




MEMORANDUM

To: Mayor and Council

From: Mark A. Washington,  Interim Assistant City Manager

Date: February 8, 2016

Subject: Austin Energy General Manager

As the City Manager previously indicated, MyCoff, Fry and Prouse has been engaged to conduct the search for the next General Manager of Austin Energy. The search firm has solicited stakeholder feedback prior to finalizing the attached Austin Energy General Manager recruitment brochure and announcement. I have also received feedback from various council offices that was also considered in the development of the recruitment materials.

The application deadline is March 7, 2016. Interested candidates may inquire about the position and/or email a resume and cover letter by contacting either Joyce Gallo, Senior Recruiter, at jgallo@mfpplc.us, or Scott Fry, Managing Director, at sfry@mfpplc.us.

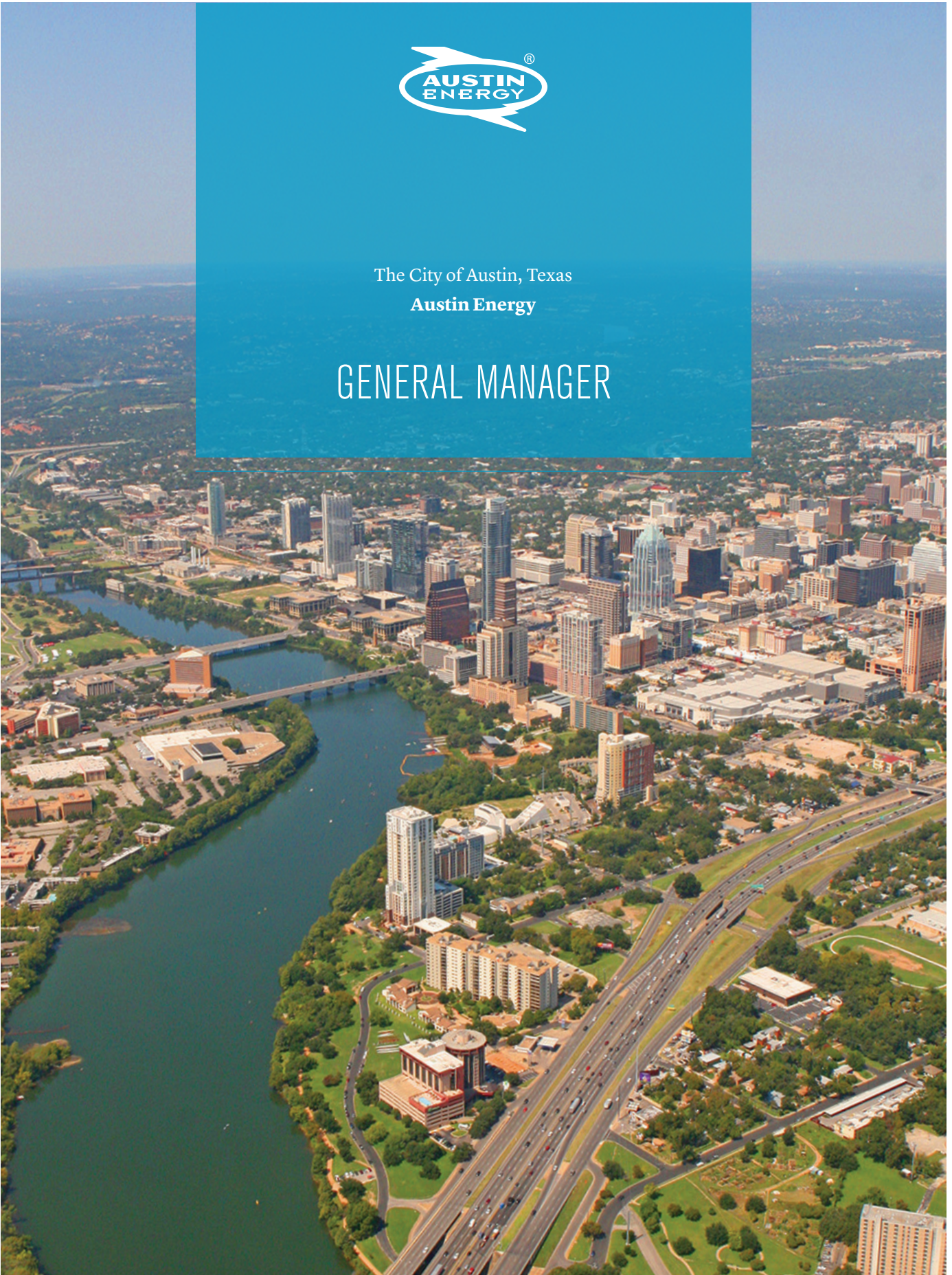
Attachment: Austin Energy General Manager Recruitment Brochure

