

RESOLUTION NO. RES-23-0057

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT AND ANY AMENDMENTS THERETO WITH UTILITY COST MANAGEMENT, LLC WITHOUT ADVERTISING FOR BIDS TO PERFORM AN ELECTRIC UTILITY AUDIT, IN AN AMOUNT EQUAL TO 33% OF THE IDENTIFIED REFUNDS OR CREDITS REALIZED BY THE CITY, AND 33% OF ANY FUTURE SAVINGS THAT ACCRUE DURING A TWO-YEAR PERIOD FOLLOWING IMPLEMENTATION OF EACH CORRECTION, FOR A PERIOD OF TWO YEARS, WITH THE OPTION TO RENEW FOR ONE ADDITIONAL ONE-YEAR PERIOD, TO COMPLETE A SECOND ROUND COST SAVING REVIEW

WHEREAS, City Council approval is requested to enter into a contract with Utility Cost Management (“UCM”), for electric utility billing audit services; and

WHEREAS, UCM reviews the City’s electric utility accounts to identify billing errors, obtain refunds, find ongoing savings opportunities on the City’s electric accounts, and make recommendations to the City; and

WHEREAS, UCM’s analysis includes, but is not limited to, the investigation of billing calculations, inapplicable rate schedules, proper metering of services, optional rates, applicability of taxes and surcharges, and the applicability of all rules and regulations; and

WHEREAS, UCM’s compensation is based only on actual refunds and/or cost savings as a direct result of their work and the newly assigned rates identified by

1 UCM and implemented by the utility company; and

2 WHEREAS, UCM's fee is calculated at 33 percent of the identified refunds
3 or credits realized by the City, and 33 percent of any future savings that accrue during a
4 two-year period following implementation of each correction; therefore, the City only
5 incurs a fee if cost savings are realized; and

6 WHEREAS, at its meeting on October 10, 2017, the City Council adopted a
7 Request for Proposals (RFP) FM17-009 for performing an electric utility billing audit, and
8 awarded a contract to UCM; and

9 WHEREAS, as part of UCM's original selection, City of Long Beach (City)
10 staff evaluated four proposals on the criteria set forth in the RFP and the selection
11 committee determined that UCM was the vendor that best met the City's needs for this
12 service based on: demonstrated competence in the industry; comprehensive experience
13 with California public entities Southern California Edison, and the California Public
14 Utilities Commission; and expertise and availability of key personnel; and

15 WHEREAS, UCM conducted a first round of review at the start of the
16 original contract term and a second round of review was anticipated to look for additional
17 savings resulting from rapid changes in the energy sector and the California regulatory
18 environment, however, this work was put on hold during the COVID-19 pandemic and the
19 awarded contract was permitted to terminate; and

20 WHEREAS, when the second phase of work restarted, savings estimate
21 from UCM indicated that fees were unlikely to exceed \$100,000, within the City
22 manager's normal discretion for procurement awards, per Long Beach Municipal Code
23 ("LBMC") Chapter 2.84.010; and

24 WHEREAS, based on these estimates, a purchase order was expected to
25 be sufficient to finish this contemplated work, and UCM conducted a second round of
26 review, however, due to a highly technical finding associated with electricity discharge
27 from battery storage, UCM's second review identified more potential savings than
28 originally anticipated; and

1 WHEREAS, a contractual agreement is necessary to reflect the higher level
2 of savings that may be achievable through implementation of the identified billing
3 corrections, and the resulting fees that would be owed to UCM, since the amount will be
4 higher than the LBMC allows without a City Council authorized contract; and

5 WHEREAS, UCM was selected as a result of a competitive procurement
6 process in 2017 and continues to offer its services to City at the competitively procured
7 price and UCM has already completed a first round savings review and requires a
8 contract to completed a second round review that is underway; and

9 WHEREAS, this project is near completion and therefore it would not be a
10 responsible use of City time or resources to re-procure these services for the second
11 round review; and

12 WHEREAS, as a result, no useful purpose would be served by advertising
13 for bids and to do so would constitute an idle and useless act and an unnecessary
14 expenditure of public funds;

15 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
16 follows:

17 Section 1. The above recitals are true and correct and are incorporated
18 herein.

19 Section 2. The City Manager is hereby authorized to enter a contract and
20 any amendments thereto with Utility Cost Management, LLC to perform an electric utility
21 billing audit, in an amount equal to 33% of the identified refunds or credits realized by the
22 City, and 33 % of any future savings that accrue during a two year period following
23 implementation of each correction, for a period of two years, with the option to renew for
24 one (1) additional one-year period, to complete a second round cost saving review.

25 Section 3. This resolution shall take effect immediately upon its adoption
26 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of April 18, 2023 by the following vote:

Ayes: Councilmembers: Zendejas, Duggan, Supernaw, Kerr, Saro,
Uranga, Austin, Ricks-Oddie.

Noes: Councilmembers: None.

Absent: Councilmembers: Allen.

Recusal(s): Councilmembers: None.


City Clerk

OFFICE OF THE CITY ATTORNEY
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