CITY OF AUSTIN, TEXAS

Purchasing Office

REQUEST FOR PROPOSAL (RFP)

SOLICITATION NO: OPJ0109

DATE ISSUED: April 21, 2014

COMMODITY/SERVICE DESCRIPTION: Energy Risk Management Program Review

REQUISITION NO.: RQM 1100 14040100285

COMMODITY CODE: 91897

FOR CONTRACTUAL AND TECHNICAL ISSUES CONTACT THE FOLLOWING AUTHORIZED CONTACT PERSON:

Oralia Jones
Senior Buyer Specialist

Phone: (512) 322-6594
E-Mail: Oralia.jones@austinenergy.com

PRE-PROPOSAL CONFERENCE TIME AND DATE: N/A

LOCATION: N/A

PROPOSAL DUE PRIOR TO: 3:00 P.M., May 15, 2014

PROPOSAL CLOSING TIME AND DATE: 3:00 P.M., May 15, 2014

LOCATION: MUNICIPAL BUILDING, 124 W 8th STREET
RM 308, AUSTIN, TEXAS 78701

When submitting a sealed Offer and/or Compliance Plan, use the address below:

City of Austin, Purchasing Office
Municipal Building
124 W 8th Street, Rm 308
Austin, Texas 78701
Reception Phone: (512) 974-2500

All Offers (including Compliance Plans) that are not submitted in a sealed envelope or container will not be considered.

SUBMIT 1 ORIGINAL, _4_ COPIES, AND 1 ELECTRONIC COPY OF YOUR RESPONSE

*****SIGNATURE FOR SUBMITTAL REQUIRED ON PAGE 3 OF THIS DOCUMENT*****

This solicitation is comprised of the following required sections. Please ensure to carefully read each section including those incorporated by reference. By signing this document, you are agreeing to all the items contained herein and will be bound to all terms.

SECTION NO.	TITLE	PAGES
0100	STANDARD PURCHASE DEFINITIONS	*
0200	STANDARD SOLICITATION INSTRUCTIONS	*
0300	STANDARD PURCHASE TERMS AND CONDITIONS	*
0400	SUPPLEMENTAL PURCHASE PROVISIONS	5
0500	SCOPE OF WORK	4
0600	PROPOSAL PREPARATION INSTRUCTIONS & EVALUATION FACTORS	4
0605	LOCAL BUSINESS PRESENCE IDENTIFICATION FORM – Complete and return	1
0700	REFERENCE SHEET – Complete and return if required	1
0800	NON-DISCRIMINATION CERTIFICATION	*
0805	NON-SUSPENSION OR DEBARMENT CERTIFICATION	*
0810	NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING CERTIFICATION	*
0815	LIVING WAGES AND BENEFITS CONTRACTOR CERTIFICATION–Complete and return	1
0835	NONRESIDENT BIDDER PROVISIONS – Complete and return	1

*** Documents are hereby incorporated into this Solicitation by reference, with the same force and effect as if they were incorporated in full text. The full text versions of these Sections are available, on the Internet at the following online address:**

http://www.austintexas.gov/financeonline/vendor_connection/index.cfm#STANDARDBIDDOCUMENTS

If you do not have access to the Internet, you may obtain a copy of these Sections from the City of Austin Purchasing Office located in the Municipal Building, 124 West 8th Street, Room #308 Austin, Texas 78701; phone (512) 974-2500. Please have the Solicitation number available so that the staff can select the proper documents. These documents can be mailed, expressed mailed, or faxed to you.

I agree to abide by the City's MBE/WBE Procurement Program Ordinance and Rules. In cases where the City has established that there are no M/WBE subcontracting goals for a solicitation, I agree that by submitting this offer my firm is completing all the work for the project and not subcontracting any portion. If any service is needed to perform the contract that my firm does not perform with its own workforce or supplies, I agree to contact the Small and Minority Business Resources Department (SMBR) at (512) 974-7600 to obtain a list of MBE and WBE firms available to perform the service and am including the completed No Goals Utilization Plan with my submittal. This form can be found Under the Standard Bid Document Tab on the Vendor Connection Website:

http://www.austintexas.gov/financeonline/vendor_connection/index.cfm#STANDARDBIDDOCUMENTS

If I am awarded the contract I agree to continue complying with the City's MBE/WBE Procurement Program Ordinance and Rules including contacting SMBR if any subcontracting is later identified.

The undersigned, by his/her signature, represents that he/she is submitting a binding offer and is authorized to bind the respondent to fully comply with the solicitation document contained herein. The Respondent, by submitting and signing below, acknowledges that he/she has received and read the entire document packet sections defined above including all documents incorporated by reference, and agrees to be bound by the terms therein.

