


TO: BOARD OF DIRECTORS  
FROM: BRUCE BUEL   
DATE: MAY 22, 2009

**AGENDA ITEM**  
**D-5**  
**MAY 27, 2009**

ADOPT SUPPORT POSITION FOR AB1366

**ITEM**

Adopt support position for AB1366 [RECOMMEND APPROVAL]

**BACKGROUND**

Attached is a copy of Assembly Bill 1366, which would enable regulation of self-regenerative water softeners. This bill is similar to the bill that passed last year, but was vetoed by the Governor. Adoption of this bill would facilitate removal of self-regenerative water softeners, thus, assisting NCSD in achieving compliance with our current and future salts waste discharge requirements

**FISCAL IMPACT**

Communicating NCSD's position on AB1366 will involve the use of previously budgeted staff time and materials.

**RECOMMENDATION**

Staff recommends that the Board adopt a support position on AB1366 and authorize the General Manager and President to state this position to the community, CSDA and elected officials,

**ATTACHMENTS**

- AB1366

t:\documents\board matters\board meetings\board letter 2009\AB1366 Support.doc

CURRENT BILL STATUS

MEASURE : A.B. No. 1366  
AUTHOR(S) : Feuer, Caballero, and Audra Strickland (Coauthor: John  
A. Perez).  
TOPIC : Residential self-regenerating water softeners.  
HOUSE LOCATION : ASM

TYPE OF BILL :  
Active  
Non-Urgency  
Non-Appropriations  
Majority Vote Required  
Non-State-Mandated Local Program  
Fiscal  
Non-Tax Levy

LAST HIST. ACT. DATE: 04/29/2009  
LAST HIST. ACTION : From committee: Do pass, and re-refer to Com. on APPR.  
Re-referred. (Ayes 11. Noes 2.) (April 28).  
COMM. LOCATION : ASM APPROPRIATIONS  
HEARING DATE : 05/13/2009

TITLE : An act to add Section 13148 to the Water Code, relating  
to water softeners.

BILL NUMBER: AB 1366      INTRODUCED  
BILL TEXT

INTRODUCED BY    Assembly Members Feuer, Caballero, and Audra  
Strickland

(Coauthor: Assembly Member John A. Perez)

FEBRUARY 27, 2009

An act to add Section 13148 to the Water Code, relating to water softeners.

LEGISLATIVE COUNSEL'S DIGEST

AB 1366, as introduced, Feuer. Residential self-regenerating water softeners.

Existing law requires the State Water Resources Control Board to formulate and adopt state policy for water quality control. California regional water quality control boards are required to establish water quality objectives in water quality control plans. Under existing law, a local agency, by ordinance, may limit the availability, or prohibit the installation, of residential water softening or conditioning appliances that discharge to the community sewer system if the local agency makes certain findings and includes them in the ordinance.

This bill would authorize any local agency that maintains a community sewer system within specified areas of the state to take action, by ordinance or resolution and after a public meeting, to control salinity inputs from residential self-regenerating water softeners to protect the quality of the waters of the state, if the appropriate regional board makes a finding that the control of residential salinity input will contribute to the achievement of water quality objectives. The bill would state related findings and declarations of the Legislature, including findings and declarations concerning the need for special legislation.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Recycled water provides additional water supplies that are a cost-effective and reliable method of helping to meet California's water needs.

(b) The Water Recycling Act of 1991 established a statewide goal to recycle a total of 700,000 acre-feet of water per year by 2000, and one million acre-feet of water per year by 2010.

(c) The 2005 California Water Plan indicates that the statewide potential for recycled water use by 2030 is between 900,000 acre-feet to 1.4 million acre-feet per year. Based on this projection, the state will fall far short of the goal of recycling one million acre-feet per year by 2010, unless new policies are enacted to accelerate recycled water use.

(d) Elevated levels of salinity in community sewer systems can



hinder needed water recycling projects, and discharges from those systems may impair groundwater resources and surface waters of the state.

(e) The State Water Resources Control Board's Recycled Water Policy requires every region in California to develop a salt/nutrient management plan by 2014 to assist regions in providing a clean and abundant water supply.

(f) Existing law allows regulation of discharges from industrial, commercial, and agricultural sources, but severely limits local public agencies from regulating salinity discharges from residential self-regenerating water softeners, which can discharge up to one pound of salt per day.

(g) The California Water Recycling Task Force Report of 2003, prepared by the Department of Water Resources and the State Water Resources Control Board, recommends that current law be changed to allow local public agencies more control over salinity from residential self-regenerating water softeners.

(h) It is the intent of the Legislature to require local public agencies to consider local economic issues and other community input before taking action to regulate residential self-regenerating water softeners.

(i) It is the intent of the Legislature, by enacting this act, to give local public agencies additional authority to regulate residential self-regenerating water softeners, especially in areas of the state with water bodies adversely impacted by salinity and high use groundwater basins that are hydrogeologically vulnerable to contamination.

SEC. 2. Section 13148 is added to the Water Code, to read:

13148. (a) This section applies to the following hydrologic regions as identified in the California Water Plan: Central Coast, South Coast, San Joaquin River, Tulare Lake, and the Counties of Butte, Glenn, Placer, Sacramento, Solano, Sutter, and Yolo.

(b) Notwithstanding Article 1 (commencing with Section 116775) of Chapter 5 of Part 12 of Division 104 of the Health and Safety Code, if a regional board with jurisdiction over a region identified in subdivision (a) makes a finding at a public hearing that the control of residential salinity input will contribute to the achievement of water quality objectives, any local agency that maintains a community sewer system affected by the finding, may take action by ordinance or resolution after at least one public meeting to take into consideration local economic issues and other community input, to control salinity inputs from residential self-regenerating water softeners, to protect the quality of the waters of the state. The finding may be made in any of the following water quality actions adopted by regional board:

- (1) Water quality control plans.
- (2) Waste discharge requirements.
- (3) Master reclamation permits.
- (4) Water recycling requirements.
- (5) Cease and desist orders.

