

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council - Commissioner's Court Meeting		Item ID:	34136	Agenda Number	54.
Meeting Date:		August 7, 2014			
Department:		Purchasing			
Subject					
Authorize negotiation and execution of a 60-month requirements service contract with SECURITY MANAGEMENT SERVICES, LLC for continuing 24/7 services on Austin Energy's Integrated Security Management System for monitoring, maintenance, repairs, new installations, and North American Electric Reliability Corporation (NERC) compliance, in an amount not to exceed \$12,500,000, with two 24-month extension options in an amount not to exceed \$5,000,000 per extension option for a total contract amount not to exceed \$22,500,000.					
Amount and Source of Funding					
Funding in the amount of \$28,767 is available in the Fiscal Year 2013-2014 Operating Budget of Austin Energy. Funding for the remaining 60 months of the contract period and extension options is contingent upon available funding in future budgets.					
Fiscal Note					
There is no anticipated fiscal impact. A fiscal note is not required.					
Purchasing Language:	Critical Business Need.				
Prior Council Action:					
For More Information:	James T. Howard, Senior Buyer Specialist, 512-322-6307				
Boards and Commission Action:	June 16, 2014 - Approved by the Electric Utility Commission a vote of 6-0.				
Related Items:					
MBE / WBE:	This contract was awarded in compliance with City Code Chapter 2-9C (Minority Owned and Women Owned Business Enterprise Procurement Program. This was an emergency service contract; therefore, it is exempted under Chapter 791 of the Texas Local Government Code and no goals were established for this solicitation.				
Additional Backup Information					

This contract will provide 24/7 hard utility security services for Austin Energy's (AE) existing Integrated Security Management System (ISMS) as it relates to monitoring, maintenance, repairs, new installations, and North American Electric Reliability Corporation (NERC) compliance. NERC Reliability Standards require protection of critical infrastructure in compliance of physical and cyber security for the bulk power system to maintain electric service utility reliability.

The ISMS is an enterprise system that combines a physical access control, alarm and monitoring system, employee identification badging and video surveillance into a single primary environment at AE's Security Operations Center. The Security Operations Center manages all security activities as it relates to deterrence, response and protection of utility assets. This system is in place throughout AE's physical locations and is critical to effectively protecting and monitoring remote facilities, electrical substations, power plants, payment centers, warehouses, and other physical assets. AE and the prior Contractor for these services, Security Management Services, LLC has remained in compliance with the NERC Reliability Standards since 2011.

As the information contained is critical to Austin Energy's security, it could not be advertised on the internet; therefore, a Critical Business Need Memo was issued to allow for an alternate purchasing process in which information was only provided to qualified firms approved by the evaluation committee.

The Request for Proposal (RFP) was issued on March 10, 2014 in a two-phase process. First, the invitation and qualification requirements were outlined in the RFP. Second, the detailed specifications were released only to pre-qualified firms that had met AE certification standards and were approved by the evaluation committee. An Austin Energy evaluation committee with expertise in this area evaluated the proposals and unanimously chose the SMS proposal as the best to provide this service. Evaluation criteria used to evaluate the proposals included business qualifications, systems integration experience, North American Electric Reliability Corporation (NERC) experience, local business presence and total evaluated cost.

This contract has both an operations and maintenance (O&M) component and a long range capital improvement plan (CIP) component. The O&M funding covers burglary and fire alarm monitoring response and notifications, system support and response, preventive maintenance, reliability testing, component repairs, physical alterations, diagnostic troubleshooting system problems, software licensing, equipment relocations, and NERC Compliance tasks and documentation. The total annual O&M cost is \$1,500,000, for a total contract cost of \$13,500,000.

The CIP funding covers security enhancements to meet changing NERC Regulatory requirements, and to add security systems to newly constructed substations and other facilities and to add systems to existing facilities without security including pole yards and reclamation yards. The total annual CIP cost is \$1,000,000 for a total contract cost of \$9,000,000.