Company Name:_____

Federal Tax ID No.: _____

Printed Name of Officer or Authorized Representative:_____

Title:_____

Signature of Officer or Authorized Representative:_____

Date: _____

E-mail Address: _____

Phone Number: _____

*** Proposal response must be submitted with this Offer sheet to be considered for award**

Section 0605: Local Business Presence Identification

A firm (Offeror or Subcontractor) is considered to have a Local Business Presence if the firm is headquartered in the Austin Corporate City Limits, or has a branch office located in the Austin Corporate City Limits in operation for the last five (5) years. The City defines headquarters as the administrative center where most of the important functions and full responsibility for managing and coordinating the business activities of the firm are located. The City defines branch office as a smaller, remotely located office that is separate from a firm's headquarters that offers the services requested and required under this solicitation.

OFFEROR MUST SUBMIT THE FOLLOWING INFORMATION FOR EACH LOCAL BUSINESS (INCLUDING THE OFFEROR, IF APPLICABLE) TO BE CONSIDERED FOR LOCAL PRESENCE.

NOTE: ALL FIRMS MUST BE IDENTIFIED ON THE MBE/WBE COMPLIANCE PLAN OR NO GOALS UTILIZATION PLAN, SECTION 0900 OF THE SOLICITATION.

USE ADDITIONAL PAGES AS NECESSARY

OFFEROR:

Name of Local Firm						
Physical Address						
Is Firm located in the Corporate City Limits? (circle one)	Yes			No		
In business at this location for past 5 yrs?	Yes			No		
Location Type:	Headquarters	Yes	No	Branch	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm						
Physical Address						
Is Firm located in the Corporate City Limits? (circle one)	Yes			No		
In business at this location for past 5 yrs?	Yes			No		
Location Type:	Headquarters	Yes	No	Branch	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm						
Physical Address						
Is Firm located in the Corporate City Limits? (circle one)	Yes			No		
In business at this location for past 5 yrs?	Yes			No		
Location Type:	Headquarters	Yes	No	Branch	Yes	No

Section 0700: Reference Sheet
Please include the following information if required in the solicitation:

Responding Company Name _____

1. Company's Name _____

   Name and Title of Contact _____

   Present Address _____

   City, State, Zip Code _____

   Telephone Number (_____)_____ Fax Number (_____)_____

   Email Address _____

2. Company's Name _____

   Name and Title of Contact _____

   Present Address _____

   City, State, Zip Code _____

   Telephone Number (_____)_____ Fax Number (_____)_____

   Email Address _____

3. Company's Name _____

   Name and Title of Contact _____

   Present Address _____

   City, State, Zip Code _____

   Telephone Number (_____)_____ Fax Number (_____)_____

   Email Address _____

Section 0815: Living Wages and Benefits Contractor Certification

Company Name _____

Pursuant to the Living Wages and Benefits provision (reference Section 0400, Supplemental Purchase Provisions) the Contractor is required to pay to all employees directly assigned to this City contract a minimum Living Wage equal to or greater than $11.00 per hour.

I hereby certify under penalty of perjury that all of the below listed employees of the Contractor who are directly assigned to this contract are compensated at wage rates equal to or greater than $11.00 per hour.

Employee Name	Employee Job Title

USE ADDITIONAL PAGES AS NECESSARY

(1) All future employees assigned to this Contract will be paid a minimum Living Wage equal to or greater than $11.00 per hour.

(2) Our firm will not retaliate against any employee claiming non-compliance with the Living Wage provision.

A Contractor who violates this Living Wage provision shall pay each employee affected the amount of the deficiency for each day the violation continues. Willful or repeated violations of the provision may result in termination of this Contract for Cause and subject the firm to possible suspension or debarment.

Section 0835: Non-Resident Bidder Provisions

Company Name _____

A. Bidder must answer the following questions in accordance with Vernon's Texas Statues and Codes Annotated Government Code 2252.002, as amended:

   Is the Bidder that is making and submitting this Bid a "Resident Bidder" or a "non-resident Bidder"?

   Answer:_____

   (1) Texas Resident Bidder- A Bidder whose principle place of business is in Texas and includes a Contractor whose ultimate parent company or majority owner has its principal place of business in Texas.
   (2) Nonresident Bidder- A Bidder who is not a Texas Resident Bidder.

