SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-G**

FROM: Steve Mack, General Manager

Meeting Date: June 4, 2009

SUBJECT: ACTION TO APPROVE RESOLUTION 09-18, AGREEMENT WITH UTILITY COST MANAGEMENT TO EXAMINE DISTRICT ELECTRIC BILLS TO DETERMINE WHETHER SAVINGS CAN BE ACHIEVED

RECOMMENDED ACTION: Discussion/Action re Resolution 09-18, Approval of Agreement with Utility Cost Management to Examine District PG&E Bills to Determine Whether Savings Can Be Achieved.

FISCAL IMPACT: Unknown, Upper range of savings could be in the range of $5,000 at no risk to District.

DISCUSSION:

The FY2010 Budget includes $96,000 for Electric and Propane, most of which is for electricity to run District operations. The electricity costs come from a variety of meters and rates which are complex to understand. And there is no guarantee that any of these rates are the correct rates. Utility Cost Management (UCM)has been identified by the California Special Districts Association as a company that can help public agencies audit their utility accounts to determine whether savings can be achieved. The audit is allowed to go back three years to determine if there have been over or incorrect charging for utilities.

The UCM contract is at no risk to the District. UCM takes 42% of all savings that it determines is appropriate and that PG&E agrees to pay back for past charges and reduce in the future. The agreement to pay for reductions in current bills runs for three years. For example, if the District realizes a savings of $100 per month, 42% of that savings, or $42/month, will be remitted to UCM. If no savings are found, the District owes UCM nothing.

The cost savings for the District are impossible to forecast because we don't know what level of savings, if anything, will come from this audit effort. If, for example, electricity costs are $90,000 in a given year and UCM is able to determine that if the correct rates were applied the cost should have been $80,000, then the District would realize a savings of $5,800 and would pay UCM $4,200. This is just an example, but we have no guarantee of any specific amount.

Resolution No. 09-18

A Resolution of the Board of Directors of the Sweetwater Springs Water District Approving a Contract with Utility Cost Management for the Audit of District Electricity Bills

WHEREAS, the Sweetwater Springs Water District spends approximately $90,000 per year on electricity; and

WHEREAS, an audit of District electricity rates may find cost savings; and

WHEREAS, the California Special Districts Association has determined that Utility Cost Management (UCM) provides excellent utility auditing services for special districts; and

WHEREAS, under the terms of the contract UCM will get 42% of all cost savings from electricity bills, but will receive no compensation if there are no savings; and

WHEREAS, District staff have met with UCM staff and determined entering into this contract can provide cost savings to the District at no risk to the District.

NOW, THEREFORE, BE IT RESOLVED, the General Manager of the District is authorized and directed to execute a contract with Utility Cost Management for the purpose of auditing the District's electricity bills.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on June 4, 2009, by the following vote.

This Resolution was adopted this June 4, 2009, on roll call by the following vote:

Wanda Smith : _____
Victoria Wikle : _____
Jim Quigley: _____
Sukey Wilder: _____
Gaylord Schaap: _____

_____
Victoria Wikle
President of the Board

ATTEST:

_____
Julie A. Kenny
Clerk of the Board