

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 1/25/2023

Staff Report No. 17-192d

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Utility Audit Contract Extension

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider authorizing General Manager to execute a four-month extension to the contract with Eric Ryan Corporation (ERC) for utility auditing consulting services.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

Continuation of utility audits and management of credits generated through the California Air Resource Board (CARB) program for Low Carbon Fuel Standards (LCFS) and Renewable Energy Credits (RECs) support the revenue maximization initiative.

BUDGETARY/FISCAL IMPACT:

Since inception, the ERC utility auditing consulting services contract has saved the District over \$260,000 in utility costs mainly from corrections to past over-billings and collected over \$180,000 in LCFS revenue. The consultant portion/incentive fee is 20% of total savings (there is no minimum fee for services). For 2023, staff forecasts approximately \$40,000 to be collected in LCFS revenue but does not expect as much cost savings from utility audits since most savings were captured in prior year audits.

BACKGROUND/RATIONALE:

After receiving Board approval to solicit utility auditing services in May 2018, Finance staff reviewed several qualifying proposals and, with Board approval in February 2019, engaged Eric Ryan Corporation (ERC) to audit the District's utility billings.

ERC and subconsultant SRECTrade (a LCFS broker) coordinate on the District's behalf with utility companies and oversight agencies. The original contract included three optional one-year extensions, with a final expiration date of March 30, 2023. The proposed four-month extension will expire on or before July 31, 2023.

With the four-month extension of this contract, Procurement will have sufficient time to solicit and award a LCFS brokerage-only contract by July 1, 2023. In the meantime, the extension of this contract will allow for continued services to audit utility bills and bolster the revenue stream through the CARB LCFS program.

ADVANTAGES/DISADVANTAGES:

The advantage of extending the contract with ERC (including SRECTrade) is to give Procurement four months additional time to solicit and award a new LCFS brokerage-only contract while continuing to offset utility expenses by leveraging opportunities to reduce costs and generate revenues.

Staff has noted no significant disadvantages.

ALTERNATIVES ANALYSIS:

The alternative to extending this contract is for staff to perform the utility audit and LCFS brokerage functions in-house. This is not recommended because staff does not have the resources or expertise to perform these functions. Additionally, the contract produces net cost savings for the District, therefore extending the contract is the best course of action.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 17-192 Utility Bill Auditing Solicitation
SR 17-192a Utility Audit Contract Award
SR 17-192b Utility Audit Contract Extension
SR 17-192c Utility Audit Contract Extension

ATTACHMENTS:

None

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