B. If the Bidder id a "Nonresident Bidder" does the state, in which the Nonresident Bidder's principal place of business is located, have a law requiring a Nonresident Bidder of that state to bid a certain amount or percentage under the Bid of a Resident Bidder of that state in order for the nonresident Bidder of that state to be awarded a Contract on such bid in said state?

   Answer:_____ Which State:_____

C. If the answer to Question B is "yes", then what amount or percentage must a Texas Resident Bidder bid under the bid price of a Resident Bidder of that state in order to be awarded a Contract on such bid in said state?

   Answer:_____

CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS

The following Supplemental Purchasing Provisions apply to this solicitation:

1. EXPLANATIONS OR CLARIFICATIONS: (reference paragraph 5 in Section 0200)

All requests for explanations or clarifications must be submitted in writing to the Purchasing Office not later than seven (7) calendar days prior to proposal closing. Submission may be made via e-mail to: Oralia.jones@austinenergy.com or via fax at (512) 322-6490.

2. INSURANCE: Insurance is required for this solicitation.

A. **General Requirements:** See Section 0300, Standard Purchase Terms and Conditions, paragraph 32, entitled Insurance, for general insurance requirements.

i. The Contractor shall provide a Certificate of Insurance as verification of coverages required below to the City at the below address prior to contract execution and within 14 calendar days after written request from the City. Failure to provide the required Certificate of Insurance may subject the Offer to disqualification from consideration for award

ii. The Contractor shall not commence work until the required insurance is obtained and until such insurance has been reviewed by the City. Approval of insurance by the City shall not relieve or decrease the liability of the Contractor hereunder and shall not be construed to be a limitation of liability on the part of the Contractor.

iii. The Contractor must also forward a Certificate of Insurance to the City whenever a previously identified policy period has expired, or an extension option or holdover period is exercised, as verification of continuing coverage.

iv. The Certificate of Insurance, and updates, shall be mailed to the following address:

City of Austin Purchasing Office
Attn: Oralia Jones
P. O. Box 1088
Austin, Texas 78767

B. **Specific Coverage Requirements:** The Contractor shall at a minimum carry insurance in the types and amounts indicated below for the duration of the Contract, including extension options and hold over periods, and during any warranty period. These insurance coverages are required minimums and are not intended to limit the responsibility or liability of the Contractor.

i. **Worker's Compensation and Employers' Liability Insurance:** Coverage shall be consistent with statutory benefits outlined in the Texas Worker's Compensation Act (Section 401). The minimum policy limits for Employer's Liability are $100,000 bodily injury each accident, $500,000 bodily injury by disease policy limit and $100,000 bodily injury by disease each employee.

(1) The Contractor's policy shall apply to the State of Texas and include these endorsements in favor of the City of Austin:

(a) Waiver of Subrogation, Form WC420304, or equivalent coverage

(b) Thirty (30) days Notice of Cancellation, Form WC420601, or equivalent coverage

ii. **Commercial General Liability Insurance:** The minimum bodily injury and property damage per occurrence are $500,000 for coverages A (Bodily Injury and Property Damage) and B (Personal and Advertising Injury).

(1) The policy shall contain the following provisions:

(a) Contractual liability coverage for liability assumed under the Contract and all other Contracts related to the project.

(b) Contractor/Subcontracted Work.

(c) Products/Completed Operations Liability for the duration of the warranty period.

(d) If the project involves digging or drilling provisions must be included that provide Explosion, Collapse, and/or Underground Coverage.

(2) The policy shall also include these endorsements in favor of the City of Austin:

(a) Waiver of Subrogation, Endorsement CG 2404, or equivalent coverage

(b) Thirty (30) days Notice of Cancellation, Endorsement CG 0205, or equivalent coverage

(c) The City of Austin listed as an additional insured, Endorsement CG 2010, or equivalent coverage

iii. **Business Automobile Liability Insurance:** The Contractor shall provide coverage for all owned, non-owned and hired vehicles with a minimum combined single limit of $500,000 per occurrence for bodily injury and property damage. Alternate acceptable limits are $250,000 bodily injury per person, $500,000 bodily injury per occurrence and at least $100,000 property damage liability per accident.

(1) The policy shall include these endorsements in favor of the City of Austin:

(a) Waiver of Subrogation, Endorsement CA0444, or equivalent coverage

(b) Thirty (30) days Notice of Cancellation, Endorsement CA0244, or equivalent coverage

(c) The City of Austin listed as an additional insured, Endorsement CA2048, or equivalent coverage.

C. **Endorsements:** The specific insurance coverage endorsements specified above, or their equivalents must be provided. In the event that endorsements, which are the equivalent of the required coverage, are proposed to be substituted for the required coverage, copies of the equivalent endorsements must be provided for the City's review and approval.

