



**Purchasing Contract
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA ITEM NO.: 18
AGENDA DATE: Thu 01/15/2004
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SUBJECT: Approve execution of a 12-month service agreement with AMERICAN SOCIETY FOR QUALITY, Milwaukee, WI, for the purchase of customer survey data and analysis in an amount not to exceed \$48,000, with the option to extend for up to two 12-month periods in an amount not to exceed \$48,000 per extension option, for a total contract amount not to exceed \$144,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$36,000 is available in the Fiscal Year 2003-2004 Amended Operating Budget for the Electric Utility Department. Funding for the remaining three months of the original contract and extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing
DEPARTMENT: for Austin Energy;

**DIRECTOR'S
AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Mario Guerrero, Senior Buyer/322-6307

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Sole Source

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

The American Society for Quality study provides Austin Energy with residential customer perceptions of quality, value, expectations, loyalty, satisfaction and level of complaints regarding the services customers receive from their electric provider. The American Customer Satisfaction Index (ACSI) measures customer satisfaction across many industries. It is used by the U.S. Government as a national economic indicator of customer satisfaction with the quality of goods and services used to forecast the Gross National Product and consumer spending. Between 400-500 Austin Energy residential customers are surveyed at the end of each quarter during the calendar year. The quarterly and cumulative results are reported to Austin Energy on a quarterly basis.

ACSI provides the survey information to Austin Energy management for business and service planning purposes. Two measures from the study are reported to the City Manager and City Council via Austin Energy's Corporate Score Card, which are customer satisfaction and customers' perception of AE's electric reliability. The market research, planning and development department uses this information to determine the most critical areas of under achievement and to focus Austin Energy's research to gain further insight. The ACSI information assists Austin Energy in both strategic and tactical planning efforts.

By participating in the ACSI study, Austin Energy obtains two critical pieces of information: 1) an impartial measure of residential customer perceptions about the service they receive from Austin Energy;



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and 2) a means to compare Austin Energy's performance to that of 28 other participating energy utilities in the U.S. Austin Energy uses this information to understand how our customers perceive levels of service and to make appropriate adjustments to increase satisfaction with the company and the services. Understanding the expectations based upon Austin Energy's customers' perceptions and the perceptions of other companies' customers in other service territories is critical in the evolving regulated/deregulated energy market. It is also critical for Austin Energy to understand and improve upon the levels of customer satisfaction and loyalty in the service territory. ACSI is the best scientific measure of satisfaction and loyalty and is comparable to (or the same as) the measures used by other companies that may eventually compete with Austin Energy.

This contract will be executed as a Sole Source Purchase on the following grounds: 1) the research information and data created by the company analysts are proprietary and unique in nature; 2) the work products provided under this contract will be copyrighted; 3) the research methodologies and processes utilized in authoring the studies and work papers are unique to American Society for Quality.