

CITY COUNCIL
ATLANTA, GEORGIA

02-R-0575

RESOLUTION BY:

John A. Moore *Carle Smith* *Clayton*
Howard Shock *Devin Starnes* *Walter* *Thompson*
Clair Muller *...* *...* *...*
A. J. ... *...* *...* *...*

A RESOLUTION AUTHORIZING THE MAYOR TO ACCEPT THE DONATION OF STRATEGIC PLANNING SERVICES FROM BAIN & COMPANY ON A *PRO BONO* BASIS THROUGH JANUARY OF 2005, AND AUTHORIZING THE MAYOR TO ENTER INTO AN AGREEMENT WITH BAIN & COMPANY TO PERFORM SAID STRATEGIC PLANNING SERVICES TO THE CITY OF ATLANTA.

WHEREAS, Bain & Company has provided the city *pro bono* services, assisting the city in analyzing the city's financial condition and 2002 budget policy decisions; and

WHEREAS, Bain & Company has offered to continue to assist the city through January of 2005 on a *pro bono* basis; and

WHEREAS, this assistance will be in the form of helping the city establish a three-year "turn around" plan, improving process and measures, and support 2002 budget management and 2003 budget development, as summarized in the attached draft proposal; and

WHEREAS, Bain & Company will neither solicit nor accept paid work from the city for the duration of the mayor's term(s); and

WHEREAS, it is appropriate and desirable to reduce the agreement between Bain & Company and the City of Atlanta to writing.

THEREFORE, BE AND IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA, that the Mayor is authorized to accept the donation of said strategic planning services from Bain & Company on behalf of and for the benefit of the City of Atlanta, and that the city shall incur no liability for the acceptance of such *pro bono* services.

BE IT FURTHER RESOLVED that the Mayor is authorized to enter into appropriate contractual agreement with Bain & Company to perform strategic planning services on a *pro bono* basis, under terms substantially as represented by the attached draft proposal.

BE IT FURTHER RESOLVED that in the event Bain & Company becomes subject to subpoena or other legal action directly arising from this engagement with the City of Atlanta, to which Bain & Company is not a party, the City of Atlanta shall reimburse Bain & Company for costs and expenses related thereto in an amount not to exceed \$250,000.00, to be paid from consultant accounts in the General, Aviation, or Water & Sewer Fund, as appropriate.

BE IT FURTHER RESOLVED that the City Attorney shall prepare an appropriate contractual agreement for execution by the Mayor, to be approved by the City Attorney as to form. Said contractual agreement shall not become binding on the city, and the city shall incur no liability there under until the agreement has been signed by the Mayor, attested by the Municipal Clerk, and delivered to the contracting party.

BE IT FUTHER RESOLVED that the Atlanta City Council shall receive any reports generated by Bain & Company pursuant to this Agreement, contemporaneous with the delivery of such reports to the Mayor.

BE IT FURTHER RESOLVED THAT Bain & Company shall make periodic reports regarding the progress of their work under this Agreement.

A true copy,

Rhonda Druphin Johnson
Municipal Clerk, CMC

ADOPTED as amended by the Council
APPROVED by the Mayor

MAR 18, 2002
MAR 26, 2002

Annex A**City of Atlanta
Pro-Bono Proposal
By Bain & Company
March 14, 2002****Background and Introduction:**

The City of Atlanta faces a difficult fiscal and operating situation. While the City has recently passed its 2002 Budget, significant challenges remain in managing costs, anticipating and monitoring revenue, restoring the City's reserve, and creating future multi-year budgets. Operationally, a number of areas of City government appear not to have reached optimal levels of cost, efficiency, and service. In sum, the City of Atlanta faces a substantial effort over several years to "turn-around" finances and operations to become a "best in class" city.

Bain & Company, which is in the process of concluding an effort to assist in identifying the \$82M gap in the 2002 Budget and in helping City officials develop options to address it, wishes to offer extended pro bono support to the City to help achieve its "best in class" objectives. This support would begin immediately in the form of two additional months of the existing project team to assist the City in creating a three-year plan. Bain & Company's support would continue, as described below in more detail, until January 1, 2005, through Partner and Manager time supporting the City on focused areas, yet to be determined, that can best leverage Bain's skills and expertise in helping on the most critical issues for the City. In addition, full and partial project teams will be engaged periodically to assist in other specific areas (e.g., 2003 Budget creation).

Project Objectives:

Bain & Company's work for the City would have the overarching objective of supporting City officials as they develop and execute a turn-around plan to move towards becoming one of the "best in class" managed cities in the United States. More specifically, Bain & Company would:

1. Assist the City in establishing a three-year "turn-around" plan describing various initiatives, their timing, cost, and expected benefit
2. Assist the City in developing processes and measures to better manage the city government (e.g., operational steering committee, metrics, targets, management dashboard, etc.)
3. Provide on-going senior level project guidance
4. Proactively identify areas where additional full or partial project team support would add significant value (e.g., 2003 Budget preparation)

Project Approach (Phase II ù March 2002 through May 2002):

The overall project will use a variety of approaches and work modules, each focused on where Bain can add the greatest value given our expertise and the needs of the City. For Phase II, the following modules will likely comprise the work.

Module 1: Additional municipality turn-around research

One of the first steps of the process would be to review existing research and academic work and perform primary research on how municipalities have achieved turn-arounds. This module would include interviews of current and past municipal officials as well as relevant academic and non-academic experts. One of the key outputs of this module would be an inventory of the potential types of turn-around projects that the City may want to undertake along with critical success factors and likely risks.

