

AGENDA



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

55643

Agenda Number

38.

Meeting Date:

February 25, 2016

Department:

Purchasing

Subject

Authorize negotiation and execution of a contract with JOHN B. COFFMAN LLC, for independent consumer advocate services for Austin Energy's residential and small commercial customers, in an amount not to exceed \$200,000.

Amount and Source of Funding

Funding in the amount of \$200,000 is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing
Language:

Professional Services

Prior Council
Action:For More
Information:

Leslie Giannattasio, Senior Buyer, 512-322-6583

Boards and
Commission
Action:

February 22, 2016 - To be reviewed by the Electric Utility Commission.

Related Items:

MBE / WBE:

This contract 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 contract there were insufficient subcontracting opportunities; therefore, no subcontracting goals were established.

Additional Backup Information

Austin Energy requests authority to engage an Independent Consumer Advocate to represent the interests of residential and small commercial customers during the ongoing base electric rate review. The City Council adopted Ordinance No. 20120607-055 requiring a review of Austin Energy's rates and underlying cost structures at least once every five years. The ordinance also requires the City to hire a consumer advocate to represent the interests of residential and small commercial customers. In 2014, City Council adopted Resolution No. 20141120-099 further clarifying the role of the Independent Consumer Advocate in future rate proceedings.

The Independent Consumer Advocate will analyze Austin Energy's costs of service study and rate design to ensure that the interests of these traditionally under-represented groups of customers are considered throughout the review process. The Independent Consumer Advocate will advocate for rate-related policies and positions the consumer advocate determines to be the most advantageous to a substantial number of residential and small commercial customers.

The Independent Consumer Advocate will:

- Review City policies, resolutions, and ordinances related to Austin Energy and its operations;
- Review Austin Energy's revenue requirement, cost of service study, and proposed rate changes, and identify issues that impact residential and small commercial customers (including houses of worship);
- Meet with members of the community, members of the City Council, City management, and staff as needed to gather information and form an expert opinion; and
- Analyze Austin Energy's final rate recommendations and underlying studies to assess the potential impact on residential and small commercial customers;
- Develop written arguments and evidence in order to advocate for the interests of residential and small commercial customers in the formal review process; and
- Participate actively in rate review hearings before City Council and the Impartial Hearing Examiner.

Throughout the entire review process, the Independent Consumer Advocate will determine and advocate for a rate review outcome that benefits a substantial number of residential and small commercial customers, including houses of worship. The Independent Consumer Advocate's recommendations will provide the City Council with objective and independent advice to synthesize impacts Austin Energy's recommendations may have on these customers. The Independent Consumer Advocate will speak with an expert voice on behalf of these traditionally under-represented customer groups throughout the review process.

Based on feedback received at the January 25, 2016 meeting of the Austin Energy Utility Oversight Committee, Austin Energy used an expedited schedule to identify and solicit responses from qualified candidates. After reviewing recommendations received from Council offices and community members, and developing additional recommendations based on staff's industry experience, the Purchasing Office contacted eight potential respondents to solicit responses. Please refer to the January 28, 2016 memorandum from Austin Energy Interim General Manager Mark Dombroski for detail on the identification and evaluation process used. The memo is included in the backup for this agenda item.

Evaluation criteria used to evaluate the responses included solutions, demonstrated applicable experience, personnel qualifications, evidence of good organization & management practices, and total evaluated cost.

Austin Energy anticipates engaging the Independent Consumer Advocate by March 1, 2016. Work will begin immediately and will extend through City Council's deliberations in May and June, culminating in a final decision by June 30, 2016.

MBE/WBE solicited: 0/0

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Eight notices were sent. Two responses were received.

APPROVAL JUSTIFICATION

- a. Sole responsive proposal.
- b. The Purchasing Office recommends contract award consistent with the evaluation committee.