

# STAFF REPORT

## City of Lancaster

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1/9/2024
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Date: January 9, 2024

To: Mayor Parris and City Council Members

From: Marissa Diaz, Director - Public Works  
Mike Harne, Assistant Director - PW Maintenance Services

Subject: Citywide Utility Auditing Professional Services Agreement - Pacific Utility Audit, Inc.

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### Recommendation:

1. Approve a Professional Services Agreement with Pacific Utility Audit, Inc. (“PUA”), and authorize the City Manager, or his designee, to sign all documents.

### Fiscal Impact:

As the auditor will be compensated based on a percentage of funds recovered, there will be no out-of-pocket cost to the City.

### Background:

The City of Lancaster has determined that a utility audit is necessary to investigate the significant increase in utility bills over the last two fiscal years. Utility auditing is a process that saves money every month by identifying errors and overcharges by the utility provider, as well as determining lower rates that better match the City's needs. Pacific Utility Audit specializes in auditing water, sewer, gas, electric, telephone, and trash bills for businesses and properties in California, Oregon, Washington, and Nevada. They have been specializing in this unique area of utility auditing since 1989.

PUA is the only utility auditing company on the West Coast that conducts on-site inspections of a client's properties. Half of all utility billing errors they find are identified in the field. Their field teams locate every utility meter billed to verify that it belongs to their client, its use, size, multiplier, lumen rating, etc., and whether it is being billed correctly.

In this agreement, PUA will review the City's utility accounts and perform field inspections to identify any overcharges, whether current or past bills. PUA will then create the required documentation to negotiate with the relevant utility company or companies, aiming to eliminate these overcharges and secure refunds, credits, or adjustments for previous overcharges and

corrections for future cost savings. The City agrees to compensate PUA with fifty (50) percent of all recovered overcharges in the form of refunds or credits. If PUA successfully reduces the City's future utility bills during the contract term, the City agrees to pay PUA fifty (50) percent of the utility savings for a thirty-six-month period, starting from when the savings first appear on the City's bills.

The City paid over \$3,000,000.00 in utility bills last year, so any savings identified could positively impact on the operating budget. It was determined on February 24, 2023, that this agreement with PUA is a sole source award. Staff recommends that the Council authorize the City of Lancaster to enter into a Professional Services Agreement for Utility Auditing Services.

ACCOUNT	ACCOUNT DESCRIPTION	BUDGET
101.60.6300.000.5804.	ELECTRIC	\$ 964,867.00
101.60.6300.121.5804.	ELECTRIC	\$ 63,320.00
101.60.6300.123.5804.	ELECTRIC	\$ 24,893.00
101.60.6300.126.5804.	ELECTRIC	\$ 30,282.00
214.20.2600.000.5804.	ELECTRIC	\$ 21,025.00
214.40.4200.000.5804.	ELECTRIC	\$ 155,000.00
314.20.2200.000.5804.	ELECTRIC	\$ 776.00
420.40.4300.000.5804.	ELECTRIC	\$ 7,000.00
421.20.2600.000.5804.	ELECTRIC	\$ 96,485.00
423.40.4300.000.5804.	ELECTRIC	\$ 7,300.00
424.40.4300.000.5804.	ELECTRIC	\$ 61,000.00
501.40.4200.000.5804.	ELECTRIC	\$ 60,000.00
101.60.6300.000.5803.	GAS	\$ 166,999.00
101.60.6300.121.5803.	GAS	\$ 22,655.00
101.60.6300.123.5803.	GAS	\$ 14,737.00
101.60.6300.126.5803.	GAS	\$ 22,244.00
314.20.2200.000.5803.	GAS	\$ 500.00
101.60.6300.000.5802.	WATER	\$ 630,000.00
101.60.6300.121.5802.	WATER	\$ 4,752.00
101.60.6300.123.5802.	WATER	\$ 4,672.00
101.60.6300.126.5802.	WATER	\$ 15,068.00
214.20.2600.000.5802.	WATER	\$ 188,289.00
214.40.4100.000.5802.	WATER	\$ 17,198.00
314.20.2200.000.5802.	WATER	\$ 4,500.00
420.40.4300.000.5802.	WATER	\$ 5,974.00
421.20.2600.000.5802.	WATER	\$ 580,858.00
423.40.4100.000.5802.	WATER	\$ 361.00
423.40.4300.000.5802.	WATER	\$ 2,730.00

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**Attachments:**

Professional Services Agreement  
Exhibit A - Citywide Utility Auditing Services Scope of Work