently omitted from the ordinance. This action will correct the language in the ordinance.

Austin Energy will receive \$2,900,000 a year for two years, of which a maximum of 20 percent will be allocated to health and safety related costs (carbon monoxide testing, installation of smoke detectors, ventilation, etc.) and five percent to administrative costs (hiring of four FTEs for the grant period) for this federally-funded home weatherization program. The grant period is from October 1, 2009 to August 31, 2011.

ORDINANCE NO.

AN ORDINANCE AMENDING THE FISCAL YEAR 2009-2010 AUSTIN ENERGY OPERATING BUDGET SPECIAL REVENUE FUND OF ORDINANCE 20090914-002 TO ADD FOUR FULL-TIME EQUIVALENT POSITIONS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. The Council amends the 2009-2010 Austin Energy Operating Budget Special Revenue Fund of ordinance 20090914-002 to add four full-time equivalent positions.

PART 3. This ordinance takes effect on December 28, 2009.

PASSED AND APPROVED

_____, 2009

§
§
§

Lee Leffingwell
Mayor

APPROVED: _____

David Allan Smith
City Attorney

ATTEST: _____

Shirley A. Gentry
City Clerk

OPERATING BUDGET
Fiscal Note

DATE OF COUNCIL CONSIDERATION:

12/10/2009

WHERE ON AGENDA:

ORDINANCE

DEPARTMENT:

Austin Energy

SUBJECT: Approve an ordinance amending the fiscal year 2009-2010 Austin Energy's Operating Budget Special Revenue Fund of Ordinance 20090914-002 authorizing the addition of 4 FTE's for Austin Energy's Federal Weatherization Grant Program.

FINANCIAL INFORMATION:

	Amended Budget 2009-2010	Impact of This Action	Amended Budget 2009-2010
American Recovery and Reinvestment Act	\$2,900,000	\$0	\$2,900,000
Grant Term 10/01/2009 to 08/31/2010			
Total	<u>\$2,900,000</u>	<u>\$0</u>	<u>\$2,900,000</u>
FTEs	0	4.00	4.00

Source: \$2,900,000 grant funds is available from the American Recovery and Reinvestment Act (ARRA) grant funds

The Grant Term is October 1, 2009 to August 31, 2010.

Director, Planning & Budget

Signature: David Kutach

Date: 11/25/2009

CITY OF AUSTIN – AUSTIN ENERGY
RECOMMENDATION FOR COUNCIL ACTION

AGENDA DATE: 01/14/2010
PAGE 1 of 1

SUBJECT: Approve issuance of a rebate to Leander Independent School District – Four Points Middle School, for the installation of energy efficient equipment in an amount not to exceed \$55,638.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy, Conservation Rebates and Incentives Fund.

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

FOR MORE INFORMATION: Fred Yebra, P.E., Director, Energy Efficiency Services, 482-5305; Steve Saenz, Unit Manager, 482-5325.

PRIOR COUNCIL ACTION: N/A

BOARDS AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on December 14, 2009 and by the Resource Management Commission on December 15, 2009.

Austin Energy's Energy Efficiency Services requests authorization to issue a rebate to Leander Independent School District, for Four Points Middle School in the amount of \$55,637.26 for the installation of an energy efficient air-cooled chiller, high efficiency lighting, high efficiency transformers, high efficiency DX air-conditioning equipment, water source heat pumps, and energy recovery ventilators, in accordance with the City of Austin's Commercial Rebate Program guidelines. This program is one element of Austin Energy's comprehensive Energy Resource Plan, approved in December 2003 by City Council, designed to reduce local air pollution through energy conservation, to reduce peak demand, and to assist customers in reducing electric consumption.

Four Points Middle School is located at 9700 McNeil Drive in Austin, Texas. The demand (kW) savings associated with the high efficiency equipment installed in this project is estimated at 266.25 kW, at a program cost of \$208.97 per kilowatt saved. The avoided kWh, estimated at 407,640 kWh per year, represents a major benefit to the local environment. This project will prevent the following air pollutants from being emitted: 119.9 metric tons of Carbon Dioxide (CO₂), 0.08 metric tons of Sulfur Dioxide (SO₂), and 0.08 metric tons of Nitrogen Oxides (NO_x).

In addition to the reduced air and toxic metals pollution, the project savings are also equivalent to an estimated 462,915 vehicle miles traveled, the removal of 57.8 cars from our roadways, or the planting of 9,040 trees or 452 acres of forest in Austin's parks.

CITY OF AUSTIN – AUSTIN ENERGY
RECOMMENDATION FOR COUNCIL ACTION

AGENDA DATE: 01/14/2010
PAGE 1 of 1

SUBJECT: Approve issuance of a rebate to the Texas Facilities Commission - William B. Travis Building, for the installation of energy efficient equipment in an amount not to exceed \$77,443.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy, Conservation Rebates and Incentive Fund.