3. CONTRACT AWARD:

This contract will be awarded in an estimated amount not to exceed $45,000.00.

4. DELIVERY REQUIREMENTS:

Location:
City of Austin – Austin Energy
Attn: Noreen Gleeson
721 Barton Springs Road
Austin, TX 78704

A. Unless requested by the City, services shall not be performed on City-recognized legal holidays (see paragraph 51 in Section 0300).

5. INVOICES and PAYMENT: (reference paragraphs 12 and 13 in Section 0300)

A. Invoices shall contain a unique invoice number and the information required in Section 0300, paragraph 12, entitled "Invoices." Invoices received without all required information cannot be processed and will be returned to the vendor.

Invoices shall be mailed to the below address:

	City of Austin
Department	City of Austin – Austin Energy

Attn:	Noreen Gleeson
Address	721 Barton Springs Road
City, State Zip Code	Austin, TX 78704

B. The Contractor agrees to accept payment by either credit card, check or Electronic Funds Transfer (EFT) for all goods and/or services provided under the Contract. The Contractor shall factor the cost of processing credit card payments into the Offer. There shall be no additional charges, surcharges, or penalties to the City for payments made by credit card.

6. <u>LIVING WAGES AND BENEFITS (applicable to procurements involving the use of labor)</u>:

A. In order to help assure low employee turnover, quality services, and to reduce costs for health care provided to uninsured citizens, the Austin City Council is committed to ensuring fair compensation for City employees and those persons employed elsewhere in Austin. This commitment has been supported by actions to establish a "living wage" and affordable health care protection. Currently, the minimum wage for City employees is $11.00 per hour. This minimum wage is required for any Contractor employee directly assigned to this City Contract, unless Published Wage Rates are included in this solicitation. In addition, the City may stipulate higher wage rates in certain solicitations in order to assure quality and continuity of service.

B. Additionally, the City provides health insurance for its employees, and for a nominal rate, employees may obtain coverage for their family members. Contractors must offer health insurance with optional family coverage for all Contractor employees directly assigned to this contract. Proof of the health care plan shall be provided prior to award of a Contract. In addition, an insurance certificate for Workers' Compensation Insurance Coverage must be provided if required by the solicitation.

C. The City requires Contractors submitting Offers on this Contract to provide a signed certification **(see the Living Wages and Benefits Contractor Certification included in the Solicitation**) with their Offer certifying that all employees directly assigned to this City Contract will be paid a minimum living wage equal to or greater than $11.00 per hour and are offered a health care plan. The certification shall include a list of all employees directly assigned to providing services under the resultant contract including their name and job title. The list shall be updated and provided to the City as necessary throughout the term of the Contract.

D. The Contractor shall maintain throughout the term of the resultant contract basic employment and wage information for each employee as required by the Fair Labor Standards Act (FLSA). Basic employment records shall at a minimum include:

i. employee's full name, as used for social security purposes, and on the same record, the employee's identifying symbol or number if such is used in place of name on any time, work, or payroll records;
ii. time and date of week when employee's workweek begins;
iii. hours worked each day and total hours worked each workweek;
iv. basis on which employee's wages are paid;
v. regular hourly pay rate;
vi. total daily or weekly straight-time earnings;
vii. total overtime earnings for the workweek;
viii. all additions to or deductions from the employee's wages;
ix. total wages paid each pay period; and
x. date of payment and the pay period covered by the payment.

E. The Contractor shall provide with the first invoice and as requested by the Department's Contract Manager, individual Employee Certifications **(see the Living Wages and Benefits Employee Certification included in the Solicitation)** for all employees directly assigned to the contract containing:

i. the employee's name and job title;
ii. a statement certifying that the employee is paid at a rate equal to or greater than the Living Wage of $11.00 per hour;
iii. a statement certifying that the employee is offered a health care plan with optional family coverage.

Employee Certifications shall be signed by each employee directly assigned to the contract.

F. Contractor shall submit employee certifications quarterly with the respective invoice to verify that employees are paid the Living Wage throughout the term of the contract. The quarterly Employee Certification Forms shall be submitted for employees added to the contract and/or to report any employee changes in that quarter. If no changes, submit a Contractor's Certification Form indicating no change.

G. The Department's Contract Manager will periodically review the employee data submitted by the Contractor to verify compliance with this Living Wage provision. The City retains the right to review employee records identified in paragraph D above to verify compliance with this provision.