C: Marc Ott, City Manager
Assistant City Managers
Chief of Staff
Rebecca Kennedy, Human Resources
Sonya Alexander-Harry, Human Resources



The City of Austin, Texas
Austin Energy

GENERAL MANAGER



GENERAL MANAGER

The City of Austin seeks General Manager candidates for Austin Energy, a publicly owned electric utility. The next General Manager of Austin Energy is expected to balance the importance and delicate nature of representing broad community interests while making prudent business decisions that reward both economic and environmental interests. Ideal candidates will thrive in a politically charged environment, bring a track record of fostering healthy

collaboration between a broad variety of stakeholders and project a willingness to be an engaged and influential leader in that collaborative process. This talented individual will also help set the vision to continue Austin Energy's reputation as one of the utilities transforming the industry with its focus on energy efficiency, renewable energy, smart grid technology, distributed generation, climate change policy and customer service.



ABOUT AUSTIN

This vibrant and dynamic city tops numerous lists for business, entertainment and quality of life. One of the country's most popular, high-profile and "green" cities was selected as the "Best City for the Next Decade" (Kiplinger), the "Top Creative Center" in the US (Entrepreneur.com) and #1 on the "On Numbers Economic Index" as the fastest growing economy. Austin continues to lead the country with its vision of being the "Most livable City in the country," emerging as a player on the international scene with such events as SXSW, Austin City Limits, Formula 1 and being home to companies such as Apple, Samsung, Dell, Seton Healthcare and St. David's Healthcare. From the home of state government and institutions of higher education to the "Live Music Capital of the World" and its growth as a film center, Austin has gained worldwide attention as a hub for education, business, health and sustainability. Since 1900, Austin's population has doubled every 20 years.



AUSTIN CITY GOVERNMENT

The City of Austin is a progressive, dynamic, full-service municipal organization operating under the Council-Manager form of government. Austin's mayor is elected from the city at large, and ten council members are elected from single-member districts. Terms of the mayor and council members are four years, and terms are staggered so that a general election is held every two years with half the council being elected at each election. Term limits for the mayor and council members provide for two consecutive four-year terms. A lottery determined initial term lengths at the inauguration in January of 2015; Districts 2, 4, 6, 7 and 10 drew two-year terms; Districts 1, 3, 5, 8 and 9 drew four-year terms. The City Council is responsible for appointment of the City Manager, who is the chief administrative and executive officer of the city, City Clerk, City Auditor, Municipal Court Judges and the Municipal Court Clerk.

The Mayor, Council and City Manager of Austin are committed to their mission

of delivering the highest quality services in the most cost-effective manner. The organization's vision is to make Austin the most livable city in the country and the City Manager's resolve is to make it the best-managed city in the country.

AUSTIN ENERGY

Austin Energy serves a 437-square mile territory that includes those within Austin as well as portions of Travis and Williamson counties. This includes approximately 455,000 electric customer accounts with more than 15 percent of the customer base outside the city limits. Austin Energy is the eighth largest publicly owned utility in the United States with more than \$3.5 billion in assets and more than \$1 billion in annual revenue. The utility transfers 12 percent of its non-fuel revenues to the City's General Fund.

Austin Energy is forecasting a budget of \$1.4 billion for FY 2016. The organization's strong economic and demographic characteristics, competitive retail rates, diverse power

supply mix, high liquidity and history of solid operation earned the utility consistent ratings in recent years: AA- Stable with Fitch, Inc.; A1 Positive with Moody's; and AA- Stable with Standard & Poor's. The utility's debt-to-equity ratio is about 46 percent, with more than \$150 million in strategic reserves and almost 150 days in operating cash.

The City of Austin is responsible for regulating, monitoring and approving annual budgets, retail rate changes, reliability, customer concerns and generation resource construction, planning and operations. The State of Texas Public Utility Commission (PUC) approves transmission rates and interfaces on reliability and wholesale market issues along with the Electric Reliability Council of Texas (ERCOT).

Austin Energy is a municipally owned, vertically integrated power utility that is part of ERCOT. Most of the rest of the state exists in a deregulated market in which electric customers may select from hundreds of constantly changing offerings from retail energy providers. It is essential for Austin Energy and its staff to balance community values and priorities with affordability and competitiveness to continue offering an exceptional level of service. The PUC also provides additional grid oversight.

