



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

WEDNESDAY, MAY 3, 2023

5:30 PM

THIS MEETING MAY BE ATTENDED IN PERSON AT THE DISTRICT OFFICE BOARDROOM AT 61750 CHOLLITA RD., JOSHUA TREE, CA 92252, BY PHONE AT 1 669 444 9171, OR BY VIDEO CONFERENCE.

JOIN BY ZOOM

[HTTPS://US02WEB.ZOOM.US/J/82784846900?pwd=CFFzT3LWAEZ6RUN4DLQ5AMHEENFPZz09](https://us02web.zoom.us/j/82784846900?pwd=CFFzT3LWAEZ6RUN4DLQ5AMHEENFPZz09)

Meeting ID: 827 8484 6900

Passcode: 61750

OUR MISSION, VISION, AND VALUES

Mission Statement

To provide, protect, and maintain Joshua Tree's water - our vital community resource.

Vision Statement

To achieve excellence in all District endeavors.

Values

The community of Joshua Tree has entrusted the Board of Directors and employees of Joshua Basin Water District with its most valuable natural resource, its groundwater. As stewards of the community water supply, we oversee this critical natural resource to ensure current and future water reliability. Dedicated to this purpose, we embrace these important values:

- **Integrity** – To consistently earn our customers' trust by prioritizing the needs of the community...doing the right thing for the right reason.
- **Transparency** – To openly and honestly share information about our operations with the public.
- **Respect** – To treat the residents of Joshua Tree, and all those contacted in the course of business, with high esteem and regard.
- **Fiscal Responsibility** – To manage all resources as if they were our own, whether revenues, assets, or water supply, in a conscientious and appropriate manner.
- **Accountability** – To take responsibility for our decisions and actions in managing this essential resource.

1. **CALL TO ORDER / PLEDGE OF ALLEGIANCE**
2. **CONSIDERATION OF TELECONFERENCING NOTIFICATIONS OR REQUESTS FROM BOARD MEMBERS**
3. **DETERMINATION OF A QUORUM**
4. **APPROVAL OF AGENDA**
5. **PUBLIC COMMENT**

This is the time set aside for public comment on any District related matter, whether appearing on the agenda or not. Under provisions of the Brown Act, the Board is prohibited from taking action on items not listed on the agenda. At the discretion of the Board President, however, comments on a particular Agenized item may be deferred until that item is heard. Please state your name and limit your comments to 3 minutes.

6. **CONSENT CALENDAR**

Consent calendar items are expected to be routine and non-controversial, to be acted upon by the Board at one time, without discussion. If a board member would like an item to be handled separately, it will be removed from the Consent Agenda for separate action.

A. DRAFT MINUTES – 04.19.23

B. DRAFT MINUTES – 04.26.23

7. **ITEM(S) PULLED FROM CONSENT CALENDAR FOR DISCUSSION**

8. **ACTION CALENDAR**

A. CONFLICT OF INTEREST

PRESENTED BY: GENERAL MANAGER, SARAH JOHNSON

RECOMMENDED ACTION: RECOMMEND ADOPTION OF THE AMENDMENT TO THE DISTRICT'S CONFLICT OF INTEREST CODE RESOLUTION NO. 23-1054 AND ADOPTION OF THE REVISION TO APPENDIX A OF THE ADMINISTRATIVE CODE.

B. JOB TITLE UPDATE/CHANGE

PRESENTED BY: GENERAL MANAGER, SARAH JOHNSON AND DIRECTOR OF ADMINISTRATION, DAVID SHOOK

RECOMMENDED ACTION: TO APPROVE AND ADOPT THE FOLLOWING JOB TITLE CHANGES:

1. FROM: DISTRIBUTION FOREMAN, PRODUCTION FOREMAN, CIRP FORMAN
TO: DISTRIBUTION SUPERVISOR, PRODUCTION SUPERVISOR, CIRP SUPERVISOR
2. FROM: CUSTOMER SERVICE REPRESENTATIVE I/II
TO: CUSTOMER SUPPORT SPECIALIST I/II

C. UCM AGREEMENT

PRESENTED BY: GENERAL MANAGER, SARAH JOHNSON

RECOMMENDED ACTION: APPROVE THE ATTACHED AGREEMENT BETWEEN JOSHUA BASIN WATER DISTRICT AND UCM TO PROVIDE UTILITY BILL CONSULTING SERVICES.

D. TILFORD PHASE 1 CIRP PROJECT WATER CAPACITY CHARGES TRANSFER

PRESENTED BY: DIRECTOR OF FINANCE, ANNE ROMAN

RECOMMENDED ACTION: RECEIVE REPORT, ASK QUESTIONS AND APPROVE TRANSFER OF FUNDS

9. **INFORMATIONAL ITEMS AND REPORTS**

A. PUBLIC OUTREACH REPORT

PRESENTED BY: Kathleen Radnich, Consultant for Public Outreach

For informational purposes only on subjects not covered by the agenda. No action is to be taken

B. GENERAL MANAGERS REPORT

For informational purposes only on subjects not covered by the agenda. No action is to be taken.

C. DIRECTOR REPORTS AND COMMENTS

For informational purposes only on subjects not covered by the agenda and no action to be taken. The Board may provide staff with requests for future agenda items.

10. FUTURE DIRECTOR MEETINGS	DATE/TIME	ATTENDEE(S)
<p>A. ACWA CONFERENCE MONTEREY, CA</p> <p>B. FINANCE COMMITTEE</p> <p>C. MWA – BOARD MEETING</p> <p>D. JBWD - REGULAR BOARD MEETING</p> <p>E. ASBCSD DINNER MEETING - ONATRIO</p> <p>F. MWA – BOARD MEETING</p>	<p>May 9 - 11, 2023</p> <p>05/10/23 9:00AM</p> <p>05/11/23 9:30AM</p> <p>05/17/23 5:30PM</p> <p>05/22/23 6:00PM</p> <p>05/25/23 9:30AM</p>	<p>Doolittle/Jarlsberg</p> <p>Floen/Short</p> <p>Short</p> <p>All</p> <p>Jarlsberg</p> <p>Jarlsberg</p>

Note: WRO Committee Cancelled for May 2023

11. ADJOURNMENT

INFORMATION

The public is invited to comment on any item on the agenda during the discussion of that item.

Availability of agenda materials: Materials related to any item on this Agenda submitted to the District Board of Directors or Committee Members after distribution of the agenda packet are available for public inspection at the District’s office, 61750 Chollita Road, Joshua Tree, CA 92252, during normal business hours. All documents supporting this agenda are available on the District website www.jbwd.com, subject to the staff’s availability to post the documents before the meeting.

Reasonable Accommodation: Any person with a disability, who requires accommodation to view the agenda or to participate in the public comment portion of the Board meeting, should direct such requests to Sarah Johnson, Secretary of the Board of Directors, at 760-366-8438. Please allow three business days for your request to be processed. Requests must be received at least seventy-two (72) hours before the scheduled meeting.

Disruptive Conduct: If any meeting of the District is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, a meeting may be recessed or the person or persons willfully disrupting the meeting may be ordered to leave the meeting. Disruptive conduct includes addressing the Board or Committee without first being recognized, not addressing the subject before the Board or Committee, repetitively addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board or Committee from conducting its meeting in an orderly manner. Your cooperation is appreciated.

JOSHUA BASIN WATER DISTRICT
REGULAR BOARD OF DIRECTORS
MEETING MINUTES
APRIL 19, 2023

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE – President Floen called the board meeting to order at 5:30 pm.
2. CONSIDERATION OF TELECONFERENCING NOTIFICATIONS OR REQUESTS FROM BOARD MEMBERS.
No requests were received.
3. DETERMINATION OF A QUORUM – President Floen, Vice President Doolittle, Director Jarlsberg, Director Short.
STAFF PRESENT –
Anne Roman, Director of Finance, Autumn Rich, Accounting Supervisor, Mercedes Meyers, Billing and Customer Service Supervisor, David Shook, Director of Administration, Jeremiah Nazario, Interim Director of Operations, Lisa Thompson, Executive Assistant.

CITIZENS ADVISORY COUNCIL PRESENT – Glenn Harris, Chair

CONSULTANTS PRESENT –
Jeff Hoskinson, Legal Counsel
4. APPROVAL OF AGENDA –
1st - Short
2nd - Doolittle
4/0/0 motion carried.
5. PUBLIC COMMENT –
Glenn Harris, newly appointed Chair for Citizen’s Advisory Council mentioned that they are actively working to increase membership involvement in the CAC.

David Fick is very appreciative of board meetings being hybrid and on Zoom.
6. CONSENT CALENDAR
A. DRAFT MINUTES – 04.05.23
1st - Doolittle
2nd - Jarlsberg
4/0/0 motion carried to approve 04.05.23 draft minutes with correction the last name Turf to Turk. Item B Check Register pulled for discussion.
7. ITEM(S) PULLED FROM CONSENT CALENDAR FOR DISCUSSION:
CHECK REGISTER – FEBRUARY 2023
Director Jarlsberg asked questions about temporary labor costs, Consultant Iridium Solutions, and the cancellation of a check to West Coast Equipment. General Manager, Sarah Johnson explained that we have used temporary labor to fill in for several vacancies, Iridium Solutions is a consultant the District uses for operational support, and the cancellation of the check was for the purchase of a Pettibone that was already sold to another buyer. Jarlsberg asked about refund check for meter purchase. Director of Finance, Anne Roman explained that the customer requested to cancel the meter purchase due to issues with their builder.
1st - Doolittle
2nd – Jarlsberg
4/0/0 motion carried to approve February 2023 check register.

8. ACTION CALENDAR

CONSIDERATION OF BOARD VACANCY CANDIDATES

A presentation was made by Jeff Hoskinson, Legal Counsel on the process of appointment. The board interviewed candidates Mark Lundquist and David Fick for the board vacancy located in District 2. After the interview process, the board discussed their opinions on each applicant. Glenn Harris, CAC Chair spoke in favor of Mark Lundquist on behalf of CAC. The board thanked each applicant for their time. After deliberation, each board member proposed their chosen candidate beginning with Director Floen who chose Lundquist, Director Doolittle chose Fick, Director Short chose Fick, and Director Jarlsberg chose Fick. Doolittle made a motion to appointment for David Fick. Jarlsberg seconded the motion. A roll call vote resulted in:

Floen – Noe

Doolittle – Aye

Short – Aye

Jarlsberg – Aye

3/1/0 motion carried to appoint David Fick to serve the remainder of the seat vacated by former Board Director Barbara Delph, with such appointment to be effective as of April 26, 2023 through December 6, 2024.

9. INFORMATIONAL ITEMS AND REPORTS

For informational purposes only on subjects not covered by the agenda. No action is to be taken.

