



Legislation Details (With Text)

**File #:** 17-0628      **Version:** 1      **Name:** FM - Contract for electric utility bill audit  
**Type:** Contract      **Status:** CCIS  
**File created:** 6/28/2017      **In control:** City Council  
**On agenda:** 10/10/2017      **Final action:** 10/10/2017

**Title:** Recommendation to adopt Specifications No. RFP FM17-009 and award a contract to Utility Cost Management, LLC, of Fresno, CA, to perform an electric utility billing audit, for a period of two years, with the option to renew for two additional one-year periods, and authorize City Manager, or designee, to execute all documents necessary to enter the contract, including any necessary amendments. (Citywide)

**Sponsors:** Financial Management

**Indexes:**

**Code sections:**

**Attachments:** 1. 080817-C-17sr.pdf, 2. 091917-UB-21sr.pdf, 3. 091917-UB-21att.pdf, 4. 101017-UB-18sr.pdf

Date	Ver.	Action By	Action	Result
10/10/2017	1	City Council	approve recommendation	Pass
9/19/2017	1	City Council	laid over	Pass
8/8/2017	1	City Council	laid over	Pass

Recommendation to adopt Specifications No. RFP FM17-009 and award a contract to Utility Cost Management, LLC, of Fresno, CA, to perform an electric utility billing audit, for a period of two years, with the option to renew for two additional one-year periods, and authorize City Manager, or designee, to execute all documents necessary to enter the contract, including any necessary amendments. (Citywide)

City Council approval is requested to enter into a contract with Utility Cost Management, LLC (UCM), to perform an electric utility billing audit.

As part of UCM’s proposed agreement with the City, UCM will conduct a “Bill Analysis” service wherein the City’s electric utility accounts will be reviewed to identify billing errors, obtain refunds, find ongoing savings opportunities on the City’s electric accounts, and make recommendations to the City. 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.

UCM’s compensation will be based only on actual refunds and/or cost savings as a result of the audit and the newly assigned rates identified by UCM and implemented by the utility company. UCM’s fee is calculated at 33 percent of the identified refunds or credits realized by the City, and 33 percent of future savings that accrue during a two-year period; therefore, the City will only incur a fee if cost savings are made.

There are no out-of-pocket costs to the City for these services.

The Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on November 6, 2016, and 4,555 potential proposers specializing in utility billing services were notified of the RFP opportunity. Of those proposers, 27 downloaded the proposal via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing) <<http://www.longbeach.gov/purchasing>>. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Four proposals were received on December 1, 2016. Of those four proposals, none were Minority-owned Business Enterprises (MBEs), one was a Women-owned Business Enterprise (WBE), one was a certified Small Business Enterprise (SBE), and none were Long Beach businesses (Local).

A selection committee, comprised of staff from the Financial Management Department, evaluated the four proposals on the criteria set forth in the RFP. The selection committee determined Utility Cost Management, LLC, of Fresno, CA (not a MBE, WBE, SBE, or Local), was the vendor that best met the City's needs for this service based on demonstrated competence in the industry, comprehensive experience with California public entities, Southern California Edison, the California Public Utilities Commission, and expertise and availability of key personnel.

### **Local Business Outreach**

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the PlanetBids online database to download the RFP specifications. Through outreach, 512 Long Beach vendors were notified to submit proposals, of which two downloaded and none submitted a bid/proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Amy R. Webber on June 21, 2017 and by Budget Operations Administrator Grace Yoon on June 23, 2017.

City Council action to adopt Specifications No. RFP FM17-009 and award a contract concurrently is requested on August 8, 2017, to ensure the contract is in place expeditiously.

Any service costs associated with the recommended action will be fully offset by savings realized by the City as a direct result of the services' audit and findings. The City will compensate UCM for services only if the City receives a refund or credit identified in the "Findings Letter" after the audit and/or the City realizes a future

savings as a result of the same findings. If the City is entitled to a refund for utility overcharges and/or future savings, then the City compensates UCM 33 percent of the refund and/or future savings for three years. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST  
CITY MANAGER