Austin Energy's owned generating assets include:

- **Decker Creek:** 930 MW; two gas-fired steam units, four gas combustion turbines
- **Sand Hill:** 592 MW; a 322 MW natural gas combined cycle unit (2004), six natural gas fired combustion turbines totaling 270 MW

Austin Energy's co-owned power supply resources include:

- **South Texas Project:** two-unit nuclear plant, 400 MW share, one of the lowest operating cost nuclear plants in the nation
- **Fayette Power Project:** three-unit coal-fired plant, 570 MW share — half of two units, PRB coal



Austin Energy also has on-site energy resources assets district cooling. These three systems serve a total of 66 customers and more than 17 million square feet of space. The thermal storage components of these systems allow the utility to shift electric consumption to off-peak periods. The downtown system consists of two district cooling plants serving 43 customers, the Domain system serves 17 customers and the Mueller Energy Center serves six customers. The Mueller Energy Center also provides electricity and steam to Dell Children's Hospital.

The City of Austin considers Austin Energy a vital part of its program to be carbon-neutral by 2050. The utility buys all of its power from the ERCOT market and sells all of its production (whether from owned traditional sources or contracted renewable resources) to the ERCOT market. Customers pay the difference as part of a Power Supply Adjustment. Currently, more than 26 percent

of the utility's total sales of electric power — purchased from the ERCOT market — are balanced by the utility's contracted renewable power. The Council has directed the utility to reach a 55 percent renewable goal by 2025, with significant new investment in solar and wind contracts.

Austin Energy's electric service delivery division works out of four operating centers. In recent years, this division became the first ISO 9001-certified delivery group in the United States. The utility's assets include 623 miles of transmission lines with 14 transmission substations. Austin Energy operates more than 11,000 miles of distribution line and a significant underground downtown network. Austin's 2015 System Average Interruption Duration Index (SAIDI) was about 56 minutes and System Average Interruption Frequency Index (SAIFI) was about .65 outages per customer.



Austin Energy also manages the Utility Contact Center and Online Customer Care Portal for all City of Austin utilities.

The utility provides year-round electric bill discounts for up to 45,000 residential customers, streetlights and emergency bill assistance. Its energy-efficiency and weatherization programs are among the most extensive in the nation. Furthermore, Austin Energy remains an industry leader in power reliability and works collaboratively with the high-technology industry to assure exceptional reliability and power quality.

The utility is directed by Austin City Council policy to maintain rates in the lowest 50 percent of comparable utilities in Texas.

It currently does not reach that goal overall; the issue is more pronounced for commercial and industrial rates. Austin Energy is making progress in this area to get closer to the affordability standards. In 2016, pursuant to City policy, the utility began a comprehensive cost of service and rate review. The utility recommends a reduction — \$17 million — in total revenue requirements and changes in rate structure to move toward actual cost of service recovery.

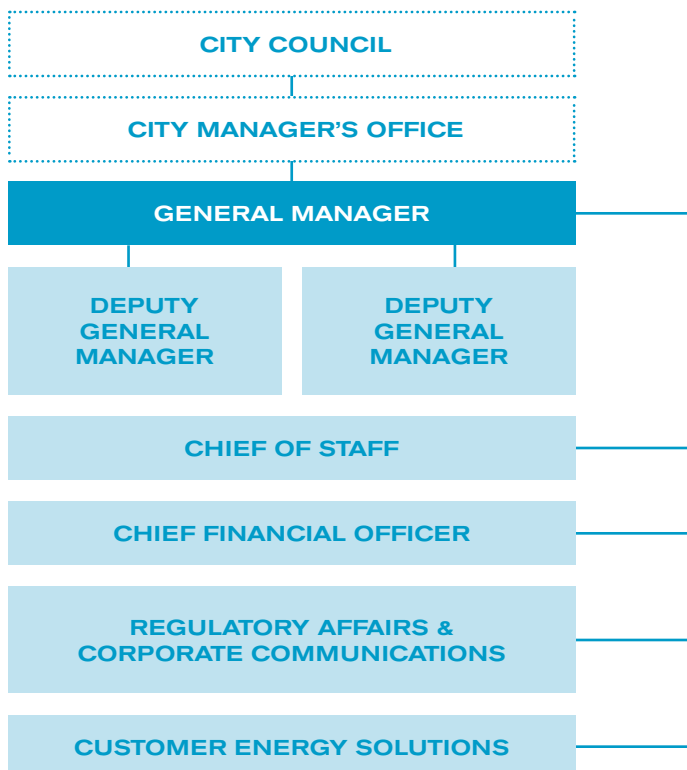
Austin Energy is a member of the 25-member Large Public Power Council.

austinenergy.com

Information on Austin, Texas:

austintexas.gov
city-data.com/city/Austin-Texas.html
en.wikipedia.org/wiki/Austin,_Texas
austinchamber.com

Organizational Chart



Austin Energy's Mission

To safely deliver clean, affordable, reliable energy and excellent customer service.