A. DIRECTOR REPORTS AND COMMENTS

Vice President Doolittle attended the MWA meeting and shared some of the items discussed were budget and expenses, data, and it was the first meeting for their new General Manager. Director Jarlsberg attended the MWA Tac meeting and shared that there was a presentation on the Baja area, replacement of water purchase, workshop on MWA drought program, and legislative updates. Director Short mentioned did not attend any meetings in April.

10. FUTURE DIRECTOR MEETINGS

A. JBWD – Special Board Meeting Emergency Training – 04/26/23 at 11:30am – All

B. MWA – Board Meeting – 04/27/23 at 9:30am - Floen

C. JBWD – Regular Board Meeting – 05/03/23 at 5:30pm - All

11. ADJOURNMENT

1st – Short

2nd -Doolittle

President Floen called the board to adjourn at 7:07 pm.

Respectfully submitted,

Sarah Johnson, General Manager & Board Secretary

JOSHUA BASIN WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
MEETING MINUTES
APRIL 26, 2023

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE – President Floen called the board meeting to order at 11:47 am.
2. CONSIDERATION OF TELECONFERENCING NOTIFICATIONS OR REQUESTS FROM BOARD MEMBERS.
No requests were received.
3. DETERMINATION OF A QUORUM – President Floen, Vice President Doolittle, Director Jarlsberg, Director Short,
STAFF PRESENT –
Director of Finance, Anne Roman, Director of Administration, David Shook, Interim Director of Operations, Sarah Johnson, General Manager, Lisa Thompson, Executive Assistant.

CITIZENS ADVISORY COUNCIL PRESENT – Glenn Harris

CONSULTANTS PRESENT –
Jeff Hoskinson, Legal Counsel
4. APPROVAL OF AGENDA –
1st - Jarlsberg
2nd - Short
4/0/0 motion carried.
5. PUBLIC COMMENT – none
6. ADMINISTER THE OATH OF OFFICE TO APPOINTED DIRECTOR DAVID FICK – President Floen administered the Oath of Office to appoint Director David Fick on the Board of Directors.
7. EMERGENCY MANAGEMENT TRAINING WORKSHOP – President Floen called to begin the Emergency Management Training Workshop at 11:51am. Gary Sturdivan was the presenter in the training. Mr. Sturdivan provided an overview of emergency types, staff, and board responsibilities. The board was informed that they are responsible to call the board president when an emergency occurs (or the VP, or next most senior member should the other not be available). The board president or most senior member will then be the primary contact to the General Manager. The board members asked many good questions regarding how they can help. Sturdivan emphasized the importance of following protocols and relying on staff, and that the board function is much the same as it is normally even during an emergency which is to help set policy and budget. Director Doolittle commented that she thought we were lucky to have cool hand cool head Sarah in charge as she would not be stressed out and would be able to handle an emergency.

For information and training purposes only. No action is to be taken.
The workshop ended at 1:51pm
8. ADJOURNMENT
1st – Doolittle
2nd - Short
President Floen called the board to adjourn at 1:51pm

Respectfully submitted,

Sarah Johnson, General Manager & Secretary



Board of Directors Staff Report

MEETING DATE: 05/03/2023
PRESENTED BY: General Manager, Sarah Johnson
TOPIC: Conflict of Interest Code
RECOMMENDATION: Recommend adoption of the District's Conflict of Interest Code Resolution No. 23-1054 and adoption of the revision to Appendix A of the Administrative Code.

ANALYSIS:

The Political Reform Act requires the District to conduct a biennial review of our Conflict of Interest Code. To meet this requirement, the Board adopted Resolution 22-1046 approving the Conflict of Interest Code on September 21, 2022. After the county's review, they determined the code did not indicate the place of filing and therefore needs to be revised and reapproved. The attached resolution contains the required revised information. Because any changes made to the law are automatically adopted by reference, our review in the past has typically amounted to reconsideration of our Appendix A, which includes those who are responsible for complying with the Conflict of Interest Code by filing Form 700.

STRATEGIC PLAN ITEM: Goal 2.0 - Meet regulatory requirements for water, wastewater, financial, and administrative functions.

FISCAL IMPACT: None

RESOLUTION NO. 23-1054

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE JOSHUA BASIN WATER DISTRICT
ADOPTING AN AMENDMENT TO THE DISTRICT'S
CONFLICT OF INTEREST CODE

WHEREAS, the Political Reform Act ("Act"), Government Code Section 81000 et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes; and

WHEREAS, the Act requires that the state and local government agencies review their Conflict-of-Interest Code biannually in order to ensure that it remains in conformity with the Act and to update said Code with respect to any organizational changes which have occurred in the agency since the adoption and last amendment of the Code; and

WHEREAS, the Fair Political Practices Commission ("FPPC") has adopted a regulation, 2 Cal. Code of Regs., Section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference by state and local government agencies as the Conflict-of-Interest Code of such an agency, and which may be amended by the FPPC from time to time to conform with the amendments in the Act; and

WHEREAS, the Board of Directors has previously adopted said Standard Conflict of Interest Code; and

WHEREAS, the Board of Directors of the Joshua Basin Water District desires to amend the District's Conflict of Interest Code for the purpose of making it a more user-friendly document for filers and for the District's Filing Officer and to update and restate Appendix A thereto to reflect organizational changes of the District.

NOW THEREFORE, BE IT RESOLVED, the Board of Directors of the Joshua Basin Water District

1. The Board of Directors hereby ratifies and confirms the District's adoption of the Standard Conflict of Interest Code and hereby adopts an amended Conflict of Interest Code and Appendix A thereto, which sets forth designated positions and disclosure categories to the District's Conflict of Interest Code, all of which is set forth in Exhibit "A" to this Resolution.
2. The Secretary of the District is hereby authorized and directed to file with the Clerk of the Board of Supervisors a copy of this Amendment and such other information as may be required by the Board of Supervisors.
3. The Secretary of the District is hereby ordered and directed to file the Amended Conflict of Interest Code in the office of the District, and to retain and incorporate same in the District's "Admin Code".
4. All designated positions shall file their statements of economic interests with the Secretary of the District, which will make the statements available for public inspection and reproduction per Government Code Section 81008.

Approved and Adopted this 3rd day of May 2023 in Joshua Tree, California

Ayes _____
Noes _____
Abstain _____
Absent _____

Thomas Floen, President

Sarah Johnson, General Manager

**APPENDIX A
DESIGNATED POSITIONS**

87200 FILERS

Public Officials who manage public investments as defined by 2 Cal. Code of Regs. §18701(b), are NOT subject to the JBWD’s Conflict of Interest Code but must file disclosure statements under Government Code Section 87200 et seq., and are subject to full disclosure, Category 1. These positions are listed here for informational purposes only.

- Board of Directors
- General Manager

CODE FILERS

Public Officials filling designated positions below must file disclosure statements pursuant to the following disclosure categories.

DESIGNATED POSITIONS

DISCLOSURE CATEGORY

ADMINISTRATION

Director of Administration	3
Executive Assistant	3

FINANCE

Director of Finance	3
Accounting Supervisor	3

HUMAN RESOURCES

Human Resources & Risk Generalist	3
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OPERATIONS

Director of Operations	3
Distribution Supervisor	3
Production Supervisor	3
CIRP Supervisor	3

NEW POSITIONS

Individuals serving in a new position created since this Code was last approved that makes or participates in making decisions must file under the broadest disclosure set forth in this Code.

CONSULTANTS

SEE APPENDIX C



Board of Directors Staff Report

MEETING DATE: 05/03/2023
PRESENTED BY: General Manager, Sarah Johnson and Director of Administration, David Shook
TOPIC: Job Title Changes/Updates
RECOMMENDATION: To approve and adopt the following job title changes:
1) From: Distribution Foreman, Production Foreman, CIRP Forman
To: **Distribution Supervisor, Production Supervisor, CIRP Supervisor**
2) From: Customer Service Representative I/II
To: **Customer Support Specialist I/II**

ANALYSIS:

The Employee Handbook, Classification Plan policy (Section 4I) compels job title and salary changes to be brought to the board. Staff recommends updating the Foreman and Customer Service job titles. Please note that these changes are in the title only and do not result in salary or job scope changes.

1. The Foreman positions (Distribution Foreman, Production Foreman, CIRP Forman) have acted in a supervisory capacity since inception by supervising, training, directing, and evaluating employees. Changing the nomenclature is more of a formality as they are referred to as supervisors more often than Foreman. Additionally, the term Forman is a bit outdated, and not necessarily inclusive.
2. The title "Customer Service Representative" carries the stigma of simple clerical duties, such as answering phones and taking payments. Many of our recent applicants for these positions assumed the duties for these positions mirrored the generic title.

At JBWD, our staff adhere to a more robust collection of duties such as: Development Services initiation, calculating payment plans and counseling customers on the requirements of entering such plans, looking up details for credit checks, parcel numbers, creating and calculating low income assistance plans to send for approval, creating DocuSign and Adobe forms, selecting appropriate shared email templates to provide customers with current information and assistance, taking payment collection further by reconciling and presenting for approval from supervisors.

The proposed title of "Customer Support Specialist" may provide our customers and our staff with the confidence to work together completing more complex tasks that go beyond simply answering and transferring calls and taking simple payments. We are working hard to elevate the support for our customers and this title change would encourage that growth.

These proposed changes are an effort to recruit, retain, qualified employees providing them with updated and respected titles.

STRATEGIC PLAN ITEM: 3.1.2 - Continually Update Job Descriptions

FISCAL IMPACT: None



Board of Directors Staff Report

MEETING DATE: 05/03/2023
PRESENTED BY: Sarah Johnson, General Manager
TOPIC: **Utility Cost Management (UCM) Agreement**
RECOMMENDATION: Approve the attached agreement between Joshua Basin Water District and UCM to provide utility bill Consulting Services.

ANALYSIS:

Staff values the resources of the District and looks consistently for ways to reduce costs. One of the largest expenses in the District is the cost of electricity. Staff works hard to reduce electrical costs, most notably by running pumps at the lowest time of use peak available.

Staff puts in approximately 15 hours a month analyzing the ever-complex Edison bills, and we are finding issues and discrepancies. However, as a customer, we cannot get Edison to agree with our concerns. After countless hours of back-and-forth calls/emails and with them consistently changing time of use, we have finally come to a point where we need additional support.

Utility Cost Management LLC (UCM) is an organization that specializes in this concern. They are skilled in analyzing electricity, gas, and garbage utility billings to identify charges that do not comply with the rules and regulations that govern utility providers in California. As an Endorsed Business Affiliate Member of the California Special Districts Association (CSDA) since 2008, UCM has provided Bill analysis service to over 150 CSDA member districts, including some of the largest water agencies in California. Since being established in 1991, they have generated over \$200 million in refunds and savings for clients. Below are some examples of the type of results achieved for their clients;

Santa Margarita Water District – Electricity bills reduced more than \$250,000 per year, ongoing.
Metropolitan Water District of Southern California – Electricity bills reduced more than \$80,000 per year, ongoing.