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

FOR MORE INFORMATION CONTACT: Fred Yebra, P.E., Director, Energy Efficiency Services, at 482-5305 or Steve Saenz, Unit Manager, at 482-5325.

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on December 14, 2009 and by the Resource Management Commission on December 15, 2009.

Austin Energy's Energy Efficiency Services requests authorization to issue a rebate to The Texas Facilities Commission, for the William B. Travis Building, in the amount of \$77,442.06 for the installation of high efficiency T-8 lighting and occupancy sensors in accordance with the City of Austin's Commercial Rebate Program guidelines. This program is one element of Austin Energy's comprehensive Energy Resource Plan, approved in December 2003 by City Council, designed to reduce local air pollution through energy conservation, to reduce peak demand, and to assist customers in reducing electric consumption.

The William B. Travis Building is located at 1701 N. Congress in Austin, Texas. The demand (kW) savings associated with the high efficiency equipment installed in this project is estimated at 379.79 kW, at a program cost of \$203.91 per kilowatt saved. The avoided kWh, estimated at 1,070,456 kWh per year, represents a major benefit to the local environment. This project will prevent the following air pollutants from being emitted: 314.8 metric tons of Carbon Dioxide (CO₂), 0.20 metric tons of Sulfur Dioxide (SO₂), and 0.22 metric tons of Nitrogen Oxides (NO_x).

In addition to the reduced air and toxic metals pollution, the project savings are also equivalent to an estimated 1,215,607 vehicle miles traveled, the removal of 151.7 cars from our roadways, or the planting of 23,739 trees or 1187 acres of forest in Austin's parks.

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

AGENDA DATE: 12/17/2009

Subject: Authorize award and execution of a 12-month requirements service contract through State of Texas Department of Information Resources (DIR), with ADJACENT TECHNOLOGIES, INC., Austin, TX for the purchase of document and records imaging services for Austin Energy in an estimated amount not to exceed \$250,000, with four 12-month extension options in an estimated amount not to exceed \$250,000 per extension option, for a total estimated contract amount not to exceed \$1,250,000.

Amount and Source of Funding: Funding in the amount of \$187,500 is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy. Funding for the remaining three months of the original contract period and extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required

Agenda Category: Purchasing Office

For More Information: Dolores Castillo, Sr. Buyer /322-6466

Boards and Commission Action: To be reviewed by Electric Utility Commission on December 14, 2009.

Purchasing Language:

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). This contract is a Cooperative Purchase; therefore, it is exempted under Chapter 791 of the Texas Local Government Code and no goals were established for this solicitation.

This contract will enable Austin Energy (AE) to purchase image processing and data conversion services in order to utilize an electronic file management system. Contractor will provide document conversion and indexing from AE's hardcopy records, documents, and drawings to digital format as specified in the scope of work.

Conversion of existing utility records into an electronic format will realize immense cost savings in storage and transportation of existing records from an off-site service provider as well as provide much needed space for employees within Austin Energy facilities. Digital form will also improve access and ease of managing retention outlined in Texas Local Government Code Chapter 203 (Management and Preservation of Records) and destruction of utility records as defined in Chapter 2-11-10A (Destruction of Records) and Chapter 2-11-12 (Destruction of Original Records That Have Been Microfilmed or Stored Electronically) of the City Code. The digitized documents will also be imported into the new file management system once that project has been completed. This conversion and storage of records will fulfill the requirements of Chapter 205 (Electronic Storage of Records) of the Texas Local Government Code and Chapter 2-11-13 (Electronic Storage of City Records) of the City Code. Finally, conversion of certain vital or historical records to a digital form is required for Austin Energy to effectively protect itself from loss or damage of these records during a natural disaster or other type of emergency pursuant to Chapter 2-11-14 (Records with Historical Value) of the City Code.

Austin Energy is completing this project for the entire utility over the next four fiscal years. Eight business units will complete the document imaging process during Fiscal Year 2009-2010. Participants in this project include business units from the Power Production, Environmental Care & Protection, Legal Services, Workforce Development & Risk Management, Onsite Energy Resources and Electric Service Delivery divisions.

DIR has continued to provide additional products and services through its program at competitively bid discounted prices. The purchasing power of the State of Texas is used to leverage purchasing effectiveness.

