

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	37692	Agenda Number	53.
Meeting Date:	November 6, 2014			
Department:	Purchasing			
Subject				
Authorize award and execution of a 24-month service contract with NEWGEN STRATEGIES AND SOLUTIONS, LLC., or one of the other qualified offerors to RFP No. RML0027, for regulatory consulting services for Austin Energy, in an amount not to exceed \$465,000.				
Amount and Source of Funding				
Funding in the amount of \$360,000 is available in the Fiscal Year 2014-2015 Operating Budget of Austin Energy. Funding for the remaining 12 months of the contract period is contingent upon available funding in future budgets.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:	Best evaluated proposal received.			
Prior Council Action:	June 7, 2012 - Approved Ordinance No. 20120607-055; June 26, 2014 - Approved Resolution No. 20140626-073.			
For More Information:	Rosemary Ledesma, Purchasing Manager, 512-322-6155			
Boards and Commission Action:	September 15, 2014 – Reviewed by the Electric Utility Commission: Motion to not recommend approval failed on a vote of 3-2-2 with Fath, Hadden and Osborne voting yes; Heidebrecht and Shaw voting no; and Butler and Rai abstaining. Motion to recommend approval also failed on a vote of 2-3-2 with Heidebrecht and Shaw voting yes; Fath, Hadden and Osborne voting no; and Butler and Rai abstaining.			
Related Items:				
MBE / WBE:	This contract will be awarded in compliance with City Code Chapter 2-9C (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.			
Additional Backup Information				

This contract will provide independent consulting services for Austin Energy to perform studies and provide expertise in support of its regulatory, financial, and rates programs. The contract will be performed in two phases. For Phase I, the selected firm will be responsible to research, analyze, and advise the utility on a variety of regulatory, financial, and rates issues which specifically update several inputs and assumptions used to build Austin Energy's cost of service model. By updating these studies, Austin Energy will continue the work required to comply with Ordinance No. 20120607-055 through which Council required the utility to update its cost of service study at least every five years.

During Phase I, the selected firm will be responsible to perform studies on the following objectives, to be completed by the winter of 2015:

- Small Commercial Customer Class Demand Charge Study: The selected firm will assist Austin Energy staff in fulfillment of Council Resolution No. 20140626-073, directing an assessment of rate design components adopted by Council in 2012, including the assessment of the impact of rate classes and demand charges on small business customers above 10 kilowatts.
- Reserve Fund Study: The selected firm will work with Austin Energy staff to review reserve fund policies, funding methodologies, and industry standards to develop best practices that assist Austin Energy's strategic goal of maintaining strong financial ratings. The selected firm will examine funding policies and methodologies for Austin Energy's strategic reserve funds, non-nuclear decommissioning fund, rate stabilization fund, and repair and replacement fund.
- Conservation Rate Study: The selected firm will work with Austin Energy to review its current rate structure, demand side management programs, and distributed renewable energy programs to assess the impact of rate structure on energy conservation. The firm will explore changes in program participation, energy consumption, and peak demand since the introduction of the current rate structure.
- Cost Allocation Study: The selected firm will work with Austin Energy staff to review current cost allocation methodologies, review industry standards, and assist in developing recommendations for adjustments, as needed, to align Austin Energy's cost allocations with Council goals and industry best practices.

A second phase of work may be required to assist with the analysis required to conduct a cost of service study used to determine Austin Energy's revenue requirements as called for in Ordinance No. 20120607-055. Austin Energy will return to Council for authorization of funds for Phase II should additional services be required to perform work under Phase II.

The evaluation committee consisted of staff knowledgeable of this industry. In order to determine the best offer to the City, the evaluation criteria included concept and solution proposed, experience, organization and management practices, schedule, cost and local business presence. NewGen Strategies and Solutions, Inc. was the best evaluated proposal offering a robust concept plan and holding the best applicable experience.

This request allows for the development of an agreement with a qualified offeror selected by Council. If the City is unsuccessful in negotiating a satisfactory agreement with the selected offeror, negotiations will cease and staff will return to Council so that another qualified offeror may be selected, authorizing new contract negotiations.

MBE/WBE solicited: 1/2

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. 213 notices were sent including one MBE and two WBEs. Four proposals were received, with no response from the MBE/WBEs.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.