

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council		Item ID:	67566	Agenda Number	38.
Meeting Date:		February 2, 2017			
Department:		Purchasing			
Subject					
Authorize negotiation and execution of a contract with MCR PERFORMANCE SOLUTIONS LLC, to provide zero-based budget consulting services, in an amount not to exceed \$538,000.					
Amount and Source of Funding					
Funding is available in the Fiscal Year 2016-2017 Operating Budget of Austin Energy.					
Fiscal Note					
A fiscal note is not required.					
Purchasing Language:	Professional Services				
Prior Council Action:					
For More Information:	Cheryl A. Kaufman, Senior Buyer, 512-505-3545				
Boards and Commission Action:	January 23, 2017 - Unanimously recommended by the Electric Utility Commission on a 9-0 vote, with two vacancies.				
Related Items:					
MBE / WBE:	This procurement was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods and services required for this procurement, no subcontracting goals were established.				

Additional Backup Information

The contract is for management consulting services for zero-based budgeting for Austin Energy operations groups. Zero-based budgeting is a structured process to build a cost management culture by requiring work groups to assume a budget of zero and justify every activity and resource performed by the work group. One of the most significant benefits of zero-based budgeting is the process promotes the allocation of funding based on program efficiency and necessity rather than budget history. Industry experience indicates this process can reduce general and administrative costs and better utilize resources. This work will support Austin Energy's efforts to operate within the affordability goals set by Council.

MCR Performance Solutions, LLC (MCR) has extensive experience in the utility sector and has conducted similar work with over half of the utilities in the United States. The firm has a proprietary assessment methodology, processes, templates and interview approaches which focus on identifying all aspects of controllable costs. In addition

to MCR's industry experience, Austin Energy has direct experience with MCR's zero-based budgeting performed at the South Texas Project and the substantial savings their methodology returned. Due to MCR's experience and demonstrated performance in zero-based budgeting for utilities, Austin Energy believes this contract will provide the best value to the City and utility customers.

This is a new requirement and the associated authorization amount is based on the price of the specific, one-time work. The services are required for implementation of zero-based budgeting for the Fiscal Year 2017-2018 budget.