AGENDA DATE: 12/17/09

VENDOR NAME: ADJACENT TECHNOLOGIES, INC

Although cooperative purchases are exempted from the MBE/WBE Procurement Program and no goals were established for this contract, ADJACENT TECHNOLOGIES, INC. identified the following subcontracting opportunities:

NON M/WBE TOTAL – PRIME	\$65,000.00	26.0%
Adjacent Technologies, Inc., Austin, TX	\$65,000.00	26.0%
NON-M/WBE TOTAL - SUBCONTRACTORS	\$185,000.00	74.0%
Docu-Data Solutions, Austin, Texas (scanning)	\$185,000.00	74.0%

The Contractor submitted an MBE/WBE Compliance Plan that demonstrated a Good Faith Effort and was approved by the Small and Minority Business Resources Department.

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

AGENDA DATE: 12/17/2009

Subject: Approve award, negotiation, and execution of a 12-month contract with WORTHAM INSURANCE & RISK MANAGEMENT, Houston, TX to provide insurance services for the procurement of Excess Liability insurance through Associated Electric & Gas Insurance Services Limited (AEGIS), in an estimated amount not to exceed \$633,603, with six 12-month extension options in estimated amounts not to exceed \$697,073, \$766,780, \$843,458, \$927,804, \$1,020,584, and \$1,122,642 respectively for a total estimated contract amount not to exceed \$6,011,944.

Amount and Source of Funding: Funding in the amount of \$633,603 is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy. Funding for the extension options will be contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Malinda Horitski, Buyer II, 974-2651

Boards and Commission Action: To be reviewed by the Electric Utility Commission on December 14, 2009.

Purchasing Language: Sole proposal received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C 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 provide \$35 Million in excess liability insurance coverage. Excess liability insurance provides coverage over a \$1 Million self-insured retention that AE maintains. The coverage is for general liability, automobile liability, pollution liability, and employers' liability exposures emanating from the operations of Austin Energy (AE). This type of coverage is carried by utilities all over the country and is considered necessary coverage in order to protect the electric utility since its operations are proprietary and its liability is not limited by the Texas Tort Claims Act.

Associated Electric & Gas Insurance Services Limited (AEGIS), the recommended insurance carrier, has a coverage form that is tailored to the electric utility industry and is considered the broadest coverage available in the marketplace for electric utilities. AEGIS has a current financial rating of A (excellent) by A.M. Best's. AEGIS is a non-assessable mutual insurance company owned by its policyholders to meet the insurance needs of the public utility industry in the United States. The coverage form provided by AEGIS includes sudden and accidental pollution coverage as well as gradual pollution coverage. There are no exclusions pertaining to asbestos or PCB's. Coverage is also provided for failure to supply claims. The current contract that provides this coverage expires on December 31, 2009 and is also with AEGIS through John L. Wortham.

MBE/WBE solicited: 10/7 MBE/WBE bid: 0/0

PROPOSAL ANALYSIS

- a. Sole proposal received.
- b. One hundred fifty-five notices were issued, including 10 MBEs and seven WBEs. One proposal was received. Two "No Offer" responses were received.

The first year of this contract represents a 15% increase from the previous contract award in November 2005. This is a standard increase across the board this year for all policyholders due to the deterioration in the stock markets and several large claims associated with the California wildfires that were caused by sparks from power-lines. The extension option increases are at 10% per year.

APPROVAL JUSTIFICATION

- a. Sole proposal received.
- b. The Purchasing Office concurs with HRD/Risk Management's recommended award.
- c. Advertised in the Austin American Statesman and on the Internet.

EVALUATION MATRIX
EXCESS LIABILITY INSURANCE FOR AUSTIN ENERGY
RFP NO. MRH1042

		WORTHAM INSURANCE & RISK MANAGEMENT HOUSTON, TX
	Evaluation Criteria:	
40 Points	Coverage and Limits	39
	Coverage and limits provided, restrictions impacting coverage, customer service philosophy, structure of defense costs	
40 Points	Premiums Quoted	40
	Competitive quotes received at various retention levels. The Propser with the lowest overall cost porposal is given the maximum points; a percentage ration formula is applied to remaining proposers	
10 Points	Carrier/Producer Qualification	8
	Including financial strength of the carrier, organizational and service structure, and experience with analogous accounts	
10 Points	Claims Handling Processes/Expertise	9
	Including carrier requirements for loss reporting, in-house expertise, claims philosophy, and defense practices and claims handling processes	
	TOTAL	96

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

AGENDA DATE: 12/17/2009

Subject: Authorize award, negotiation, and execution of Amendment No. 10 to a contract with MOTOROLA COMMUNICATIONS AND ELECTRONICS, INC., Austin, TX, to increase the contract in an amount not to exceed \$1,056,800 for the purchase of subscriber radio equipment, add-on radios for new positions and vehicles, budgeted system upgrades, replacement units and related equipment and services for City departments for a revised total contract amount not to exceed \$98,900,732.