Module 2: Determination and sequencing of potential turn-around projects

In this module, the team would assist the City in developing an approach to evaluate the applicability of various turn-around projects. The potential projects considered would be determined in Module 1 along with consultation with various elected and appointed officials. Bain would help City officials create systematic evaluation criteria (e.g., estimated potential cost savings) and provide analytical assistance to allow City officials to prioritize the list of potential projects. Based on available resources and other considerations, these projects would then be sequenced by the City. An example list of potential high-level strategic priorities, each of which could yield multiple potential actions or projects, is attached as Exhibit 1.

Module 3: Turn-around plan goals, milestones, metrics, targets, reporting, and accountability

Bain & Company has found that one of the key success factors in turn-arounds is a precise definition, at multiple levels, of what is being measured, how it is being measured, and what the specific quantitative and qualitative goals are. Additionally, milestones (i.e., what needs to be complete by when) and reporting are critical components to holding individuals accountable. In this module, Bain & Company personnel would provide analytic support to allow City personnel to establish an interlocking multi-level set of measures by which success or failure of each element of the plan can be determined.

Module 4: Development of plan execution management and support mechanisms

Based on the key elements of the plan determined in Module 3, the Bain & Company team would help City personnel determine the frequency and format of progress updates from the project teams. Bain would assist City personnel develop mechanisms to highlight for City management which areas are progressing as planned and which areas require additional intervention. Accountability for overall tracking and reporting would be assigned by City personnel.

Project Approach (Ongoing SupportùMay 2002 to January 2005):

While it is impossible to describe the precise activities that future Bain teams would undertake, some of the activities that we envision are:

Activity 1: Monthly (and other periodic) progress reviews and course correction

The progress update reports developed in Module 4 as well as key findings from the projects would be reviewed periodically. At these sessions, critical decisions about next steps and direction would be considered. Bain & Company would participate in these meetings to provide input on process matters, with the Mayor and City Council making all critical decisions.

Activity 2: Consolidation of findings

As project teams complete the evaluation of elements of the turn-around plan, Bain & Company would assist in the development of presentation materials for review by various elected and appointed members of the City's government.

Activity 3: Identification of areas that could benefit from external support

On an on-going basis, Bain & Company would work with the City to identify tasks (e.g., benchmarking analysis) that can benefit from external support. Bain will also work with the City to determine if this is an area in which Bain can provide assistance or if there is another entity that should be contacted.

Other activities beyond these three would exist as part of additional partial or full team projects as mutually identified and agreed upon on an on-going basis.

Project Deliverables (Phase II):

A partial list of deliverables for Phase II of the joint City of Atlanta and Bain team include:

1. A high level "turn-around" plan for the City of Atlanta
2. A set of operational and project management procedures to assist in implementation of the plan
3. Identification of on-going advisory support assistance areas for senior Bain & Company personnel and specific areas where full or partial project team support is appropriate

Further specific deliverables will be mutually agreed upon as the project progresses.

It is important to note that while Bain & Company's support will be substantial and extended, Bain will not be acting broadly as an advisor on all matters to the City of Atlanta or any individual within the City of Atlanta government. Bain & Company will only be addressing certain specific issues, mutually agreed upon, to provide analytic and professional support and will not be responsible for overseeing or coordinating any area of City of Atlanta government or its development and execution of a turn-around plan.

Bain & Company will use its best efforts using the resources described below to accomplish the objectives and provide the deliverables. With that said, the complexity of this project and the unknown quality and availability of input data may require modification of exact objectives, work modules, and deliverables as the project proceeds.

Finally, the City acknowledges that performance of Bain's services will involve the expression of professional ideas, judgments and opinions by Bain, and that it is in the City's interest to have such ideas, judgments and opinions expressed frankly, without concern on the part of Bain that such ideas, judgments and opinions will be deemed representations, warranties, guarantees, predictions or covenants upon which the City may claim reliance. Thus, the City agrees that any decisions and actions relative to any of Bain & Company's work and/or the City of Atlanta are clearly being made by the City of Atlanta and its elected and appointed officials and are not the responsibility of Bain.

Resources, Timing, and Fees:

The initial set of work to help City officials develop the high-level turn-around plan will take place over the next two months and conclude by May 15, 2002. This work will be managed and performed by substantially the same team that has assisted the city in creation of the 2002 Budget. The project will be led by Peter Aman, a Vice President in the Atlanta office, with the support of Alan Colberg, Managing Director of the Atlanta office, David Bechhofer, a Director in Bain & Company's Boston office, and

Miles Cook, a Vice President in the Atlanta office. The day-to-day project Manager will be Chris Nielsen. The project team will consist of a diverse mix of 6 to 7 consultants from the Atlanta office with additional resources as appropriate and necessary (most team resources will be allocated 50%, as is our standard practice).

After May 15, 2002 and until January 1, 2005, Bain & Company will provide senior management support as well as periodic full and partial case team support for jointly identified, mutually agreed upon, and highly leveraged opportunities. Peter Aman will continue to be lead partner on the effort. Chris Nielsen will also continue for some time to be the primary Manager, although we do anticipate rotating various other Managers and team members through the project as specific capability needs dictate, as is our standard practice. Our expectation is that between two and three full team projects (two to three months each) will be required over the course of the overall engagement with limited, targeted ad hoc support as well.

While difficult to assess in advance, standard Bain & Company billing rates would suggest a total price of approximately \$3 million over the three years. Bain & Company will, however, perform these services for the City of Atlanta on a pro bono basis.

As with Bain & Company's current work with the City of Atlanta, the firm agrees to neither solicit nor accept paid work from the City for the duration of Shirley Franklin's term(s) as mayor.

Exhibit 1: Potential City of Atlanta Strategic Initiatives (Examples)