Austin Energy's Values

- Care and Concern for the Environment
- Safety
- Innovation
- Honest, Open Communication
- Integrity
- Diversity
- Teamwork

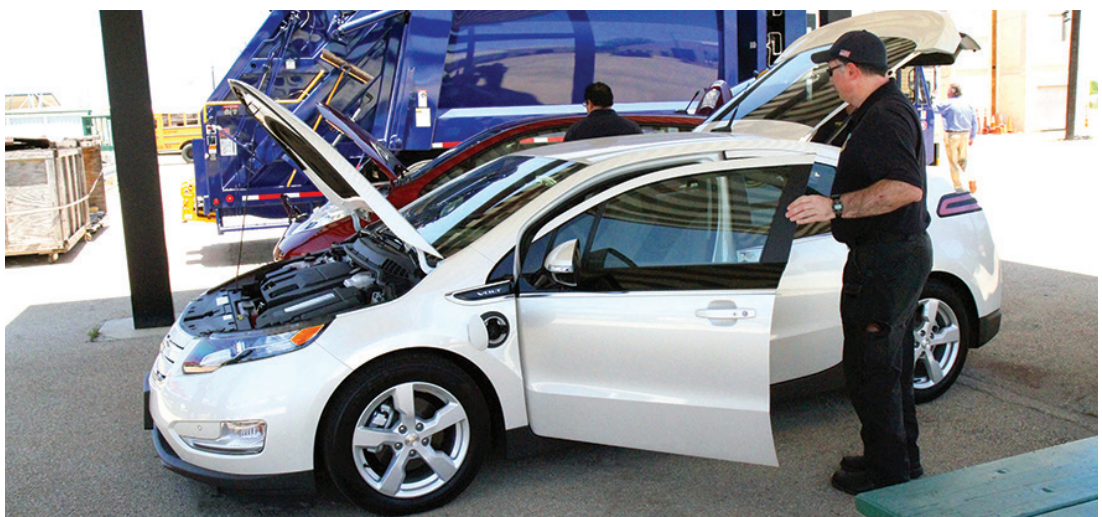
PROFILE AND REQUIREMENTS

PRIMARY CHALLENGES FOR AUSTIN ENERGY:

- Maintaining cost competitiveness and financial resiliency
- Improving Austin Energy's customer experience and external image
- Workforce development, succession planning, recruitment and retention in a civil service environment
- Continuing to advance innovation and technology investment related to the customer experience, internal efficiencies and product offerings that support the evolution of reliable service and environmental responsibility
- Maintaining and creating dynamic pricing structures
- Improving the organization's ability to inform and properly influence state and federal legislative entities and regulators in alignment with the Austin community's stakeholder desires
- Addressing generation resource additions and load growth while balancing energy

efficiency, renewable energy resources and demand reduction effort and investment

Candidates should offer an engaging, open-door, team-oriented and empowering leadership and management style with exemplary communication skills. Candidates should offer a recognition and acceptance of the high level of scrutiny one will face as a leader in a highly transparent and engaged community. The high level of stakeholder engagement necessitates that the General Manager understand and be sensitive and respectful to all social stratas and a wide variety of political, social and environmental opinions. It is equally important that the General Manager have the ability to explain a very complicated, complex enterprise to everyday citizens, not only attorneys and advocates of a variety of stripes. A politically savvy General Manager that is capable of removing him or herself from personal agendas or political opinions is a necessity.





Austin is seeking candidates with established reputations as recognized leaders in the electric utility industry and an ability to excel in a municipal environment. Austin Energy's General Manager must recognize, respect and philosophically align with the public power utility model and the concept of customers as owners. While candidates from other utility segments are encouraged to apply, applicants must understand the value of Austin Energy to the communities served and bring an appreciation for the democratic process and its effect on leadership decisions.

As a direct report to the City Manager and the lead representative of a utility that is thoroughly intertwined in its operations with those of the city, the General Manager will be encouraged to create and support a partnership with his or her peers across the city organization. The General Manager will need to foster a productive work environment across city and utility lines and leverage those relationships to improve performance and efficiencies to the ultimate benefit of Austin's populace.

Internally, Austin Energy recently embarked on the initial stages of developing a strategic plan that, once fully vetted and approved, is expected to provide guidance for the organization's decision making processes in the future. Candidates should offer a track record of philosophical support in utilizing strategic planning as a primary conduit to guide the success of a utility organization.