Amount and Source of Funding: Funding in the amount of \$731,300 is available in the Fiscal Year 2009-2010 Capital Budget of the Financial and Administrative Services Department, Communications and Technology Management, Wireless Division. Funding in the amount of \$159,500 is available in the Fiscal Year 2009-2010 Capital Budget of Austin Energy. Funding in the amount of \$116,000 is available in the Fiscal Year 2009-2010 Operating Budget of the Aviation Department. Funding in the amount of \$50,000 is available in the Fiscal Year 2009-2010 Operating Budget of Austin Water Utility.

Fiscal Note: Fiscal notes are attached.

Agenda Category: Purchasing Office

For More Information: Mick Osborne, Specialist Sr. Buyer/974-2995

Prior Council Action: November 30, 2000 - Approved original contract; March 20, 2003 - Approved Amendment No. 3; November 17, 2005 - Approved Amendment No.4; December 14, 2006 - Approved Amendment No. 6; June 21, 2007 - Authorized grant application; November 8, 2007 - Approved Amendment No. 7; December 11, 2008 - Approved Amendment No. 9.

Boards and Commission Action: To be reviewed by the Electric Utility Commission on December 14, 2009.

Purchasing Language: Contract Amendment.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D 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. Although no goals were set for equipment purchases, Motorola has agreed to comply with the MBE/WBE Procurement Program through good faith efforts. For the infrastructure portion of the contract over Fiscal Year 2008-2009, Motorola achieved 9.5% MBE participation and 5.9% WBE participation. Motorola will work with the Small & Minority Business Resources Department to obtain MBE/WBE availability lists in the event additional subcontracting opportunities should arise.

In November, 2000, Council approved the original contract with Motorola for the 911 RDMT Radio Project, later to become known as the Regional Radio System. The contract provides for radio system infrastructure as well as for ongoing radio equipment requirements. More than 80 government public safety and public service agencies are currently served by this system. With most regional government operations able to use the same radio platform, the system enables instantaneous radio communication interoperability between the system users.

Amendment No. 10 will provide additional spending authority for the purchase of subscriber radio equipment, add-on radios for new positions and new vehicles, budgeted system upgrades, replacement units, and related equipment and services for City departments.

AGENDA DATE: 12/17/09

VENDOR NAME: Motorola Communications and Electronics, Inc.

Contract Summary		
Contract History	Description	Amount
Original Contract	Purchase of equipment and services for the 911 RDMT Radio Project	\$73,962,244
Amendment No. 1	Changed contract language	No cost impact
Amendment No. 2	Changed contract language	No cost impact
Amendment No. 3	Increased the contract to upgrade the radio system infrastructure	\$4,385,132
Amendment No. 4	Increased the contract to upgrade the radio system operating software	\$8,056,000
Amendment No. 5	Incorporate documents regarding extension of system into Williamson County, revise project timeline	No cost impact
Amendment No. 6	Increased the contract for the purchase of add-on radio equipment and services	\$1,789,098
Amendment No. 7	Increase the contract to expand infrastructure and subscriber equipment to Bastrop County and the City of Lockhart for the RRS and add spending authority for the purchase of add-on radios and related equipment and services for City departments.	\$8,380,458
Amendment No. 8	Modified the project schedule and payment terms	No cost impact
Amendment No. 9	Increase the contract in an amount not to exceed \$1,271,000 for the purchase of subscriber radio equipment, add-on radios for new positions and new vehicles, budgeted system upgrades, replacement units, and related equipment and services for City departments.	\$1,271,000
Proposed Amendment No. 10	Increase the contract in an amount not to exceed \$1,056,800 for the purchase of subscriber radio equipment and licenses	\$1,056,800
Revised Total Contract Amount		\$98,900,732

CIP BUDGET
Fiscal Note

DATE OF COUNCIL CONSIDERATION:

12/17/2009

WHERE ON AGENDA:

Resolution

DEPARTMENT:

Austin Energy

SUBJECT: Authorize award, negotiation, and execution of Amendment No. 10 to a contract with MOTOROLA COMMUNICATIONS AND ELECTRONICS, INC., Austin, TX, to increase the contract in an amount not to exceed \$1,056,800 for the purchase of subscriber radio equipment, add-on radios for new positions and vehicles, budgeted system upgrades, replacement units and related equipment and services for City departments for a revised total contract amount not to exceed \$98,900,732. Funding in the amount of \$159,500 is available in the Fiscal Year 2009-2010 Capital Budget of Austin Energy.

FINANCIAL INFORMATION:

Parent Project Name:

Support Services

Project Authorization:

2009-2010 Approved Capital Budget

Current Appropriation	\$ 175,350,222.00	
Unencumbered Balance		\$ 23,822,065.85
Amount of This Action		\$ (159,500.00)
Remaining Balance		<u><u>\$ 23,662,565.85</u></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.

