



# Board Agenda Item 32

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DATE: April 3, 2018

TO: Board of Supervisors

SUBMITTED BY: Robert W. Bash, Director of Internal Services/Chief Information Officer

SUBJECT: Second Amendment to Agreement with Utility Cost Management LLC

RECOMMENDED ACTION:

**Approve and authorize the Chairman to execute Second Amendment to Purchasing Agreement No. 16-180 with Utility Cost Management LLC for utility cost reduction services, effective upon execution with no change in term to April 28, 2021, increasing the maximum by \$142,500 to a total of \$200,000.**

Approval of the recommended action will allow ISD - Information Technology Services Division to continue receiving utility cost reduction services and further benefit from additional potential energy savings. The total potential cost for the five-year Agreement is \$200,000. This item will affect facilities countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended action, additional cost savings from energy conservation projects will not be realized.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. All costs associated with these services are paid through actual savings realized from utility cost reduction projects. Sufficient appropriations and estimated revenues are included in the Information Technology Services Division Org 8905 FY 2017-18 Adopted Budget and will be requested in subsequent budgets subject to approval by your Board.

DISCUSSION:

Utility Cost Management LLC (UCM) provides consulting services to reduce a client's utility costs by identifying and implementing cost-effective savings solutions. Services provided by UCM are on a contingency fee basis, and compensation is based on a percentage of the refund or savings obtained. Services include utility bill analysis and utility cost reduction projects.

Utility bill analysis services ensure that utility charges comply with the latest interpretations, rulings, and regulations. If UCM identifies a billing discrepancy, it will take steps to correct the error going forward, and recover a refund from the utility provider. Utility cost reduction projects are identified after detailed review of billing data and recommended to the department. Should the County approve an identified project, UCM will assist with the RFP process, financing options, project implementation, and provide analysis and quantification of project results after project completion.

On April 29, 2016, Purchasing Agreement No. 16-180 was executed with UCM by a suspension of competition to provide an analysis of County's gas and electricity billing data and tariffs, provide utility cost reduction recommendations, and assist in implementing selected cost reduction programs. UCM was selected because they are the only vendor found to use their tiered approach which includes the analysis of client data, reporting of potential and average savings, and continued monitoring of energy savings projects. UCM was also selected because they provide consultation services and do not subsequently bid on any identified utility cost reduction projects. The initial Agreement was for a three-year term with a maximum contract amount of \$7,500 to allow for the initial cost of the utility bill analysis service. The County would pay UCM, 40% of any amount refunded or credited as a result of the utility bill analysis service, and 40% of any future savings that accrue as a result for a three-year period. Should any utility cost reductions projects be identified and implemented, the County would pay UCM 12% of the project costs. The department would return to your Board to amend the Agreement to allow payment should any utility cost savings be realized, or any utility cost reductions projects be identified and implemented.

On June 21, 2017, a First Amendment to Purchasing Agreement No. 16-180 was executed to extend the agreement term by two years and increase the maximum contract value by \$50,000 to allow payment to UCM for cost savings identified during the utility bill analysis.

Staff is now recommending the current Purchasing Agreement with UCM be converted into a Board Agreement, as the maximum amount allowable for services is anticipated to exceed the Purchasing Manager's authority of \$100,000. Compensation for utility cost reduction projects will also be restructured from the previous model, which required the county to pay 12% of project costs, to a model that requires the County to pay 20% of realized savings for a period of three years. Approval of the recommended action will restructure UCM's compensation and increase the maximum agreement value by \$142,500, effective upon execution, for a maximum five-year cost not to exceed \$200,000.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement P-16-180-C  
On file with Clerk - First amendment to Agreement P-16-180-C  
On file with Clerk - Agreement with Utility Cost Management LLC

CAO ANALYST:

Juan Lopez