- City of Long Beach – Electricity bills reduced \$297,000 per year, ongoing.
- City of Oceanside – Electricity bills reduced \$140,000 per year, ongoing.
- Pleasant Valley Park & Rec District – Bills reduced more than \$40,000 per year, ongoing.
- City of Twentynine Palms – Electricity bills reduced \$51,000 per year, ongoing.
- City of Orange – Bills reduced more than \$300,000 per year, ongoing.
- City of Mission Viejo – Electricity bills reduced \$25,000 per year, ongoing.
- City of Newport Beach – received \$96,000 refund from electricity provider, reduced future costs \$90,000 per year.
- City of Moreno Valley – Bills reduced more than \$115,000 per year, ongoing.
- City of Inglewood – Bills reduced more than \$270,000 per year, ongoing.
- City of Laguna Niguel – Bills reduced more than \$150,000 per year, ongoing.
- City of Upland – Bills reduced more than \$100,000 per year, ongoing.
- City of Culver City – received \$66,000 refund from electricity provider.

Here are some important points about their service;

- UCM receives no compensation unless clients receive refunds or savings as a direct result of our work.
- UCM is never paid until after clients receive refunds or savings, thus ensuring there cannot be any out-of-pocket costs associated with our services.
- **UCM's service does not require any time from client staff.**
- UCM's service does not alter or disrupt client operations or services in any way.

UCM's Compensation - If the District receives a refund or credit that was identified in the Findings Letter, then the District will pay 42% of the amount refunded or credited to UCM for their service. If there are no findings, then there are no charges. If the District obtains Future Savings that were identified in the Findings Letter, then District will pay UCM 42% of such Future Savings that accrue during a Three-Year Savings Period.

STRATEGIC PLAN ITEM: 1.0 - Maintain and enhance the operational efficiency and reliability of the District's water resources and infrastructure.

FISCAL IMPACT: The District can potentially expect a 58% refund or credit based on any findings of overcharges by utility companies.

**UCM / CSDA CO-OPERATIVE AGREEMENT TO PROVIDE
UTILITY BILL ANALYSIS SERVICE**

This agreement is made by and between Utility Cost Management LLC ("UCM") and the entity signing below ("Client") as follows:

1. **Applicable to Client's Utility Accounts.** Unless otherwise stated in an addendum initialed by both parties, this Agreement will apply to all water, sewer, garbage, gas and electricity accounts (and any related utility user taxes, other taxes, assessments, surcharges or fees) with respect to which Client:
 - (a) is receiving utility service as of the Effective Date (as defined below),
 - (b) has received utility service within three years prior to the Effective Date,
 - (c) receives utility service within one year after the Effective Date, or
 - (d) has permitted or authorized UCM to obtain a copy of the utility bill.The water, sewer, garbage, gas and electric accounts described in this paragraph are hereinafter collectively referred to as "Utility Accounts". The "Effective Date", as that term is used above, is the first day of the calendar month after both UCM and Client have signed this Agreement.
2. **Client to Provide Utility Bills.** On or promptly after Client's execution of this Agreement, Client will provide UCM with a copy of at least one month's utility bills for all of Client's Utility Accounts.
3. **UCM Authorized to Obtain Information on Utility Accounts.** UCM is hereby authorized to obtain information relating to the Utility Accounts directly from utility provider personnel and utility provider websites. If site visits are necessary, UCM will first obtain proper authorization from Client.
4. **UCM's Findings Letter.** UCM will use its best efforts to identify the basis for any refunds, credits or Future Savings (as defined below) on Client's Utility Accounts. UCM will send one or more a "Findings Letters" to Client that generally sets forth the basis for any refunds, credits or Future Savings identified by UCM. UCM may, from time to time, supplement or amend the Findings Letter.
5. **Steps to Obtain Refunds or Savings.** With Client's prior approval, UCM is authorized to take steps to obtain the refunds, credits or Future Savings identified in the Findings Letter. Such steps may include, but are not limited to, communicating, negotiating and dealing with utility providers (or, in the case of utility user taxes or other governmental charges, the appropriate government entity), and seeking relief from the California Public Utilities Commission in a complaint proceeding or other proceeding.
6. **Cooperation By Client.** Client will cooperate with UCM, as reasonable, in UCM's efforts to carry out the purposes and intent of this Agreement. Such cooperation will include, but not be limited to, providing information upon request by UCM concerning Client's utility expenditures, utility service and operations.
7. **UCM's Compensation.**

UCM's compensation will consist of the amounts set forth in both (a) and (b) below.

- (a) **Refunds or Credits.** If Client receives a refund or credit that was identified in the Findings Letter, then Client will pay to UCM **42%** of the amount refunded or credited. The amount of the refund or credit for this purpose will include all amounts refunded or credited (including any portion attributable to interest) for any overcharges that were incurred by Client prior to the date that the overcharges no longer appeared on the Client's utility bill. Payment of UCM's **42%** compensation is due within 30 days of the date UCM mails an invoice to Client.
- (b) **Future Savings.** If Client obtains Future Savings that were identified in the Findings Letter, then Client will pay UCM **42%** of such Future Savings that accrue during a Three-Year Savings Period. "Future Savings" is the amount by which Client's charges on its Utility Accounts are reduced as a result of a change in the billing rate, calculation, method or procedure. Future Savings will be calculated as the difference between the amount Client was billed on its Utility Accounts during the Three-Year Savings Period, and the amount that it would have been billed on its Utility Accounts during the Three-Year Savings Period if there had been no change in its billing rate, calculation, method or procedure. The Three-Year Savings Period begins on the date that the change in the billing rate, calculation, method or procedure is first reflected on Client's utility bill, and ends three years thereafter. UCM will submit invoices periodically to Client for payment based on the Future Savings as they accrue. The invoices will verify (a) that Future Savings have actually been realized by Client, and (b) the amount of such Future Savings.

Payment of UCM's invoices is due within 30 days of the date the invoices are mailed to Client. The compensation under this subparagraph will not include compensation for Future Savings that are the result of a reduction in the amount of utility usage by Client.

(c) **Client's Prior Knowledge of Basis For Refund, Credit, or Future Savings.** Client is not obligated to pay UCM pursuant to this paragraph for any refund, credit or Future Savings received by Client for which Client had submitted to the utility provider a written claim prior to the date of UCM's Findings Letter.

8. **Termination; Effect.** This Agreement will terminate 7 days after either party faxes a written notice of termination to the other party. Upon termination, UCM will cease all work on behalf of Client. However, if termination occurs after UCM has sent its Findings Letter to Client, then Client will remain obligated to pay UCM, pursuant to this Agreement, for any refunds, credits or Future Savings that were identified in the Findings Letter and that are thereafter obtained by Client. UCM may continue to obtain and review Client's utility billing and other information following termination in order to periodically verify whether Client has obtained a refund, credit or Future Savings that was identified in the Findings Letter.
9. **If Client Is Not Utility Customer.** By providing a copy of any utility bill to UCM, Client is thereby agreeing that the Utility Account represented by such bill will be governed by this Agreement, regardless of whether or not Client is the Utility Customer with respect to such Utility Account. For purposes of this Agreement, the Utility Customer is the entity that (i) is named on the Utility Account as reflected by the utility bill, (ii) receives the utility service on the Utility Account, (iii) pays for or is liable for the charges on the Utility Account, or (iv) is the owner of the property at which the utility service is provided on the Utility Account. If Client is not the Utility Customer for a Utility Account then, with respect to that Utility Account, Client represents that it is signing this Agreement in its capacity as agent for the Utility Customer, and as such is authorized to legally bind the Utility Customer to the terms of this Agreement. Client further agrees that the terms of this Agreement will be equally binding on both Client and Customer, that all references in this Agreement to "Client" will also be deemed to be references to the Utility Customer, and that Client and the Utility Customer will be jointly and severally liable for payment of UCM's compensation under this Agreement.
10. **No Legal Services.** Client acknowledges and understands that: (1) Only an attorney can provide legal services or advice, (2) UCM is not an attorney or law firm, and does not and will not provide legal services or advice, (3) UCM does not and will not act as an attorney for Client or any other person, (4) Nothing in this Agreement, and no act, omission or statement by UCM, or its owners or employees, will be construed to create an attorney-client relationship between UCM and Client or any other person, (5) UCM is not subject to the California Rules of Professional Conduct, which govern the conduct of attorneys, and (6) Client should consult an attorney if it wishes to receive legal services or advice.
11. **Disclosure of Information.** UCM may obtain information that pertains to Client's business, operations, or affairs, including but not limited to its utility charges and utility usage. Client expressly authorizes UCM to use and disclose such information to others as necessary or convenient to carry out the services contemplated by this Agreement.
12. **Release of Claims Against UCM.** Client acknowledges and agrees that UCM has made no express or implied representation or warranty that it will be successful in identifying or obtaining any refunds, credits, or Future Savings on Client's Utility Accounts. Client hereby covenants not to bring any action for damages against UCM that is based upon or relates to any failure by UCM to identify or obtain refunds, credits, or Future Savings to which Client was or is entitled.
13. **Representations Made By Client.** It may become necessary for Client to make certain representations to the utility provider or other entity in order obtain refunds, credits or Future Savings identified by UCM in its Findings Letter. Client hereby warrants that any such representations made by Client will be true and correct in all respects.
14. **Late Payment Penalty.** If payment of any invoice is not received by UCM within 30 days of the date the invoice was mailed, then interest on the amount owing will accrue, beginning on the 31st day after the invoice was mailed to Client, at the rate of 1% per month (prorated on a daily basis). In addition, if any payment is not received by UCM within 60 days of the date the invoice was mailed to Client, then a fee equal to 5% of the amount owing (including any accrued interest) will be imposed on the 61st day after the invoice was mailed. Interest will continue to accrue at 1% per month (prorated on a daily basis) on the entire amount due until paid in full.
15. **Applicable Law.** This Agreement is executed in and intended to be performed in the State of California, and the laws of that state will govern its interpretation and effect.

- 16. Venue.** Venue in any legal action arising from or related to this agreement will be Fresno County, California.
- 17. Paragraph References.** A reference to a “paragraph” of this Agreement includes both the numbered paragraph, as well the subparagraphs, if any, that are part of such paragraph. Subparagraphs are designated by lower case letters (e.g., “(a)”, “(b)”, “(c)”).
- 18. Severability.** If any term , provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the rest of the agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- 19. Interpretation.** In construing this Agreement, no consideration shall be given to the fact or presumption that any party had a greater or lesser hand in drafting of this Agreement.
- 20. Entire Agreement.** This instrument contains the entire Agreement of the parties relating to the rights granted and obligations assumed in this instrument. Any oral representations or modifications concerning this instrument shall be of no force or effect unless contained in a subsequent written modification signed by the party to be charged
- 21. Signor Authorized to Bind Client.** The individual signing this agreement on behalf of Client hereby represents and warrants that he/she is authorized to sign on behalf of the Client and to legally bind Client to the terms of this Agreement.