Manager Planning and Budget

Signature: David Kutach

Date: 12/3/2009

RCA 7

CITY OF AUSTIN – PURCHASING
RECOMMENDATION FOR COUNCIL ACTION

AGENDA DATE: 01/14/10

PAGE 1 OF 2

VENDOR NAME: GREATER AUSTIN ECONOMIC DEVELOPMENT CORP

SUBJECT: Authorize award, and execution of Amendment No. 8 to a requirements service agreement with GREATER AUSTIN ECONOMIC DEVELOPMENT CORPORATION, Austin, TX for continued participation in the Opportunity Austin 2.0 Campaign program and adding five extension options in an estimated amount not to exceed \$350,000 per extension option, for a revised total estimated contract amount not to exceed \$3,530,000.

AMOUNT AND SOURCE OF FUNDING: Funding in the amount of \$262,500 is available in the Fiscal Year 2009-2010 Operating Budget of Austin Energy. Funding for the remaining three months of the current term and the remaining extension options is contingent on available funding in future budgets.

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

FOR MORE INFORMATION CONTACT: Terry Nicholson, Senior Buyer/512-322-6586

PRIOR COUNCIL ACTION: 01/13/05 - Approved original contract and four 12-month extension options

BOARD AND COMMISSION ACTION: To be reviewed by the Electric Utility Commission on 12/14/09.

PURCHASING: Contract Amendment

MBE/WBE: This contract was awarded in compliance with Chapter 2-9C 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.

In January 2005, Council approved a five year contract term with the Greater Austin Economic Development Corporation (GAEDC), doing business as the Austin Chamber of Commerce for the Opportunity Austin campaign to improve the economic future of the greater Austin area. The campaign began with an economic assessment that identified the following areas in need of immediate attention: development of new primary jobs; diversification of Austin's business base; elimination of impediments to start, grow, or relocate businesses in the area; efforts to ensure a quality workforce; and overall transportation improvements. The contract term is due to expire on January 14, 2010 with no remaining extension options.

During the initial contract period, the City of Austin's ranking in job growth grew from 25th to 2nd in the United States with 121,800 new jobs and increased the regional payroll by \$5.6 billion. In addition, 144 companies relocated their headquarters or regional offices to Central Texas during the period as well.

As an investor in the Opportunity Austin programs next phase (Opportunity Austin 2.0), Austin Energy (AE) will continue to provide funding of \$350,000 per year to assist the campaign to strengthen and diversify the economy by attracting and recruiting new businesses, retaining and expanding existing businesses, and encouraging and supporting local entrepreneurs. Funding of

\$100,000 of the \$350,000 contract amount is specifically earmarked to support clean energy target marketing.

GAEDC's goals for Opportunity Austin 2.0's include another five-year campaign to create 117,000 new jobs and increase the regional payroll by \$10.8 billion. GAEDC will also continue to execute a strategy to market Austin and Central Texas and maintain a dynamic website providing regional information.

This proposed Amendment No. 8 to add five more annual extension options will allow AE to continue to invest in the City of Austin for opportunity to rejuvenate the economy and create jobs. This action will extend the contract term to January 14, 2015 if all extension options are exercised.

Contract Summary

ACTION	DESCRIPTION	AMOUNT
Original Contract	Council award for investment into Greater Austin Economic Development Corporation with four 12-month extension options of \$350,000 each.	\$1,750,000
Amendment No 1	Exercised first extension option Year 2 (\$350,000)	
Amendment No 2	Updated contract language including Corrections and adjustments to the scope of work	
Amendment No 3	Exercised a 60 day hold over/partial extension	
Amendment No 4	Exercised second extension option Year 3 (\$350,000)	
Amendment No 5	Exercised third extension option Year 4 (\$350,000)	
Amendment No 6	Administrative increase to cover 50% of GAEDC's travel costs for economic development purposes related to the Austin Asian Chamber of Commerce, Capital City Chamber of Commerce, and Greater Austin Hispanic Chamber of Commerce	\$30,000
Amendment No 7	Exercised forth extension option Year 5 (\$350,000)	
Proposed Amendment No 8	Add additional five 12-month extension options for years 6 through 10	<u>\$1,750,000</u>
	Revised Total Contract Amount	\$3,530,000

**Resolution of the Electric Utility Commission
Regarding the General Fund Transfer
February 21, 2009**

The Electric Utility Commission makes the following findings:

- A.** Every year Austin Energy transfers to the City of Austin's general fund a percentage equal to between 6.6% and 9.1% of Austin Energy's gross revenues, with the City Council establishing the exact percentage each year as part of the annual budget process;
- B.** Since 1999 Austin Energy has transferred 9.1% of its gross revenues to the City of Austin General Fund every year, except 2002 when the transfer was 8.2% of gross revenues;
- C.** The General Fund Transfer from Austin Energy to the City of Austin has risen from almost \$58 million in 1999 to an estimated \$95 million in 2009, an increase of 63%;
- D.** Much of the growth in the amount of the General Fund Transfer has been due to rising fuel costs, which are treated as revenue even though Austin Energy makes no profit on fuel;
- E.** Austin Energy does not earn a profit on fuel revenues, but instead passes through its fuel costs without mark up to customers;
- F.** Fuel revenues have grown from 18% of Austin Energy's annual gross revenues in 1999 to an estimated 35% of gross revenues in 2009;
- G.** in 1999 the general fund transfer represented 33.3% of Austin Energy's net income before transfers and in 2007 that percentage had risen to 47.7% of Austin Energy's net income before transfers;
- H.** It is not sustainable that Austin Energy continue to transfer close to one half of its net income before transfers to the City of Austin;
- I.** There is a structural problem in calculating the amount of money to be transferred from Austin Energy to the City of Austin by including fuel revenues on which Austin Energy earns no profit, which will be exacerbated in the future by further volatility or increases in fuel costs;
- J.** Including fuel revenues in the formula to determine the General Fund Transfer may expose the City to reductions in the General Fund Transfer in times of declining fuel prices;
- K.** If this structural problem is not resolved soon enough, it may lead to Austin Energy being required to increase its utility rates prematurely to cover the cost of the General Fund Transfer and thereby making Austin less affordable for home owners and businesses alike;
- L.** If this structural problem is not resolved soon enough, it may lead to reduced external ratings of Austin Energy's long-term viability as a utility for purposes of borrowing money;
- M.** This structural problem could be eliminated by calculating the General Fund Transfer on the basis of non-fuel revenues received by Austin Energy;

N. if the General Fund Transfer had been calculated on the basis of non-fuel revenues between the years 1999 – 2009, then the percent of non-fuel revenues that would have achieved the equivalent transfer as 6.6% of gross revenues (the minimum transfer allowed under today's ordinances) would have averaged 8.5 % of annual non-fuel revenues and the percent of non-fuel revenues that would have achieved the equivalent transfer as 9.1% of annual gross revenues (the maximum transfer allowed under today's ordinances) would have averaged 12.5% of non-fuel revenues.

Based on the findings above, the EUC recommends that for the 2011 Fiscal Year the City Council adopt a General Fund Transfer formula that:

1. substitutes “non fuel revenues” for “gross revenues” in the current General Fund Transfer formula;
2. Specifies that the annual minimum General Fund Transfer be set at 8.5% of annual non fuel revenues; and
3. Specifies that the annual maximum General Fund Transfer be set at 12.5% of annual non fuel revenues.



City of Austin, Texas Austin Energy

*Business Model – General Fund Transfer Section
November 4, 2009*



General Fund Transfer (GFT)

General Fund Transfer (GFT) Formula

$$\frac{y2 + y1 + y0}{3} \times R = \text{GFT}$$

- GFT formula input
 - **y2** = Actual revenue, 2 years prior to current fiscal year
 - **y1** = Actual revenue, 1 year prior to current fiscal year
 - **y0** = Estimated revenue, current fiscal year
 - **R** = Transfer Rate
 - **GFT** = General Fund Transfer for next fiscal year
- Revenue used in GFT calculation
 - Service Area Sales of Electricity
 - Base revenue
 - Fuel revenue
 - Other Revenue
 - Transmission Revenue
 - Infrastructure Rental
 - Product Sales
 - Customer Fees
 - Bilateral Wholesale Sales
 - Other revenue such as lab fees, rental, scrap sales
 - Interest Income





American Public Power Association

- "Payments & Contributions by Public Power Distribution Systems to State & Local Governments, 2006 Data" March 2008 Report
 - Payments in lieu of taxes, property-like taxes & general fund transfers
 - 382 public systems – median 5.0% of electric operating revenue
 - 39 public systems with revenue of \$100+ million
 - Median 5.6% and 50% of utilities transfer between 3.1% - 6.8%
 - 28 public systems in West South Central region
 - Median 7.1% and 50% of utilities transfer between 3.2% - 12.1%
- Compare 2006, 2004, 2002 and 2000 Survey Data

APPA Reports	Data Year	# of Utilities	Median
Revenue (\$100+ million)	2006	39	5.6%
	2004	31	6.3%
	2002	47	6.6%
	2000	46	6.1%
Region - West South Central (Arkansas, Louisiana, Oklahoma & Texas)			
	2006	28	7.1%
	2004	27	8.4%
	2002	43	8.8%
	2000	46	8.1%
Total All Utilities Surveyed			
	2006	382	5.0%
	2004	343	5.3%
	2002	573	5.8%
	2000	537	5.7%





General Fund Transfer (GFT)