7. <u>NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING</u>:

A. On November 10, 2011, the Austin City Council adopted Ordinance No. 20111110-052 amending Chapter 2.7, Article 6 of the City Code relating to Anti-Lobbying and Procurement. The policy defined in this Code applies to Solicitations for goods and/or services requiring City Council approval under City Charter Article VII, Section 15 (Purchase Procedures). During the No-Contact Period, Offerors or potential Offerors are prohibited from making a representation to anyone other than the Authorized Contact Person in the Solicitation as the contact for questions and comments regarding the Solicitation.

B. If during the No-Contact Period an Offeror makes a representation to anyone other than the Authorized Contact Person for the Solicitation, the Offeror's Offer is disqualified from further consideration except as permitted in the Ordinance.

C. If an Offeror has been disqualified under this article more than two times in a sixty (60) month period, the Purchasing Officer shall debar the Offeror from doing business with the City for a period not to exceed three (3) years, provided the Offeror is given written notice and a hearing in advance of the debarment.

D. The City requires Offerors submitting Offers on this Solicitation to provide a signed Section 0810, Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying Affidavit, certifying that the Offeror has not in any way directly or indirectly made representations to anyone other than the Authorized Contact Person during the No-Contact Period as defined in the Ordinance. The text of the City Ordinance is posted on the Internet at: http://www.ci.austin.tx.us/edims/document.cfm?id=161145

8. <u>NON-SOLICITATION</u>:

A. During the term of the Contract, and for a period of six (6) months following termination of the Contract, the Contractor, its affiliate, or its agent shall not hire, employ, or solicit for employment or consulting services, a City employee employed in a technical job classification in a City department that engages or uses the services of a Contractor employee.

B. In the event that a breach of Paragraph A occurs the Contractor shall pay liquidated damages to the City in an amount equal to the greater of: (i) one (1) year of the employee's annual compensation; or (ii) 100 percent of the employee's annual compensation while employed by the City. The Contractor shall reimburse the City for any fees and expenses incurred in the enforcement of this provision.

C. During the term of the Contract, and for a period of six (6) months following termination of the Contract, a department that engages the services of the Contractor or uses the services of a Contractor employee will not hire a Contractor employee while the employee is performing work under a Contract with the City unless the City first obtains the Contractor's approval.

D. In the event that a breach of Paragraph C occurs, the City shall pay liquidated damages to the Contractor in an amount equal to the greater of: (i) one (1) year of the employee's annual compensation or (ii) 100 percent of the employee's annual compensation while employed by the Contractor.

9. **CONTRACT MANAGER:** The following person is designated as Contract Manager, and will act as the contact point between the City and the Contractor during the term of the Contract:

Noreen Gleeson

721 Barton Springs Road

Austin, TX 78704

512-322-6355
Noreen.glesson@austinenergy.com

*Note: The above listed Contract Manager is not the authorized Contact Person for purposes of the **NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING Provision** of this Section; and therefore, contact with the Contract Manager is prohibited during the no contact period.

CITY OF AUSTIN
PURCHASING OFFICE
SCOPE OF WORK (RFP)
SOLICITATION NUMBER: OPJ0109
ENERGY RISK MANAGEMENT PROGRAM REVIEW

SCOPE OF WORK

1. PURPOSE

The City of Austin Electric Utility, dba Austin Energy, seeks turnkey responses to this Request for Proposal (RFP) from consulting firms qualified and experienced with the methods, tools, processes and communications protocols of energy portfolio design and risk management to provide an independent analysis of Austin Energy's Energy Risk Management program. The consultant's work is intended to measure the effectiveness of Austin Energy's hedge strategy and risk management program in meeting Austin Energy's goals. The consultant should also review the appropriateness of the program's goals, objectives, policies, processes and procedures, and where applicable, provide suggested improvements. It should also benchmark Austin Energy's program with that of industry best practices with particular emphasis on municipal utilities and, where appropriate, best practices of entities such as river authorities, municipally owned electric utilities or energy cooperatives.

The contract resulting from this solicitation will be for the purchase of a Final Report and formal presentations on the effectiveness of Austin Energy's hedge strategy and energy risk management program including proposals for improvements.

2. BACKGROUND

Austin Energy is a municipal electric utility owned and operated by the City of Austin, Texas engaged in the generation, distribution and transmission of electricity to over 420,000 residential, commercial and industrial customers in Travis and Williamson Counties, Texas.