UTILITY COST MANAGEMENT LLC 	
By: _____ 	Print Client Name Above By: _____
Signature _____ 	Signature _____
Print Name _____ 	Print Name _____
Title _____ 	Title _____
Date _____ 	Date _____

Utility Cost Management, LLC

1100 W. Shaw Avenue

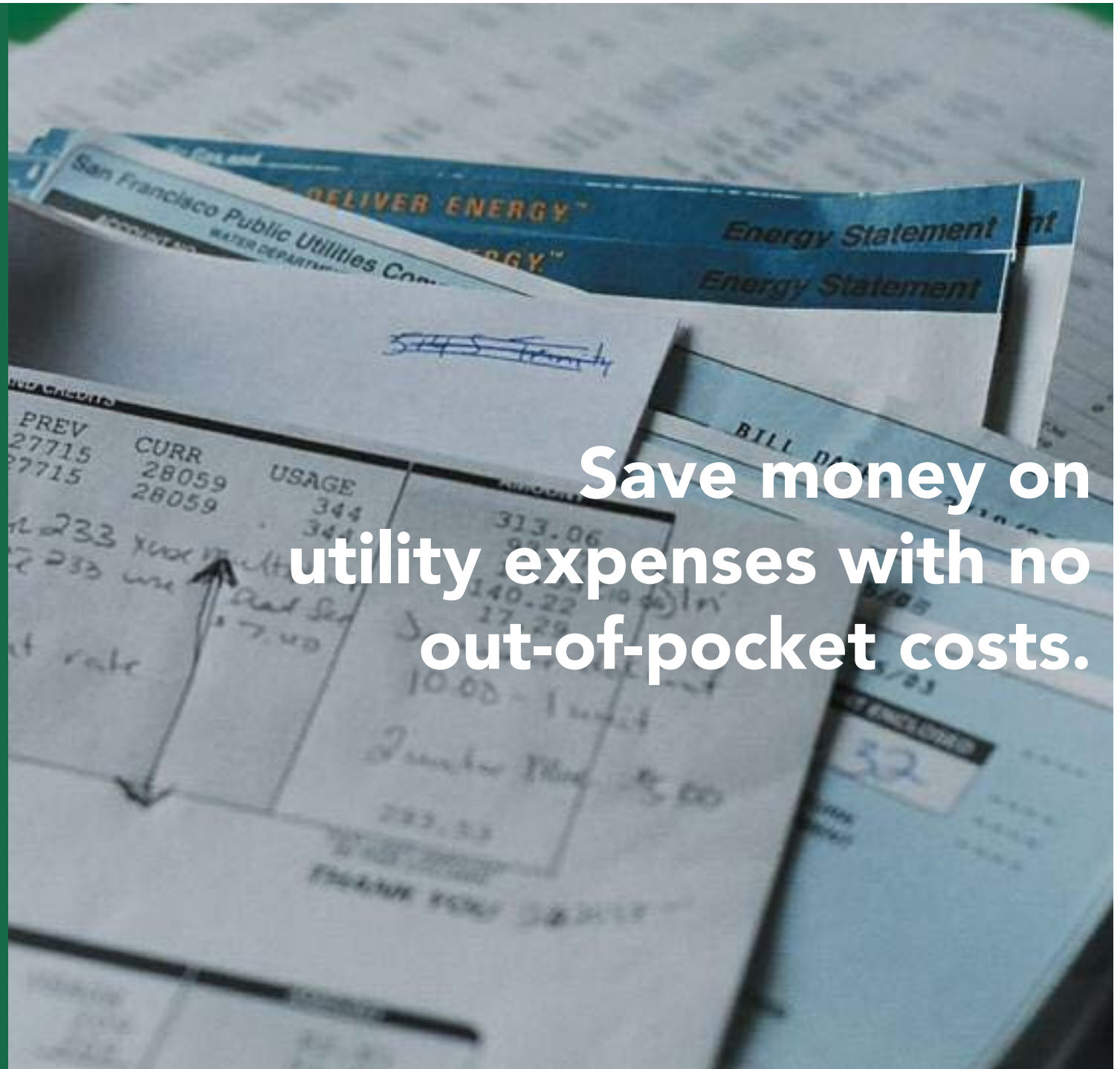
Suite 126

Fresno, California 93711

Tel: (559) 261-9230

Fax: (559) 261-9231

www.utilitycostmanagement.com



Save money on utility expenses with no out-of-pocket costs.

When it comes to your utility bills, you can't afford to be in the dark.

Electricity, gas, water, sewer and garbage regulations are complex, voluminous and ever-changing. Utility providers must apply these regulations to literally millions of customers, each with unique facilities, usage characteristics and other billing inputs that are in constant flux. Not surprisingly, billing errors are common.

For customers, understanding and applying the relevant regulations is difficult and time-consuming, so they often pay the overcharges month after month, year after year. Over time, these overcharges result in significant additional costs – costs that your organization can eliminate with the right help.

“ [P]rior to my tenure at the Transamerica Pyramid, UCM succeeded in recovering over \$500,000 for the Pyramid for utility billing errors that had been ongoing for more than 15 years. Partly based on this past success, I hired UCM again...this time to review, analyze and (if appropriate) recover local taxes...Once again, UCM's services have been remarkably profitable for the Transamerica Pyramid.



...Based on the experience of the Transamerica Pyramid, I enthusiastically recommend UCM's services to others.”

Jeanine Layland

Vice President

Lowe Enterprises Real Estate Group

TRANSAMERICA PYRAMID

Bill Analysis ServiceSM turns a bright light on your utility bills.

Utility Cost Management LLC
offers its Bill Analysis
ServiceSM as your answer to

utility overcharges. UCM expertly applies the utility regulations to your bills in order to uncover billing errors. It constantly monitors developments in the regulatory environment to ensure that your utility bills are in line with the latest regulations and interpretative decisions.

If UCM finds a billing error, it will correct the error going forward and recover a refund for past overcharges. If the utility disputes UCM's findings, UCM may take the matter up with the Public Utilities Commission.

Best of all, there are no out-of-pocket costs for the Bill Analysis ServiceSM. When billing errors are corrected, UCM receives a percentage of the corresponding refunds and savings. Under no circumstances is UCM paid until *after* you receive a refund or see savings on your bill. Of course, if UCM fails to reduce your utility costs, then you pay nothing.

“Utility Cost Management was retained to analyze the utility costs for more than 250 City of Inglewood service accounts. The City's utility expenditures have been reduced by more than \$270,000 as a direct result of billing changes and special rate discounts that your firm has implemented. ...Your firm has exhibited skill, knowledge and expertise in the utility

regulations, which has resulted in these outstanding benefits to the City. The City's experience with Utility Cost Management has been entirely positive....”



Mark Weinberg

City Administrator

CITY OF INGLEWOOD, CA

Advantages of the Bill Analysis ServiceSM

Risk-free

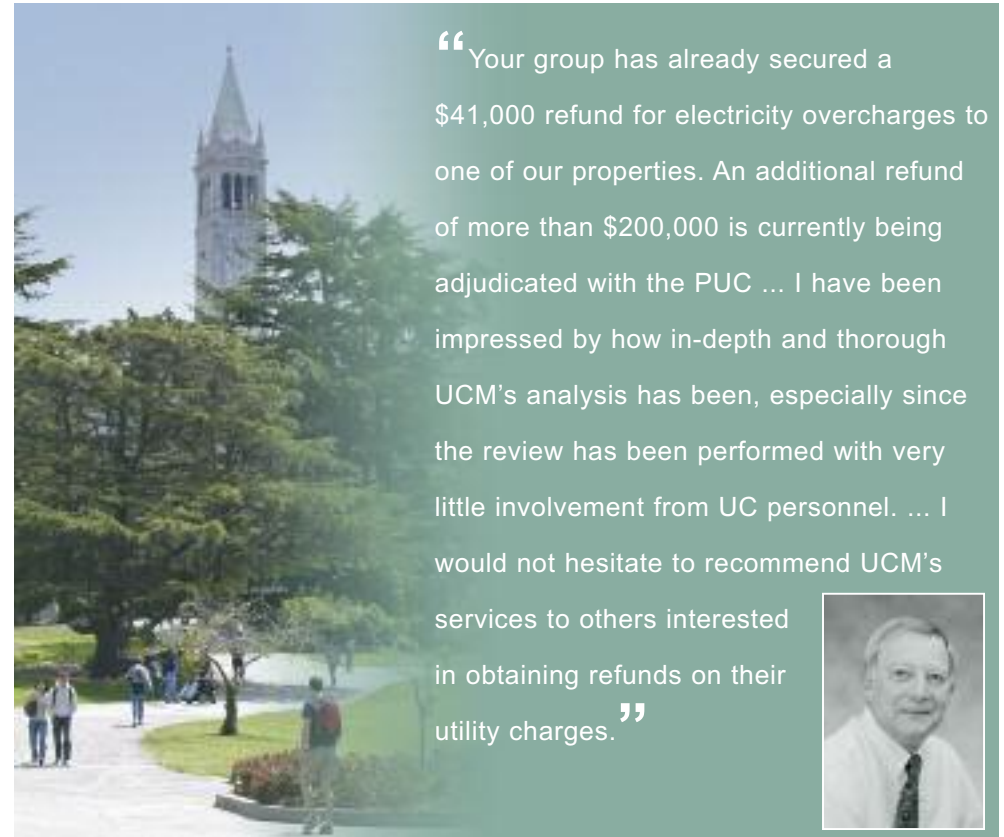
The Bill Analysis ServiceSM is truly a “win-win” for the customer. If you are being overcharged, then UCM will identify and correct the situation, and share in the resulting savings. But if no overcharge is found, then you pay UCM nothing.

Hassle-free

We recognize that your time is valuable. That’s why the Bill Analysis ServiceSM is performed with minimal involvement from you and your staff. Even your historical billing records are obtained directly from the utility, eliminating the need for you to copy large numbers of bills.

In-depth

With its Bill Analysis ServiceSM, UCM does much more than just review your bills. It researches, applies and interprets the complex regulations upon which your bills are based to ensure that you are not paying more than is required. UCM’s command of the of the rates and regulations helps you to make sense of the arcane rules that determine how much you pay on your utility bills.