EXAMPLE

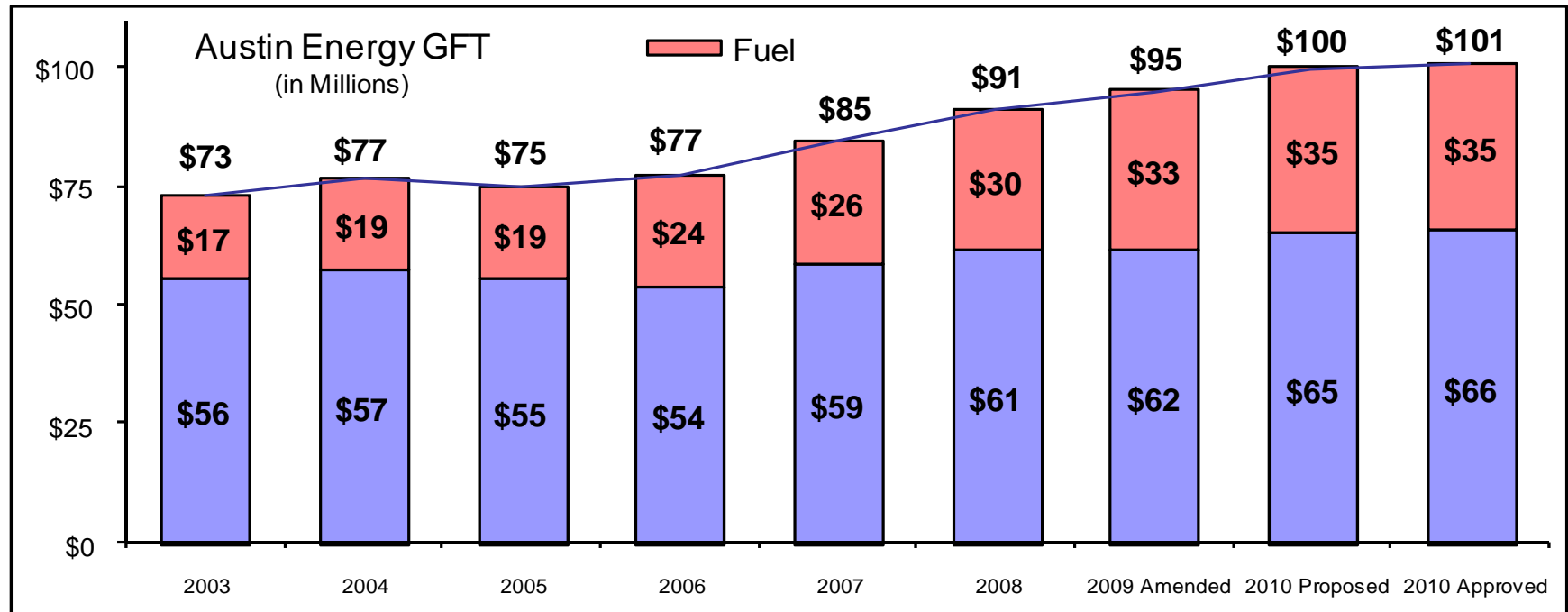
- Assume Fuel cost of \$100,000,000
 - Cost pass thru to customer with no profit
- Bill customers & collect \$100,000,000 fuel revenue
- Utility payments of \$109,100,000
 - Pay \$100,000,000 Fuel cost
 - Pay General Fund Transfer (GFT) on Fuel Revenue of \$100,000,000 at 9.1% transfer rate = \$9,100,000
- Net income (loss) of (\$9,100,000)
 - Rising fuel costs cause net income to decline at faster pace

Current fuel cost about 4x greater = Net (loss) of \$35 M





General Fund Transfer



- Transfer % of Gross Revenue - 9.1% since 1999, except 8.9% in 2002
 - 3 year average of 2 prior year's actual & current year estimate
 - Public power's most commonly used transfer method
- Transfer formula includes fuel revenue
 - Fuel revenue - cost pass thru to customer with no profit
 - Contributes to declining net income
- Fuel portion growing at faster rate than GFT related to base revenue





General Fund Transfer (GFT)

Recommendations for further study

- 9.1% only on non-fuel revenue, reduces GFT
- Increase % of non-fuel revenue to achieve same GFT \$\$\$
- Fixed rate per kWh Sold
 - Based on kWh, not revenue
- GFT % added in Fuel Tariff
 - Fuel tariff revised to recover fuel cost plus GFT %
- Other options

City Financial Services & Austin Energy
will bring back a recommendation to Council on
General Fund Transfer Policy.