Austin Energy owns and operates a diverse energy supply portfolio consisting of contract supplies of renewable energy along with natural gas, coal and nuclear-fueled generation. Austin Energy is exposed to significant fuel price volatility, especially in the natural gas market. Upon passage of Senate Bill 7 by the Texas Legislature in 1999, Austin Energy became legally authorized to use financial instruments such as futures and options to hedge the risks introduced through price volatility. Shortly thereafter, Austin Energy completed a scoping study to determine the viability of a hedge program. In the summer of 2001, a project was started to establish the building blocks for a risk management program. Austin Energy formed a Risk Oversight Committee, set up front and mid offices, developed formal policies, processes, and procedures to govern risk management, and modified the existing organizational structure. Austin Energy conducted a successful pilot program in 2003 and launched its permanent program in 2004.

3. SCOPE OF WORK

A. Title of Program

Energy Risk Management Program Effectiveness Review

B. Objective

To conduct an independent evaluation of the goals, objectives, methods, tools, policies, processes, procedures, and communication protocols of Austin Energy's Energy Risk Management program, and provide Austin Energy an objective view of the program's overall effectiveness.

C. Implementation

It is expected that this review will be completed within 45 calendar days of starting the engagement. The items listed below are the minimum requirements that must be addressed in the Proposer's Final Report:

1. A general assessment of the overall effectiveness of the program taking into account its goals, objectives, policies, processes, procedures, resources, controls, principles, and boundaries. In this assessment, the consultant should address, at a minimum, and make recommendations regarding the following:

   a. Program goals:
      - Are the goals clearly defined to direct the program appropriately?
      - Are the goals sufficiently measurable to determine effectiveness?
      - Are the program's goals consistent with common industry practice?
      - Is the hedging strategy and its execution appropriate / optimal for the stated goals?
      - Are appropriate metrics and reporting in place to track and measure the implementation and effectiveness of the strategy?
      - Has the link between goals and strategy design been discussed and communicated with the Risk Oversight Committee and other appropriate stakeholders?

   b. Measurement of the program's goals:
      - What are the best methods and metrics for determining that the program is meeting its goals?
      - What are the best reporting metrics to communicate effectiveness of the program to management, Austin Energy's Risk Oversight Committee, and the City Council?
      - What are the benefits of the program compared to the accompanying costs and risks? Quantify.
      - Is the program's value measured appropriately?

   c. Program's hedge strategy, controls and limits:
      - Are the program's hedge strategy, controls and limits appropriate for a municipally owned utility operating in the ERCOT nodal market?
      - Should the program's hedge strategy, controls or limits, be modified in order to better meet the program's objectives?

   d. Organization:
      - Does the Risk Oversight Committee have the appropriate composition and diversity of staff?
      - Are front-, middle-, and back-office functions appropriately staffed, and work processes, systems and procedures adequate to accomplish their responsibilities as described in Austin Energy's Policies, Process and Procedures Manual?
      - Is there sufficient separation of duties among the front-, middle-, and back-office in implementing and executing the program?
      - Do the front-, middle- and back office have the appropriate tools and expertise to perform their functions?

2. A quantitative and qualitative assessment of Austin Energy's hedge strategy design with respect to the commodity portfolio. In this assessment, the consultant should examine the objectives of Austin Energy's hedge strategy considering implications of operational, regulatory, and market conditions. Provide an assessment of the program's effectiveness, and compare the effectiveness of Austin Energy's hedge program to alternative hedge strategies.

    a. Evaluate the appropriateness and effectiveness of Austin Energy's risk management tools in achieving the program's goals and objectives to include:

        - Hedge program design, identifying risks AE is exposed to in its portfolio and managing those risks to meet its short and long term objectives.
        - Specific types, mixture, and weighing of hedging instruments utilized in Austin Energy's hedge portfolio applied to both our gas and power price risk (both our natural long and short positions).
        - The hedge horizon and the volumetric targets our hedging activity should focus on in the portfolio, specifically addressing the gas and power commodity combination.
        - Design, maintenance and communication of the risk tolerance limits and targets.

    b. Identify and assess the effectiveness of alternative hedge designs and benchmark the range of possible outcomes to Austin Energy's current hedge program.

3. Analyze, interpret, and make specific recommendations to improve Austin Energy's formal policies, processes and procedures to govern the Energy Risk Management program.

4. Provide comments on the suitability and functionality of the reports generated by the front-office and middle-office with respect to the program, for senior management and the Risk Oversight Committee. Provide suggestions for improvements to existing Reports. Provide alternative reports or samples as appropriate.

5. Compare Austin Energy's hedge program and results with municipal utilities and, where appropriate, best practices of entities such as river authorities, electric utilities or energy cooperatives with respect to types and levels of resources, systems deployed, monitoring and reporting.

