

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: September 20, 2018

Item Number: **033**

Purchasing Office

Authorize negotiation and execution of a multi-term contract with KPMG LLP, to provide zero-based budgeting and benchmarking consulting services for Austin Energy, for up to five years for a total contract amount not to exceed \$417,971. (Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established).

Lead Department	Purchasing Office.
Fiscal Note	Funding in the amount of \$6,966 is available in the Fiscal Year 2017-2018 Operating Budget of Austin Energy. Funding for the remaining contract term is contingent upon available funding in future budgets.
Purchasing Language	The Purchasing Office issued a Request for Proposals (RFP) 1100 SMB0108 for these services. The solicitation issued on February 12, 2018 and it closed on April 17, 2018. Of the four offers received, the recommended contractor submitted the best evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: Solicitation Documents <https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=122810> .
For More Information	Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov <mailto:AgendaOffice@austintexas.gov> NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized

	Contact Person: Sandy Brandt, at 512-322-6594 or Sandy.Brandt@austinenergy.com <mailto:Sandy.Brandt@austinenergy.com>.
Council Committee, Boards and Commission Action	August 13, 2018 - Recommended unanimously by the Electric Utility Commission on a 9-0 vote, with Vice Chair Hadden absent and one vacancy.
Client Department(s)	Austin Energy.

Additional Backup Information:

The contract will provide consulting services to guide Austin Energy's development of an operating expense budget and capital budget five year spending plan using a zero-based budget approach. The contractor will also identify cost reduction opportunities based on comparable benchmark data. Austin Energy business units participating in the study will include Customer Care Services, Customer Account Management, Corporate Services, and Customer Energy Solutions. Austin Energy may request other business units to be studied at a future date.

In 2011, upon implementation of the Austin Energy Resource, Generation and Climate Protection Plan, the Council adopted an affordability goal calling for Austin Energy to operate so as to control rate increases by two percent or less per year and maintain competitive rates in the lower 50 percent of Texas rates. With this in mind, Austin Energy must find ways to operate in the most efficient manner, and is exploring implementation of a zero-based budgeting process to help drive operational efficiency. Zero-based budgeting assumes a budget of zero and allocates funding based on program efficiency and necessity rather than budget history. The zero-based budgeting approach offers Austin Energy the possibility of reducing costs while bringing additional value through operational efficiency.

An evaluation team with expertise in this area evaluated the offers and scored KPMG LLP as the best to provide these services based on demonstrated experience and qualifications, technical solution and program proposed, total evaluated cost, local business presence, and service disabled veteran business enterprise.

Contract Detail:

Contract Term	Length of Term	Contract Authorization
Initial Term	3 yr.	\$417,971

Optional Extension 1	1 yr.	-
Optional Extension 2	1 yr.	-
TOTAL	5 yrs.	\$417,971

Note:Contract Authorization amounts are based on the City's estimated annual usage.