“Your group has already secured a \$41,000 refund for electricity overcharges to one of our properties. An additional refund of more than \$200,000 is currently being adjudicated with the PUC ... I have been impressed by how in-depth and thorough UCM’s analysis has been, especially since the review has been performed with very little involvement from UC personnel. ... I would not hesitate to recommend UCM’s services to others interested in obtaining refunds on their utility charges.”



Robert F. Jacobs

**Director of Housing Facilities, Operations and Services
UNIVERSITY OF CALIFORNIA, BERKELEY**

Equalizing

No longer is your utility the exclusive repository of regulatory knowledge and experience. With the Bill Analysis ServiceSM, customers enlist UCM's knowledge and expertise to critically evaluate their utility charges in light of the regulations. With UCM on their side, customers can "level the playing field" in their dealings with the utilities.

Unique

Unlike the services offered by other firms, the Bill Analysis ServiceSM does not involve energy- or water-efficiency recommendations, capital improvement projects, or any other measures requiring outlays by customers. While these other services seek to reduce how much you consume, the Bill Analysis ServiceSM seeks to reduce how much you pay for what you consume.

Reassuring

Even if UCM does not identify any overcharges, customers are given the comfort of knowing that they are being charged properly and their utility bills are as low as possible. You can think of the Bill Analysis ServiceSM as an insurance policy – but without the premiums.



“ UCM represented 68 cotton gins - the majority of the California ginning industry - in a complaint case before the Public Utilities Commission (PUC). The result: the PUC ordered PG&E to switch the ginners to electric rates that were deemed more appropriate to ginning operations, and ordered refunds totaling approximately \$8

million. In addition to the outstanding results achieved, UCM has been easy to work with and always willing to 'go the extra mile.'

UCM is deserving of my highest praise and commendation. ”



Earl P. Williams
President/CEO

**CALIFORNIA COTTON GINNERS AND
GROWERS ASSOCIATION**

About UCM.

Since 1991, Utility Cost Management LLC has been helping clients to reduce utility expenses through the informed application of utility regulations. It has generated \$90 million in refunds and savings for a wide variety of clients, including public entities, educational institutions, residential and commercial real estate owners and managers, hospitals, manufacturers, food processors, farmers, hotels, and non-profit organizations.

Over the years, UCM has developed a record of accomplishments and distinction. The firm has represented customers in several landmark proceedings before the California Public Utilities Commission, which have altered the way electric utility companies interpret and apply their own rates. It has been a driving force in the formulation and adoption of new regulations that have benefitted utility customers throughout the State. And its work has been the impetus for change in the way that many municipal utilities impose and collect water fees, sewer fees, and utility user taxes.

The firm's record of success is attributable to the talented and hard-working people who make up UCM. The firm's principals have spent their careers analyzing the ins and outs of utility rates and charges, and offer clients a level of knowledge, experience and expertise that is unmatched. And the firm's professional staff brings to bear experience, commitment and a "can do" philosophy that shows in the results they achieve.

It's easy to do.

- 1. Return a signed service agreement, together with one month's utility bills.**
- 2. We send you a written report of our findings, usually within 30 days.**
- 3. We pursue refund and bill saving opportunities.**
- 4. You receive the refund or bill savings.**
- 5. We invoice you according to the service agreement.**



Frequently Asked Questions

Q: “Our utility billing software checks our rates. What value would UCM bring?”

A: There are wonderful software systems on the market that can help large utility customers gather important data, manage usage and control costs. However, none can read a tariff and determine if there is a gray area that could be interpreted and applied to the customer’s benefit.

Q: “We meet with our Utility Rep to go over rates. What value would UCM bring?”

A: Utility company Reps can be helpful and are mostly effective assisting customers with rebate programs and energy-efficiency options. However, none can provide the level of in-depth analysis and regulatory knowledge that UCM provides.

Q: “We have solar. How will this affect UCM’s analysis?”

A: Some of UCM’s largest refunds in recent years have come to clients using solar. Remember, just because you’ve had a professional look at your bills does not mean your rates have been minimized. If you’re planning on installing solar, UCM’s service will not overlap or conflict in any way. In fact, it will only compliment your energy-efficiency efforts.

Q: “I’m short staffed right now. How much of my time will this require?”

A: The most time an analysis requires from UCM clients is the time it takes to gather and provide UCM with a copy of one recent month’s utility bills.

Q: “Our facility operations and utility usage have been and may be disrupted severely due to the Covid-19 pandemic. How will this impact UCM’s analysis?”

A: When performing an analysis, UCM will take into account pandemic-related variations in usage. If facilities are not being used and thus energy usage is low, then the savings generated as a result of a rate change would, proportionately, also be low. Remember, UCM’s service does not affect how much energy you use, but rather how much you are charged for the energy you *do* use.

Q: “How much money will I save?”

A: It’s difficult to give an accurate number without an in-depth analysis, and all facilities are different in terms of usage characteristics. However, some rate changes can reduce charges up to 30% and more. But keep in mind, if no savings are realized then there is no fee for UCM’s service.



UCM Partial Client List: California Cities

City of Adelanto	City of Hawthorne	City of Poway
City of Alhambra	City of Hermosa Beach	City of Rancho Mirage
City of Apple Valley	City of Hesperia	City of Rancho Palos Verdes
City of Aliso Viejo	City of Highland	City of Redondo Beach
City of Artesia	City of Hollister	City of Rialto
City of Blythe	City of Huntington Park	City of Ridgecrest
City of Brawley	City of Imperial Beach	City of Rohnert Park
City of Buena Park	City of Inglewood	City of San Gabriel
City of Calabasas	City of La Habra	City of San Marcos
City of California City	City of La Mirada	City of San Marino
City of Canyon Lake	City of Laguna Beach	City of San Pablo
City of Carlsbad	City of Laguna Hills	City of Santa Clarita
City of Carpinteria	City of Laguna Niguel	City of Santee
City of Chino	City of Lake Elsinore	City of Shafter
City of Chino Hills	City of Lakewood	City of Soledad
City of Chula Vista	City of Lemon Grove	City of South El Monte
City of Claremont	City of Livingston	City of Stanton
City of Costa Mesa	City of Lomita	City of Susanville
City of Covina	City of Long Beach	City of Tehachapi
City of Cudahy	City of McFarland	City of Torrance
City of Culver City	City of Menlo Park	City of Tulare
City of Desert Hot Springs	City of Mission Viejo	City of Twentynine Palms
City of El Monte	City of Montclair	City of Upland
City of El Segundo	City of Moorpark	City of Villa Park
City of Encinitas	City of Newport Beach	City of Visalia
City of Escondido	City of Norco	City of Vista
City of Exeter	City of Norwalk	City of Walnut Creek
City of Farmersville	City of Oceanside	
City of Fountain Valley	City of Orange	
City of Fillmore	City of Oxnard	
City of Gardena	City of Paramount	
City of Goleta	City of Pleasant Hill	
City of Glendora	City of Port Hueneme	
City of Grand Terrace	City of Porterville	



UCM Partial Client List: California Special Districts

Alpaugh Irrigation District
Arden Manor Recreation & Park District
Arden Park Recreation & Park District
Arrowbear Park County Water District
Auburn Area Recreation & Park District
Bear Mountain Recreation & Park District
Beaumont-Cherry Valley RPD
Big Bear City Airport
Big Bear City Community Services District
Biola Community Services District
Boron Community Service District
Borrego Water District
Burney Water District
California Association of Recreation & Park Districts
Camarillo Health Care District
Castaic Lake Water Agency
Castroville CSD
Central Contra Costa Sanitary District
Chico Area Recreation & Park District
Coalinga-Huron Recreation & Park District
Corcoran Irrigation District
Costa Mesa Sanitary District
Desert Lake CSD
Dublin San Ramon Service District
Eastern Sierra Community Service District
El Dorado Hills CSD
Fall River Mills Community Service District
Fallbrook Public Utilities District
Feather Water District
Fern Valley Water District
Foothill Municipal Water District
Fresno Irrigation District
Fulton-El Camino Recreation & Park District
Gerber-Las Flores Community Services District
Goleta Sanitary District

Goleta West Sanitary District
Graton Community Services District
Greater Vallejo Recreation District
Greenfield County Water District
Hayward Area Recreation & Park District
Heritage Ranch Community Services
Hi-Desert Water District
High Valleys Water District
Kensington Fire Protection District
La Habra Heights County Water District
Lake Don Pedro Comm. Service District
Lamont Public Utility District
Laton Community Services District
Little Rock Creek Irrigation District
Livermore Area Recreation & Park District
Metropolitan Water District of Southern California
Moreno Valley Community Services District
Mt. View Sanitary District
Nipomo Community Services District
North Coast County Water District
North County Cemetery District
North Edwards Water District
Olivenhain Municipal Water District
Orange County Cemetery District
Orange County Water District
Orange Cove Irrigation District
Orangevale Recreation & Park District
Otay Water District
Pajaro Valley Water Management Agency
Paradise Recreation & Park District
Pauma Valley Community Services District
Pebble Beach Community Services District
Pine Cove Water District
Pico Water District
Continued on next page



UCM Partial Client List: California Special Districts

... Continued from previous page.

Placentia Library District
Pleasant Hill Rec & Park District
Pleasant Valley Recreation & Park District
Plumas Eureka Community Services District
Purissima Hills Water District
Quartz Hill Water District
Quincy Community Services District
Ramona Municipal Water District
Rancho California Water District
Rancho Pauma Mutual Water Company
Rancho Simi Recreation & Park District
Reclamation District 1000
Reclamation District 2067
Reclamation District 348
Reclamation District 800 - Byron Tract
Rim of the World Recreation & Park District
Rio Linda-Elverta Recreation & Park District
Ross Valley Sanitary District (RVSD)
Rossmoor Community Services District
Rowland Water District
Rubidoux Community Services District
Running Springs Water District
San Lorenzo Valley Water District
San Mateo County Harbor District
Sanitary District #5 of Marin County
Santa Cruz Port District
Santa Margarita Water District
Sausalito-Marín City Sanitary District
Semitropic Water Storage District
Silverado-Modjeska Recreation & Park District
Soquel Creek Water District
South Coast Water District
South San Luis Obispo County Sanitation District
Southern San Joaquin Municipal Utility District
Special District Risk Mgmt Authority
Stockton East Water District
Sweetwater Authority
Sweetwater Springs Water District
Tahoe City Public Utility District
Teapot Dome Water District
Three Valleys Municipal Water District
Triunfo Sanitation District
Tuolumne Recreation & Park District
Twain Harte Community Services District
Twentynine Palms Water District
Union Sanitary District
United Water Conservation District
University of California, Berkeley
Valley Center Municipal Water District
Valley-Wide Recreation & Park District
Ventura Port District
Ventura River County Water District
Victor Valley Wastewater Reclamation Authority
Wasco Recreation & Park District
West County Wastewater District
West Kern Water District
Western Municipal Water District
Yuima Municipal Water District

November 20, 2019

Michael Kerkorian
Utility Cost Management LLC
1100 W. Shaw Avenue, Suite 126
Fresno, CA 93711

Dear Mr. Kerkorian:

In late 2017, the Financial Management Department, working with other City departments, contracted with Utility Cost Management LLC (UCM) to review the City's electricity billing data and charges to identify billing errors, obtain refunds, and find ongoing savings opportunities on the City's electricity accounts with Southern California Edison (SCE). As a result of your company's efforts, the City has realized savings of approximately \$280,000 in FY 19 and expects to save at least \$297,000 annually in the future as a result of these efforts.