Ideal candidates will offer experience with modern technological advances related to renewable portfolios and generating resources, development of an intelligent distribution grid and the evolution of information/operational technologies that improve the customer experience and both enhance reliability and embolden the grid's capability to be agile and accept customer generation technologies.

As Austin Energy operates within the ERCOT market, candidates with experience managing key utility functions within a RTO/ISO or deregulated electric market are also desired.



The regulatory and legislative process within the State of Texas, at the federal level and locally in Austin is continually challenging and requires that the General Manager and his team be engaged and active with such parties. It is the desire that candidates display a proven track record of success interacting with regulatory and legislative bodies at all levels and a willingness to engage in such leadership with peer utility leaders at the state and national levels. The ideal candidate will also possess an understanding of municipally-owned vs. investor-owned utilities.

Facing significant impact from the aging workforce, many utilities are addressing an increasing challenge of employee development, attraction and retention. Austin Energy is no exception. The next General Manager will be expected to maintain workforce development as a key initiative now and in the future. Candidates with proven success in this area may have an advantage.

While external considerations are a vital factor in the equation, it is also universally understood that Austin Energy must run an

efficient and fiscally responsible operation. Ideal candidates will offer a past track record with such an operation and a history of maintaining an accountable and productive workforce. Ideal candidates will also offer a record of consistent career advancement with quantifiable successes that include executive management of more than one key function within a vertically integrated utility operation. Breadth of career exposure to the primary disciplines of power production, power delivery, marketing, finance and customer service is desired.

The following factors of education, experience, leadership, management style and personal traits have been identified as ideal attributes for the General Manager to possess to function effectively and achieve a high level of success in this area:

- Insight into complex world of utility ratemaking, capital investment and operations
- Broad understanding of how issues such as the environment, technology and economy impact the utility in the present and future
- In-depth knowledge and experience crafting a vision and strategy for ensuring that Austin Energy customers enjoy world-class services at the lowest total cost, in particular to use the tools of renewable and distributed energy resources to contribute to and in some cases lead the utility in accomplishing its goals
- Strong advocacy skills

- Experience working with political organizations
- Experience working with low income customers and their representatives and making strategic decisions that are sensitive to the challenges they face.
- Solid record of crafting and meeting budgets and delivering program objectives against clearly articulated and measurable objectives
- Understanding of how companies address energy issues and advance sustainability agendas
- Ability to negotiate skillfully in tough situations with both internal and external groups
- Ability to think integratively and look for commonality and shared opportunities
- Ability to develop a workforce strategy with a long-term approach in mind
- Exemplary communication and presentation skills, both written and oral
- Proven track record of providing vision, leading strategic planning with governing bodies and staff in collaborative efforts and employing long and short-term planning efforts to coordinate the decision making process
- Experience with new and advancing rate programs
- Experience working with governing, regulatory and legislative bodies at all levels
- Experience with economic development activities
- Experience successfully applying renewable resources, energy efficiency and conservation programs
- Experience managing key utility functions within a RTO/ISO or deregulated electric market

LEADERSHIP AND MANAGEMENT CHARACTERISTICS

- Boundaryless Perspective
- Command Skills
- Conflict Management
- Customer Focused
- Decision Quality
- Drive for Results
- Integrity and Trust
- Managing Vision and Purpose
- Motivating Others
- Political Savvy
- Priority Setting
- Problem Solving
- Strategic Agility



QUALIFICATIONS

The ideal candidate should have a bachelor's degree from an accredited college or university with major coursework in engineering, physics, business or another industry-related field, plus ten (10) years of related electric utility experience, five (5) years of relevant experience, at least two (2) years of which were in a managerial or executive capacity. Master's degree may substitute for two (2) years of the required experience up to a maximum of two (2) years.

COMPENSATION AND BENEFITS

The compensation and benefits for the General Manager of Austin Energy offer a competitive and negotiable salary depending on qualifications, an excellent benefits package and relocation assistance including:

- Retirement with the City of Austin Retirement Systems
- Health, dental, vision and life insurance (City pays employee coverage only, employee pays dependent coverage)
- Deferred compensation

HOW TO APPLY

Interested candidates may inquire about the position and/or email a résumé and cover letter for consideration to the following:

Joyce Gallo
Senior Recruiter
jgallo@mfpllc.us

Scott Fry
Managing Director
sfry@mfpllc.us

Mycoff, Fry & Prouse LLC
Phone: (800) 525-9082 • (303) 607-5372
www.mfpllc.us

DEADLINE FOR APPLICATIONS: MARCH 7, 2016



The City of Austin, TX is an equal opportunity employer and values diversity at all levels of its workforce.