From: Bernfeld, Gary
Sent: Sunday, December 06, 2009 9:06 AM
To: Steve Smaha, Phillip Schmandt, Toye Goodson Collins
Subject: Motion for next EUC meeting

As part of the staff recommendation to the City Council is a clause which recognizes the ability of Austin Energy to sell unused capacity of Fayette when it has been adequately replaced with alternative sources of energy:

"Under this scenario, Austin Energy would also retain the ability to sell about 25% of the Fayette coal plant's potential energy output into the open market and thereby recoup some of the higher costs associated with this scenario, in the event such sales are economically and politically feasible."

Discussion on the Electric Utility Commission indicated that although it is within Austin Energy's purview to affect such a sale, that it is felt that such an action would subvert the spirit and intent of moving to alternative sources of energy and reducing carbon emissions, since the carbon emissions would remain, but "claimed" by a different utility. Commissioners Bernfeld and Smaha feel a motion needs to be made to reflect the feelings of the EUC on this point:

"Therefore a motion is submitted for the approval of the Electric Utility Commission that at such point that there is coal plant capacity to re-sell into the ERCOT market, that sale of such capacity not be carried out, regardless of the potential profit at hand, as the intent of these changes is to reduce carbon emissions and not just move it to another location. This motion does not preclude selling Austin Energy's share of the plant or repurposing it when feasible and/or practicable."

Thank you for your attention to the issue.

Gary Bernie Bernfeld
(512) 330-3222 Tel
Bernie.Bernfeld@wellsfargo.com

UPCOMING PROCUREMENTS BY AUSTIN ENERGY					
	PROJECT NAME	ESTIMATED AMOUNT	CUSTOMER	ESTIMATED COUNCIL	DESCRIPTION
1	Test boards	\$120,000	Distribution/ Transmission	January	Test boards for the Kramer Substation. 3-phase meter test system.
2	Wood Telephone Pole Inspection and Repair	\$225,000	Distribution/ Transmission	January	Inspection and repair services for wooden telephone poles
3	Street Light Poles & Fixtures	\$343,000	Distribution/ Transmission	February	Street Light Poles & Fixtures
4	Oracle SPL Mobile workforce Management Upgrade	\$1,000,000	IT	February	Software licenses, implementation and training to the current system.
5	Water Heater Timers	\$275,000	DES	February	Programmable digital water heater timers
6	Mobile Backup Generator	\$150,000	Distribution/ Transmission	February	
7	Meter Sockets	\$76,000	Distribution/ Transmission	March	

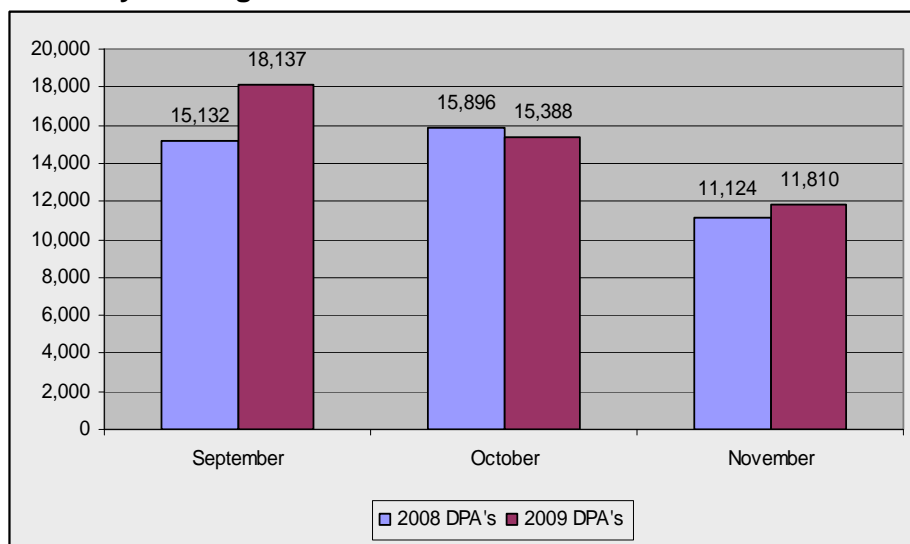


Disconnect and DPA Report 12/07/09

Deferred Payment Agreements

Month	2008 DPAs	2009 DPAs
September	15,132	18,137
October	15,896	15,388
November	11,124	11,810
Monthly Total	42,152	45,335

Note: In November 2009 there was a 6% increase in the number of DPAs written compared to the number written in 2008.



For the period August 21, 2009 through September 30, 2009, 12,925 Summer 6-month DPAs were written. As of December 7, 2009, 40% of Summer 6-month DPAs are current on their terms. 2,841 of the customers who defaulted on a 6-month DPA have requested a 4-month DPA; 72% of these customers are current on their terms.

Residential Disconnections

Month	2008 Disconnects	2009 Disconnects
September	3,840	5,323
October	4,553	4,910
November	2,895	3,787
Monthly Total	11,288	14,020