6. Describe and evaluate the impact of any new or pending regulation applicable to Austin Energy's Energy Risk Management program. Does Austin Energy have in place appropriate measures to meet Dodd Frank requirements?

D. <u>Acceptance of Work</u>

The consultant is required to provide a draft of the final report to the designated Austin Energy contact. Delivery of the draft should provide sufficient time for the Austin Energy contact to review the draft and to have the Proposer incorporate any Austin Energy comments, suggestions or requests into the final report.

Austin Energy contemplates receiving the final report within the Austin Energy

approved schedule. Upon conclusion of the work, the Proposer is also required to provide presentations of the results of the report to Austin Energy. The presentation should be thorough and succinct and should utilize handouts, overhead slides or similar media to present the material. Presentations shall be at a site in Austin, Texas on one date within 60 days of delivery of the final report as determined by Austin Energy. Time for questions and clarifications during or following the presentation should be provided.

4. CONTRACT PAYMENT

The Contract shall be prepared under the direction of the City, and shall incorporate all applicable provisions. A firm fixed-price or not-to-exceed Contract is contemplated, with progress payments as mutually determined to be appropriate.

5. CONFIDENTIALITY AGREEMENT

Upon nomination of contract award and prior to commencement of the work, Austin Energy will require the winning Proposer to execute a Confidentiality Agreement due to competitive business and technical information that may be provided by Austin Energy to the Proposer. The information to be furnished by Austin Energy contains the best available information to date and will be provided solely to assist the Proposer in undertaking the analysis. Austin Energy does not warrant the accuracy of the information and shall not be liable for any discrepancy.

CITY OF AUSTIN
PURCHASING OFFICE
PROPOSAL PREPARATION INSTRUCTIONS AND EVALUATION FACTORS
SOLICITATION NUMBER: OPJ0109

1. **PROPOSAL FORMAT**

Prefacing the proposal, the Proposer shall provide an Executive Summary of two (2) pages or less, which gives in brief, concise terms, a summation of the proposal. The proposal itself shall be organized in the following format and informational sequence:

A. **Part I - Business Organization**: State full name and address of your organization and identify parent company if you are a subsidiary. Specify the branch office or other subordinate element which will perform, or assist in performing, work herein. Indicate whether you operate as a partnership, corporation, or individual. Include the State in which incorporated or licensed to operate.

B. **Part II - System Concept and Solution**: Define in detail your understanding of the requirement presented in the Scope of Work of this request for proposal and your solution. Provide all details as required in the Scope of Work and any additional information you deem necessary to evaluate your proposal.

C. **Part III - Program**: Describe your technical plan for accomplishing required work. Include such time-related displays, graphs, and charts as necessary to show tasks, sub-tasks, milestones, and decision points related to the Scope of Work and your plan for accomplishment. Specifically indicate:

i. A description of your work program by tasks. Detail the steps you will take in proceeding from Task 1 to the final tasks.

ii. The points at which written, deliverable reports will be provided.

iii. A statement of your compliance with all applicable rules and regulations of Federal, State and Local governing entities. The Proposer must state his compliance with terms of this Request for Proposal (RFP).

D **Part IV - Project Management Structure**: Provide a general explanation and chart which specifies project leadership and reporting responsibilities; and interface the team with City project management and team personnel. If use of subcontractors is proposed, identify their placement in the primary management structure, and provide internal management description for each subcontractor.

E. **Part V - Prior Experience**: Describe only relevant corporate experience and individual experience for personnel who will be actively engaged in the project. Do not include corporate experience unless personnel assigned to this project actively participated. Do not include experience prior to 2008. Supply the project title, a detailed description of the project, the year it was completed, and reference name, title, present address, e-mail address, and phone number of principal person for whom prior projects were accomplished.

F. **Part VI - Personnel**: Include names and qualifications of all professional personnel who will be assigned to this project. State the primary work assigned to each person and the percentage of time each person will devote to this work. Identify key persons by name and title. Provide all resumes.

G. Part VII - Local Business Presence: The City seeks opportunities for businesses in the Austin Corporate City Limits to participate on City contracts. A firm (Offeror or Subcontractor) is considered to have a Local Business Presence if the firm is headquartered in the Austin Corporate City Limits, or has a branch office located in the Austin Corporate City Limits in operation for the last five (5) years. The City defines headquarters as the administrative center where most of the important functions and full responsibility for managing and coordinating the business activities of the firm are located. The

City defines branch office as a smaller, remotely located office that is separate from a firm's headquarters that offers the services requested and required under this solicitation. Points will be awarded through a combination of the Offeror's Local Business Presence and/or the Local Business Presence of their subcontractors. Evaluation of the Team's Percentage of Local Business Presence will be based on the dollar amount of work as reflected in the Offeror's MBE/WBE Compliance Plan or MBE/WBE Utilization Plan. Specify if and by which definition the Offeror or Subcontractor(s) have a local business presence.