Many City departments have seen positive results, including the Harbor Department (Port), Airport, Development Services, Financial Management, Fire, Library, Long Beach Energy Resources, Parks, Recreations and Marine, and Public Works. The Public Works Department has realized the most savings from this effort.

UCM has proven its ability in identifying billing errors and savings opportunities and has successfully implemented desired billing changes by working with SCE. I have found UCM's approach throughout the project effective. All of this has been achieved without major time commitments from city staff, and with no capital investments of any kind, which is a huge positive for the city.

As the manager of UCM's work with the city, I have enjoyed working with UCM and have been impressed with the firm's knowledge, experience, and professionalism. I'm confident recommending UCM's services to other customers.

Sincerely,



Luis Frausto ✓
Administrative Operations Officer





City of
SANTA CLARITA

23920 Valencia Boulevard • Suite 300 • Santa Clarita, California 91355-2196
Phone: (661) 259-2489 • FAX: (661) 259-8125
www.santa-clarita.com

April 28, 2017

Chris Wiehl
Utility Cost Management LLC
1100 W. Shaw Avenue, Suite 126
Fresno, CA 93711

RE: Letter of Recommendation for Utility Cost Management LLC

To Whom It May Concern:

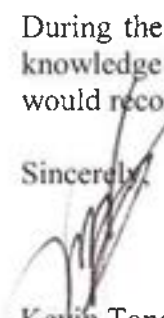
Utility Cost Management LLC (UCM) has worked for the City of Santa Clarita in a variety of ways over the past two years.

Most recently, UCM used its knowledge of Southern California Edison (SCE) pricing to identify a discrepancy within their initial valuation of Santa Clarita's streetlight system. This discrepancy resulted in SCE issuing a revised valuation, reducing the total purchase price of Santa Clarita's streetlight system by \$687,190. UCM's in-depth understanding of streetlight rates and costs has been very helpful to the City.

Initially, UCM reviewed all of the City's electric bills and found numerous billing errors that resulted in significant savings. UCM's expert knowledge of SCE's rates and tariffs has helped assure that the City is paying the lowest amounts possible on these accounts. These savings will be enjoyed by the City for years to come.

During the time that Santa Clarita has worked with UCM, we have been impressed with their knowledge of utility issues, the quality of work, and their commitment to service. Santa Clarita would recommend UCM to other cities that are looking for ways to manage their utility costs.

Sincerely,



Kevin Tonoian
Special Districts Manager
City of Santa Clarita





THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

August 2, 2011

To Whom It May Concern:

RE: Letter of Recommendation for Utility Cost Management LLC

The Metropolitan Water District of Southern California is a consortium of 26 cities and water districts that provides drinking water to nearly 19 million people in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino, and Ventura counties. Metropolitan currently delivers an average of 1.7 billion gallons of water per day to a 5,200-square-mile service area.

In early 2010, Metropolitan retained Utility Cost Management LLC (UCM) to review its electricity expenditures. UCM analyzed more than 200 separate accounts and provided a written summary that detailed opportunities for savings. Within a few months, cost-saving changes to 40 of the accounts were implemented, and as a result Metropolitan has reduced its electricity costs by about \$80,000 per year.

UCM has made the entire process easy. There were no up-front costs and little involvement from Metropolitan staff. UCM came to our offices and gathered all necessary billing information, performed site visits, and handled all contacts with utility company representatives. Throughout the process, UCM kept me informed of its progress, and provided clear and thorough documentation of the savings actually realized on our accounts.

Based on Metropolitan's experience, I would not hesitate to recommend UCM to others.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom DeBacker", with a long horizontal flourish extending to the right.

Thomas E. DeBacker, CPA
Chief Financial Officer, Interim

BOARD OF DIRECTORS

BETTY H. OLSON, Ph.D. CHARLEY WILSON
CHARLES T. GIBSON SAUNDRA F. JACOBS
JUSTIN MOCUSKER

DANIEL R. FERONS
GENERAL MANAGER



Santa Margarita Water District

January 22, 2014

Utility Cost Management LLC
6475 N. Palm Avenue, Suite 105
Fresno, CA 93704

To Whom It May Concern:

The Santa Margarita Water District is a large electricity and gas customer that works closely with its energy suppliers. Nevertheless, in 2013 we hired Utility Cost Management to analyze energy usage and expenditures, and to ensure that the district was minimizing its costs.

To our surprise, UCM discovered that the district was being overcharged by *all three* of its main energy providers. Within a few months, UCM had completed changes to our utility service that already are saving more than \$125,000 per year. We are evaluating additional opportunities with UCM that may result in significant additional savings.

These outstanding results are evidence of UCM's in-depth understanding of utility regulations, and its experience in applying these regulations to its clients' benefit. The firm also has been easy to work with, has always been ready to explain or clarify any issues, and has kept me informed of their progress throughout the process.

The district's experience with UCM makes me confident in recommending the firm to other large customers and public agencies.

Sincerely,

A handwritten signature in black ink, appearing to read "Rich Kissee".

Rich Kissee
Operations Manager
Santa Margarita Water District



CITY OF YORBA LINDA

P.O. BOX 87014

CALIFORNIA 92885-8714

March 23, 2016

RE: Utility Cost Management LLC (UCM)

To Whom It May Concern:

The City of Yorba Linda hired UCM in early 2014 to analyze its utility expenditures. Within 60 days, UCM had identified numerous billing errors and overcharges, and reported its findings to the city.

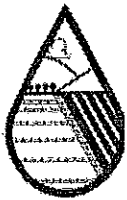
Unfortunately, Southern California Edison disagreed with most of UCM's findings, and refused to grant the rate reductions. UCM remained confident that the changes were appropriate under SCE's tariffs, and asked the city for permission to work through the California Public Utilities Commission to compel SCE to make the desired changes.

UCM intervened in SCE's "General Rate Case" on behalf of the city, and after several months of testimony, hearings, and negotiations, the CPUC approved all of the rate changes. We expect that over the coming decade and beyond, these changes will save the city hundreds of thousands of dollars. Even better, these results were achieved with no investment of capital or city staff time.

UCM clearly has a thorough understanding of the utility regulatory process, making it possible for customers to challenge utility company policies that are unfair or incorrect. The firm's services have been easy to use and effective for the City of Yorba Linda, and I am pleased to recommend UCM to other organizations.

Sincerely,

David Christian
Assistant City Manager



PAJARO VALLEY WATER MANAGEMENT AGENCY
36 BRENNAN STREET · WATSONVILLE, CA 95076
(831) 722-9292 · FAX: (831) 722-3139
www.pvwater.org

August 25, 2014

RE: Letter of Recommendation for Utility Cost Management LLC

To Whom It May Concern:

The Pajaro Valley Water Management Agency is located in the greater coastal Pajaro Valley. Its purpose is to efficiently and economically manage existing and supplemental water supplies for its customers.

In 2013, the District hired Utility Cost Management (UCM) to review the electricity charges on its Pacific Gas & Electric accounts. UCM discovered that the district had been overcharged on its largest account. UCM worked with PG&E to clarify the operations on this account and get it billed on the proper, lower rate. This was not an easy task. UCM spent countless hours with PG&E discussing the facts of our operations and how it correctly applied to PG&E's own tariff and regulations for the lower rate.

Within a few months, UCM succeeded in getting the District a refund of over \$300,000 from PG&E. Because of this change, the District has reduced its electricity costs by \$90,000 per year. UCM's knowledge of PG&E's own tariffs and rates, along with experience in applying them to this account is the reason the District was successful in lowering its electricity bills.

UCM made the review procedure easy. I provided UCM with a copy of a current PG&E bill and they did the rest. UCM gathered all the billing history and other data it needed from PG&E directly. Throughout the whole process, UCM kept me informed of its progress with PG&E, and provided clear and accurate documentation on the refund and savings for this account.

Based on the District's experience, I would recommend UCM to any other special district or public agency.

Sincerely,

Jesus Martinez
Senior Water Systems Operator
Pajaro Valley



City of Mission Viejo

Administrative Services Department

Rhonda Reardon
Mayor

Trish Kelley
Mayor Pro Tem

Dave Leckness
Council Member

Cathy Schlicht
Council Member

Frank Ury
Council Member

October 23, 2013

Michael Kerkorian
Utility Cost Management LLC
6475 N. Palm Avenue, Suite 105
Fresno, CA 93704

To Whom It May Concern:

The City of Mission Viejo began working with Utility Cost Management in early 2010. UCM analyzed the city's SDG&E and SCE bills, identifying more than twenty separate accounts that were being overcharged.

Initially, the city's utility providers rejected some of the rate reductions that UCM requested. But UCM persevered, proved its findings were correct, and eventually nearly all of the reductions were approved. Today, the City of Mission Viejo is saving more than \$25,000 per year as a result of UCM's work. Obtaining these savings has required virtually no time from city staff.

Over the past two years, UCM has continued to work with the city on potential opportunities to further reduce utility costs. The city is in the process of evaluating another UCM proposal that may generate significant additional savings.

During the time I have worked with UCM, I have been impressed with the quality of the firm's work, its knowledge of utility and regulatory issues, and its commitment to providing excellent service. I enthusiastically recommend UCM to other cities that are looking for ways to manage utility costs.

Sincerely,

Cheryl Dyas
Director of Administrative Services
City of Mission Viejo



CITY OF FOUNTAIN VALLEY

10200 SLATER AVENUE • FOUNTAIN VALLEY, CA 92708-4736 • (714) 593-4400, FAX: (714) 593-4498

May 25, 2010

RE: Letter of Recommendation for Utility Cost Management LLC

To Whom It May Concern:

Utility Cost Management LLC (UCM) has provided a valuable service to the City of Fountain Valley.

In 2009, the City retained UCM to analyze its electricity and gas bills, looking for ways to reduce cost. As a result, the City has reduced its Southern California Edison (SCE) bills by more \$60,000 per year. The City expects to continue to realize these savings for many years to come.

UCM's entire process was hassle-free and involved very little time from City personnel. They handled all contacts with SCE representatives and provided clear, detailed documentation of the actual savings realized by the City.

