

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Utility Audit Contract

ORIGINATING DEPARTMENT

Finance

BACKGROUND INFORMATION

In recent years, the market for energy has been volatile and prices have steadily risen. Because light and power expenses are one of the City's largest operating costs, rising energy costs can significantly impact City operations and services. Additionally, billing errors and duplicate billings may inflate energy costs. All of these considerations underscore the importance of planning and monitoring energy costs and has led the City staff to investigate avenues to assess or audit the City's utility costs.

DISCUSSION/CONCLUSION

Tri-Stem was originally contracted to perform a utility audit in 2005, and the agreement was renewed in 2011. The attached agreement calls for Tri-Stem to conduct an audit and assessment of the City's prior utility billing and payments. Their work will include a review for billing errors, inaccurate charges, and duplicate billings. In addition, TriStem will perform a physical inventory of the City's street lights, utility poles, and meters, as well as reconcile the inventory to utility invoices. TriStem will provide proof and substantiate any legitimate requests for refunds from the utility vendors. They will also negotiate on the City's behalf for reimbursement. There is no initial cost to the City for TriStem's services. When a recovery is made and reimbursement received, TriStem will receive forty-five percent (45%) of the refund; the city will receive fifty-five percent (55%) of the refund. When future savings are identified, TriStem will receive forty-five percent (45%) of approved and implemented savings for a period limited to twelve (12) months.

FISCAL IMPACT

There is no fiscal impact to the City unless a recovery is made. The City's share of any refunds will be credited to a revenue account in the fund for which the recoveries were related.

RECOMMENDATION

Staff recommends that the City Council approve entering into the attached agreement with TriStem to conduct a utility audit, and that the City Manager be expressly authorized to execute any and all changes to this contract within the amounts set by state and local law.