H. **Part IX - Proposal Acceptance Period**: All proposals are valid for a period of one hundred and twenty (120) calendar days subsequent to the RFP closing date unless a longer acceptance period is offered in the proposal

I. **Part X - Proprietary Information**: All material submitted to the City becomes public property and is subject to the Texas Open Records Act upon receipt. If a Proposer does not desire proprietary information in the proposal to be disclosed, each page must be identified and marked proprietary at time of submittal. The City will, to the extent allowed by law, endeavor to protect such information from disclosure. The final decision as to what information must be disclosed, however, lies with the Texas Attorney General. Failure to identify proprietary information will result in all unmarked sections being deemed non-proprietary and available upon public request.

J. **Part XI - Authorized Negotiator**: Include name, address, e-mail address, and telephone number of person in your organization authorized to negotiate Contract terms and render binding decisions on Contract matters.

K. **Part XII - Cost Proposal**: Information described in the following subsections is required from each Proposer. Your method of costing may or may not be used but should be described. A firm fixed price or not-to-exceed Contract is contemplated, with progress payments as mutually determined to be appropriate.

i. Manpower. Itemize to show the following for each category of personnel with separate hourly rates:

(1) Manager, senior consultant, analyst, subcontractor, etc.

(2) estimated hours for each category of personnel

(3) rate applied for each category of personnel

(4) total cost

ii. Itemize cost of supplies and materials

iii. Other itemized direct costs

iv. If applicable, general and administrative burden. Indicate base used, percentage, and total cost relative to this procurement.

v. Travel expenses. All travel lodging expenses in connection with the Contract for which reimbursement may be claimed by the Contractor under the terms of the Solicitation will be reviewed against the City's Travel Policy as published and maintained by the City's Controller's Office and the Current United States General Services Administration Domestic Per Diem Rates (the "Rates") as published and maintained on the Internet at:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=17943&contentType=GSA_BASIC

No amounts in excess of the Travel Policy or Rates shall be paid. All invoices must be accompanied by copies of detailed receipts (e.g. hotel bills, airline tickets). No reimbursement will be made for expenses not actually incurred. Airline fares in excess of coach or economy will not be reimbursed. Mileage charges may not exceed the amount permitted as a deduction in any year under the Internal Revenue Code or Regulations.

vi. Printing. State separately the cost of furnishing copies of the final report (if applicable).

vii. Total cost schedule.

2. **EXCEPTIONS**:

Be advised that exceptions to any portion of the Solicitation may jeopardize acceptance of the Proposal.

3. **PROPOSAL PREPARATION COSTS**:

All costs directly or indirectly related to preparation of a response to the RFP or any oral presentation required to supplement and/or clarify a proposal which may be required by the City shall be the sole responsibility of the Proposer.

4. **EVALUATION FACTORS AND AWARD**

A. **Competitive Selection**: This procurement will comply with applicable City Policy. The successful Proposer will be selected by the City on a rational basis. Evaluation factors outlined in Paragraph B below shall be applied to all eligible, responsive Proposers in comparing proposals and selecting the Best Offeror. Award of a Contract may be made without discussion with Proposers after proposals are received. Proposals should, therefore, be submitted on the most favorable terms.

B. **Evaluation Factors**:

i. 100 points.

(1) System Concept and Solutions Proposed (Grasp of the requirement and its solution(s), responsiveness to terms and conditions, completeness and thoroughness of the technical data and documentation.) - **40 Points**

(2) Demonstrated Applicable Experience as per the submissions for section E above – **15 Points**

(3) Personnel Qualifications as per the resume's submitted as per section F above – **15 Points**

(4) Total Evaluated Cost (Proposer with the lowest cost to the City will be given the maximum number of points, remaining given on a percentage ratio basis) - **20 points**

(5) LOCAL BUSINESS PRESENCE (**Maximum 10 points**)

Team's Local Business Presence	Points Awarded
Local business presence of 90% to 100%	10
Local business presence of 75% to 89%	8

Local business presence of 50% to 74%	6
Local business presence of 25% to 49%	4
Local presence of between 1 and 24%	2
No local presence	0

ii. Interviews, Optional. Interviews may be conducted at the discretion of the City. Maximum 25 points.