I would recommend UCM to anyone looking for a risk-free way to reduce their utility costs.

Sincerely,

A handwritten signature in black ink, appearing to read "Sherri Holman".

Sherri Holman
Finance Director



CITY OF TORRANCE

PUBLIC WORKS DEPARTMENT

Robert J. Beste
Public Works Director

November 16, 2016

To Whom It May Concern,

In 2015, the City of Torrance began considering an opportunity to purchase its street light system from Southern California Edison, and hired Utility Cost Management LLC to assist with this effort. Throughout late 2015 and early 2016, UCM evaluated the opportunity and analyzed the SCE offer. In the end, UCM obtained a reduction of more than one million dollars in SCE's proposed sale price, and provided the City with a detailed report that discussed and analyzed the pros and cons of the potential transaction.

After this initial phase of the project was complete, the City asked UCM to identify discrepancies between SCE's street light billings and the City's street light inventory. That work is ongoing, but we are optimistic that it will result in reductions in the City's street light charges. UCM also has continued to advise the City on various issues related to the street light purchase and street light charges.

I have been impressed with UCM's work for the City of Torrance. The firm clearly has significant expertise and knowledge when it comes to SCE rates, tariffs, and policies. Based on my experience with UCM thus far, I am confident in recommending UCM to other cities and public entities that are evaluating utility-related issues.

Sincerely,

Steven Finton, P.E.
Engineering Manager



PALMDALE

a place to call home

May 2, 2016

JAMES C. LEDFORD, JR.
Mayor

STEVEN D. HOFBAUER
Mayor Pro Tem

MIKE DISPENZA
Councilmember

ROXANA MARTINEZ
Councilmember

FREDERICK THOMPSON
Councilmember

38300 Sierra Highway

Palmdale, CA 93550-4798

Tel: 661/267-5100

Fax: 661/267-5122

TDD: 661/267-5167

RE: Recommendation for Utility Cost Management

To Whom It May Concern:

We have had the pleasure to work with Utility Cost Management (UCM) on our streetlights acquisition project. Although they are currently still working on the project with us and it is really difficult to say what the results will be, UCM has been an integral part of the process. Their thorough understanding of the issues, of understanding what the City's priorities are, and their scrutiny over not only items that we have identified as concerns, but also items that they know we would be concerned with, have truly helped us throughout this project. We definitely would recommend them to any other entity with similar needs.

If you have any questions about our work with UCM or our streetlights acquisition project, please don't hesitate to contact Benjamin Lucha, Senior Management Analyst, at 661/267-5308 or blucha@cityofpalmdale.org.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Mischel".

Mike Mischel
Director of Public Works

Auxiliary aids provided for

communication accessibility

upon 72 hours notice and request.



CITY OF NORCO

CITY HALL • 2870 CLARK AVENUE • NORCO CA 92860 • (951) 735-3900 • www.norco.ca.us •



November 17, 2016

Chris Wiehl
Utility Cost Management LLC
1100 W. Shaw Ave., Suite 126
Fresno, CA 93711

RE: Letter of Recommendation for Utility Cost Management LLC

To Whom It May Concern:

In early 2016, the City of Norco hired Utility Cost Management LLC (UCM) to analyze the electricity and gas charges on its Southern California Edison (SCE) and SoCal Gas accounts.

UCM's review ended up identifying rate saving opportunities that will lower the City's SCE expenditures by more than \$40,000 per year. No changes to City facilities or operations were required. The whole process required very little time from our staff. All fees paid to UCM come directly from the savings obtained by the City.

UCM's expert knowledge of SCE's electric rates and tariffs has provided assurance that the City is paying the lowest possible amount on its accounts.

The City's experience with UCM has been extremely positive and I would not hesitate to recommend their services to other Cities or public entities.

Sincerely,

Gina Schuchard
Finance Officer
City of Norco

CITY COUNCIL

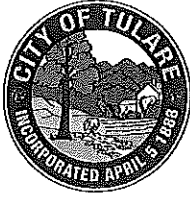
GREG NEWTON
Mayor

TED HOFFMAN
Mayor Pro Tem

ROBIN GRUNDMEYER
Council Member

BERWIN HANNA
Council Member

KEVIN BASH
Council Member



March 24, 2016

Chris Wiehl
Utility Cost Management LLC
1100 W. Shaw Ave., Suite 126
Fresno, CA 93711

RE: Letter of Recommendation for Utility Cost Management LLC

To Whom It May Concern:

I am pleased to offer this letter of recommendation to Utility Cost Management LLC (UCM). In 2014, the City retained UCM to assist in exploring the possibility of purchasing over 4,000 street lights from Southern California Edison (SCE). There were many complex issues to research and consider. UCM advised the City during this process and has been a valuable partner throughout.

Also in 2014, the City decided to hire UCM again, this time to review the electricity charges on its SCE accounts, in an effort to see if we could reduce these expenses.

UCM's review ended up identifying cost-saving opportunities that will lower the City's annual SCE expenditures by more than \$50,000, and they are still working on getting more. These results have been achieved without any capital outlays, and with only minimal time from City staff. UCM's services have been markedly hassle-free, they provided regular updates on progress in dealing with SCE, and they have provided clear explanations of the measures being taken on the City's behalf.

UCM made the review procedure easy. We provided UCM with a copy of a current SCE bill and they did the rest. UCM gathered all the billing history and other data it needed from SCE directly. UCM has provided a valuable service that will benefit the City of Tulare for many years to come.

Sincerely,

Don Dorman
City Manager
City of Tulare



Finance Department

April 22, 2015

To Whom It May Concern:

The City of Chula Vista has a long history of implementing measures to promote sustainability and to reduce utility costs. In fact, the City has been recognized by SDG&E as an “Energy Champion”, and has received the Climate Leadership Award from the U.S. Environmental Protection Agency.

Despite these successes, in 2013 the City of Chula Vista retained UCM to ensure that utility charges were being minimized. We did not expect UCM to uncover significant savings because the City works closely with its utility providers to reduce costs, but UCM’s no-risk proposition seemed like a worthwhile check on these efforts.

To our surprise, UCM discovered that the City was being overcharged by more than \$40,000 per year. The firm’s in-depth analysis uncovered billing discrepancies that had been undetected for many years, and within four months, they corrected the problems. Throughout the process, UCM was very easy to work with and clearly communicated and documented its results.

The City of Chula Vista has had an excellent experience working with UCM.

Sincerely,

Tiffany Allen
Treasury & Business Manager



City of
Chino Hills

November 14, 2012

Greg Normart
Utility Cost Management, LLC
501 Santa Monica Boulevard, Suite 610
Santa Monica, CA 90401

Dear Greg:

It is my pleasure to recommend the services of Utility Cost Management (UCM). The City of Chino Hills entered into an agreement with UCM in November 2009 to perform a utility audit in an effort to reduce utility costs to the City.

At the conclusion of the audit, UCM was able to identify 20 Southern California Edison accounts that the City could benefit through changes to alternative rate programs enabling the City to save more than \$77,000 per year in ongoing electricity costs.

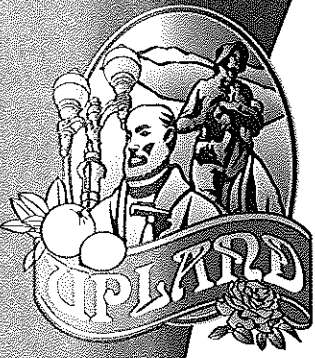
UCM staff was professional at all times. They worked diligently through the process and required little time demands on City staff. Based on the City's positive experience while working with UCM, I would not hesitate to recommend them to any agency desiring a risk-free, hassle-free way of reducing their utility costs.

Sincerely,

Penny L. Angel
Acting Finance Director

cc: Judy R. Lancaster, Finance Director

/ddk



May 20, 2010

Chris Wiehl
Utility Cost Management LLC
6475 N. Palm Avenue, Suite 105
Fresno, CA 93704

Dear Mr. Wiehl:

Utility Cost Management LLC (UCM) was retained by the City in 2009 to analyze its utility bills. As a result of UCM's work, the City's Southern California Edison (SCE) bills have been reduce by more than \$100,000 per year, and these savings will continue for many years to come. I am please to provide this letter of recommendation for UCM.

These results were achieved without any up-front costs or time from my staff. UCM maneuvered through the maze of tariffs and regulations that City accounts were billed under and identified incorrect charges. The process was easy and efficient. The UCM staff was professional, effective and worked quickly & diligently.

Thank you again for helping the City reduce its utility costs.

Sincerely,

Stephen Dunn
Director of Finance

CITY OF UPLAND



MONTCLAIR

May 27, 2014

Mr. Michael Kerkorian
Utility Cost Management LLC
6475 N. Palm Avenue, Suite 105
Fresno, CA 93704

Dear Michael:

Now that UCM has implemented most of the savings opportunities that were discovered through your review, I wanted to commend UCM on its work. Some of the reasons that I have appreciated your efforts include:

- UCM delivered on its promise that this project would require virtually no time from City personnel.
- After SCE initially denied the requests for lower rates, UCM persevered over several months and eventually got the requests approved.
- The results have been excellent. The City received credits of more than \$40,000, and ongoing savings of more than \$30,000 per year. In the coming years, the City's savings will total hundreds of thousands of dollars, all without capital outlays of any kind.
- UCM's invoices clearly detail the savings achieved, making it easy for the City to verify the benefits from this project.

The City of Montclair has been very pleased with UCM's work, and is confident in recommending UCM's services.

Sincerely,

Michael Hudson
Public Works Director

CITY OF MONTCLAIR

5111 Benito Street, P. O. Box 2308, Montclair, CA 91763 (909) 626-8571 FAX (909) 621-1584

Mayor Paul M. Eaton * Mayor Pro Tem Bill Ruh * Council Members: Leonard Paulitz, J. John Dutrey, Carolyn Raft * City Manager Edward C. Starr

Jeff Wood
Vice Mayor

Steve Croft
Council Member



Todd Rogers
Mayor

Ron Piazza
Council Member

Diane DuBois
Council Member

August 11, 2014

Michael Kerkorian
Utility Cost Management LLC
6475 N. Palm Avenue, Suite 105
Fresno, CA 93704

Re: Reference Letter for Utility Cost Management LLC

Dear Michael:

I'm pleased to offer this reference letter to Utility Cost Management. Because of UCM's work, in just the past three months the City of Lakewood has reduced electricity costs by over \$24,000, and going forward we expect the city's annual savings to exceed \$100,000.

These results have been achieved without capital outlays, and with only minimal time from city staff. UCM's services have been markedly hassle-free, and have provided a concrete, quantifiable, and significant benefit to the city.

Since UCM was retained by the city in January, your firm has provided regular updates on progress in dealing with SCE, and has provided clear explanations of the measures being taken on the city's behalf. UCM also has provided detailed calculations on the city's actual savings, giving me confidence in the benefits of the changes to our electricity bills that UCM made.

I look forward to UCM's ongoing efforts to reduce the city's costs even further.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane Perkin", with a long horizontal flourish extending to the right.

Diane Perkin
Director of Administrative Services

Lakewood



CITY OF OCEANSIDE

PUBLIC WORKS DEPARTMENT

June 5, 2014

To Whom It May Concern:

Last year a representative from Utility Cost Management contacted me with an offer to analyze the City of Oceanside's gas and electricity expenditures at no cost. If UCM could generate savings for the city, their fee was a percentage of the city's savings. If not, their service was free.

At first, I was skeptical that UCM's analysis would be worthwhile. However, after checking references and seeing the results that the firm had achieved for dozens of other cities, I decided to give UCM a shot.

Within 6 months, UCM had implemented changes that are saving the city more than \$140,000 per year. In many cases, the reductions are so dramatic that they are easily identifiable, but nonetheless I have appreciated that UCM has provided detailed calculations quantifying the actual savings. These results have been achieved with no capital investment, and with virtually no time from city staff.

UCM has provided a valuable service that will benefit the City of Oceanside for many years to come.

Sincerely,

Kiel Koger
Maintenance & Operations Manager
City of Oceanside



November 19, 2013

Let me state this as simply as possible. I am always wary when someone tells me they can save me money. I am strong believer in the old saying "if it sounds to good to be true then it probably is."

This is not the case with Utilities Cost Management. After talking to them for a little over a year asking every question I could think of. Then trying to figure out what their game was I went to my Supervisor and said we should give these guys a shot at our utilities cost.

We signed an agreement with UCM at the end of June 2013 by the end of August they had 9 rate changes approved by one of our utility suppliers that would save us approximately \$51,000.00 per year. On our October statement the City had credits of over \$6000.00 from their September payments that went out before the utility company made the changes on our account. The October charges were down over \$4000.00 from the previous year. There was a \$10,000.00 black and white savings in the first two months.

This was all done with no out of pocket cost to the City of Twentynine Palms. If UCM found nothing they would be paid nothing. UCM has a lot of belief in their knowledge to offer this kind of a program. Now I have a lot of belief in their knowledge and would not hesitate to recommend UCM to any public entity with numerous utility accounts.

By the Public Utilities Commission own rule the customer must inform the utility company of any lower rates, tariffs or fees that are available to them. UCM is a professional in this field and they don't waste your time. It is either there or it isn't. I am only disappointed that it took us so long to believe that something that sounds to good to be true could really be True.

Larry Bowden
Recreation Superintendent
City of Twentynine Palms
Former Twentynine Palms Council Member 1994- 1998
Former Twentynine Palms Mayor 1997-1998



CITY OF COSTA MESA

CALIFORNIA 92628-1200

P.O. BOX 1200

FROM THE OFFICE OF THE DIRECTOR OF FINANCE—CITY TREASURER

November 22, 2005

Michael Kerkorian
Utility Cost Management LLC
726 W. Barstow Avenue, Suite 108
Fresno, CA 93704

Dear Mr. Kerkorian:

The City of Costa Mesa hired Utility Cost Management in 2004 to analyze electricity service and reduce costs. Today, less than one year after UCM's recommendations were implemented, the City has realized more than \$40,000 in savings as a direct result of your work. We expect these savings to continue for many years into the future.

UCM exhibited professionalism, tact and persistence in dealing with Southern California Edison to bring about the desired changes to the City's service. Even though the City has worked closely with utility company representatives in the past, UCM identified many cost-saving measures that had never been considered.

The City of Costa Mesa's experience with UCM has been positive, and I do not hesitate to recommend UCM to others.

Very truly yours,

Colleen O'Donoghue, CPA
Assistant Finance Director

Inglewood California

OFFICE OF THE CITY ADMINISTRATOR

Mark F. Weinberg
CITY ADMINISTRATOR

September 19, 2003

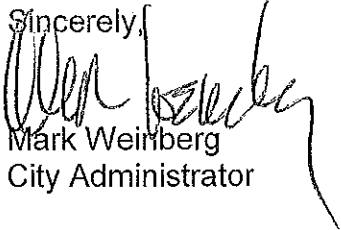
Michael Kerkorian
Utility Cost Management LLC
726 W. Barstow Avenue, Suite 108
Fresno, CA 93704

Dear Mr. Kerkorian:

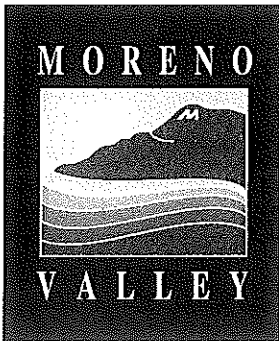
Utility Cost Management was retained in mid-2001 to analyze the utility costs for more than 250 City of Inglewood service accounts. Since that time, the City's utility expenditures have been reduced by more than \$270,000 as a direct result of billing changes and special rate discounts that your firm has implemented. These savings have been achieved simply through lower utility company charges – no changes whatsoever to City facilities or operations were required. The City of Inglewood expects to reap these benefits for many years into the future. Your firm has exhibited skill, knowledge and expertise in the utility regulations, which has resulted in these outstanding benefits for the City.

The City's experience with Utility Cost Management has been entirely positive, and we look forward to working with you in the future as new utility savings opportunities are identified.

Sincerely,


Mark Weinberg
City Administrator

Community Beautification & Economic Development



Public Works Department
Special Districts Administration

14177 Frederick Street
P.O. Box 88005
Moreno Valley, CA 92552-0805
Telephone: (909) 413-3480
FAX: (909) 413-3498

April 3, 2003

To Whom It May Concern:

Utility Cost Management was hired in October, 2001, to analyze approximately 280 Southern California Edison accounts that serve the City of Moreno Valley. The firm discovered that 18 City accounts were eligible for rate changes that, in some cases, reduced SCE charges by more than 50%.

By early 2002, UCM had worked with SCE representatives to complete the recommended changes for all 18 accounts. As a result, in the past year electricity charges have been reduced by more than \$115,000, and I expect these savings to continue for many years into the future.

When the time came for UCM to invoice the City for its share of the savings, I found the firm's invoices to be clear, detailed and accurate. In short, UCM made the entire process simple and hassle-free – and the City was able to significantly reduce electricity expenditures without spending time or money on the project.

Based on UCM's work for the City of Moreno Valley, I am confident in recommending the firm to others.

Sincerely,

Thomas F. Breitkreuz
Special Districts Manager



CITY OF ORANGE

CITY MANAGER

PHONE: (714) 744-2222 • FAX (714) 744-5147

January 10, 2002

Michael Kerkorian
Utility Cost Management LLC
1875 Olympic Boulevard, Suite 208
Walnut Creek, CA 94596

RE: UCM Letter of Recommendation

To Whom It May Concern:

In August 2000, UCM was retained to analyze nearly 600 gas and electricity accounts serving the City of Orange. UCM identified billing errors and inappropriate rates affecting 21 of the accounts, and implemented the necessary changes. As a result, the City's utility costs have been reduced by more than \$300,000 per year, and these savings will continue to accrue for many years to come.

UCM has made the entire process hassle-free for the City. The firm gathered all necessary information, performed site visits, and handled all contacts with utility company representatives. UCM provided clear and thorough documentation of the savings actually realized by the City. Whenever we had questions, UCM promptly and diligently responded.

UCM's work has generated substantial savings and refunds, and also has given the City confidence that utility charges are being minimized in light of applicable rates and regulations.

Sincerely,

Jeanne Arehart
Internal Audit Manager



Board of Directors Staff Report

MEETING DATE: 05/03/2023
PRESENTED BY: Anne Roman, Director of Finance
TOPIC: **TILFORD PHASE 1 CIRP PROJECT WATER CAPACITY CHARGES TRANSFER**
RECOMMENDATION: Receive report, ask questions, and approve transfer of funds.

ANALYSIS:

Capacity charges (aka Capacity “fees”) are one-time development charges used to fund the capital improvements necessary for the expansion of the water system as a result of each new meter/connection. Capacity charges are **legally restricted (in our LAIF – Water Capacity Charges Reserve)** and may only be used to fund projects associated with growth, such as expansion or upgrades. In the case of our now-complete Tilford Phase 1 CIRP (Capital Improvement / Replacement Program) project, 38% of the completed project is attributable to vacant, undeveloped land, or upsizing of pipe and is considered expansion of the system. That proportional share is a legal use of capacity charges and the District can use those funds to reimburse itself for project costs incurred and paid from other funds.

\$395,166 (38%) of the Tilford Phase 1 CIRP project cost of \$1,039,912 is eligible for reimbursement from the LAIF – Water Capacity Reserve fund. By default, the unrestricted funds would be transferred into the LAIF – Cash Flow Reserve, which covered those costs when initially incurred. However, the Board may choose to transfer this \$395,166 into any existing reserve fund. Here are a few facts for consideration (balances as of 4/24/23):

- LAIF - Cash Flow Reserve – Balance \$4,264,524; funded *beyond* target level of \$1,901,156 (3 months of operating expenses)
- LAIF - Operating Reserve – Balance \$1,901,156; funded *at* target level of \$1,901,156 (3 months of operating expenses)
- LAIF - Capital Reserve – Balance \$2,901,649; no target or maximum
- LAIF - Emergency Capital Replacement Reserve balance is at its target of \$2 million

While it would normally be recommended that these funds be transferred into the LAIF – Capital Reserve, there has been some interest in increasing the LAIF – Emergency Capital Replacement Reserve. Transferring these capacity funds into the LAIF - Emergency Capital Replacement Reserve would be a quicker way to increase that balance versus building it up over time by gradually decreasing rate study funding to the LAIF – Capital Reserve. Nothing would prevent the Board from releasing these funds from the LAIF – Emergency Capital Replacement Reserve later for a different purpose, if needed.

Thus, Staff recommends that the Board consider transferring the full balance of \$395,166 into the LAIF – Emergency Capital Replacement Reserve to achieve a balance of \$2,395,166. On 4/05/2023, the Finance Committee considered this topic and recommended that the Board transfer the funds as described above.

Following the unrestriction and transfer of water capacity charges in the amount of \$395,166, a balance of \$934,479 would remain in the LAIF - Water Capacity Reserve fund, available for future eligible growth-related projects. This balance will continue to grow as these Capacity charges are collected with each new future connection.

STRATEGIC PLAN ITEM: 2.7.1 Maintain Finance Compliance

FISCAL IMPACT:

Unrestrict and transfer LAIF - Water Capacity Funds as shown:

From:	
LAIF - Water Capacity Charges Reserve	(\$395,166)
To:	
LAIF – Emergency Capital Replacement Reserve	\$395,166