(c) Actions to control residential self-regenerating water softener salinity inputs authorized by subdivision (b) include, but are not limited to, actions to do any of the following:

- (1) Require that residential self-regenerating water softeners sold within the jurisdiction of the local agency be rated at the highest efficiency commercially available.
- (2) Require that plumbing permits be obtained prior to the installation of residential self-regenerating water softeners.
- (3) Require that residential self-regenerating water softeners be plumbed to hook up to hot water only.

(4) Require that potassium chloride be used in residential self-regenerating water softeners instead of sodium chloride, if water quality conditions warrant.

(5) Enact a voluntary "buy back" program for the removal of existing residential self-regenerating water softeners, consistent with existing law.

(6) Require the removal of previously installed residential self-regenerating water softeners.

(7) Prohibit the installation of residential self-regenerating water softeners.

(d) If a local agency adopts an ordinance or resolution to require the removal of previously installed residential self-regenerating water softeners pursuant to paragraph (6) of subdivision (c), the local agency shall make available to owners of residential self-regenerating water softeners within its service area a program to compensate the owner of the residential self-regenerating water softener for the reasonable value of the removed residential self-regenerating water softener, as determined by the local agency.

(e) The regional board making a finding pursuant to subdivision (b) shall base its finding on the evidence in the record. The standard of judicial review required for a finding made pursuant to subdivision (b) shall be the same as the standard of review required for the water quality action in which the finding is made.

(f) This section does not require a local agency to adopt an ordinance or resolution if a finding is made pursuant to subdivision (b).

(g) This section does not limit the use of portable exchange water softening appliances or limit the authority of a local public agency to regulate the discharge from a centralized portable exchange tank servicing facility into the community sewer system.

SEC. 3. The Legislature finds and declares that it is necessary to address elevated levels of salinity in community sewer systems in specified hydrologic regions of the state. It is therefore hereby declared that a general law within the meaning of Section 16 of Article IV of the California Constitution cannot be made applicable to those specified hydrologic regions and the enactment of this special law is necessary for the public good.



TO: BOARD OF DIRECTORS  
FROM: BRUCE BUEL *BBB*  
DATE: MAY 22, 2009

**AGENDA ITEM**  
**D-6**  
**MAY 27, 2009**

INVESTIGATE POTENTIAL OVERPAYMENT OF DISTRICT UTILITY BILLS

**ITEM**

Retain Utility Cost Management to investigate potential overpayment of District Utility Bill  
[RECOMMEND APPROVAL]

**BACKGROUND**

Attached is a proposal and agreement from Chris Wiehl of Utility Cost Management (UCM) to investigate NCSD's historical payment of utility bills. This program is sponsored by CSDA and has been successfully by many of CSDA's members.

Should NCSD execute an agreement with UCM, then UCM would investigate NCSD's historic payments to determine if there have been any overpayments. If there were none, NCSD pays nothing. If there overpayments, then UCM assists NCSD in recovering reimbursement and deducts 42% of the total for their effort.

**FISCAL IMPACT –**

NCSD could enjoy a modest amount of reimbursement if there have been historic overpayments.

**RECOMMENDATION**

Staff recommends that the Board authorize the General Manager to execute the agreement and implement the program.

**ATTACHMENTS**

- Proposal and Agreement

t:\documents\board matters\board meetings\board letter 2009\Utility Cost Mgm.doc

**Bruce Buel**

**From:** Chris Wiehl [cw@utilitycostmanagement.com]  
**Sent:** Monday, December 29, 2008 1:50 PM  
**To:** Bruce Buel  
**Subject:** Fw: CSDA Program to Reduce Electric Costs  
**Attachments:** Nipomo CSD.pdf

----- Original Message -----

**From:** Chris Wiehl  
**To:** bbuel@nipomocsd.com  
**Sent:** Thursday, November 20, 2008 8:37 AM  
**Subject:** CSDA Program to Reduce Electric Costs

Dear Mr. Buel:

I am writing to introduce to you Utility Cost Management LLC (UCM), a firm that recently became an "Endorsed Affiliate" of the California Special Districts Association.

UCM analyzes electricity charges in light of applicable regulations, identifies billing errors, and obtains savings and refunds for clients. Since 1991, UCM has saved more than \$90 million for California customers. Our client list has included more than 45 California cities, various State departments, 20 school districts, and many colleges and universities.

UCM's services offer the following benefits:

- **No Risk** -- UCM's fee is a percentage of refunds and savings that clients actually receive. If our work fails to bring about savings, then there is no compensation paid to us.
- **No Up-Front Costs** -- All of the savings that UCM generates are the result of billing errors or unused tariff provisions. As a result, unlike many cost-reduction measures, these savings require no up-front investment -- it is like "found money".
- **No Time** -- UCM can complete its work with virtually no client involvement. We even obtain the historical billing data needed for our analyses directly from utility providers.

As a CSDA "Endorsed Affiliate", UCM's qualifications, track record, and references have been thoroughly vetted. In addition, under the Endorsed Affiliate program, CSDA members receive a 16% discount compared to UCM's usual rates.

I am confident that UCM can benefit the Nipomo Community Services District, and I hope you will consider allowing UCM to be of service. I have attached some information on UCM - included is a brochure, a partial client list, some letters of reference and our agreement. In the meantime, please feel free to contact me or Neil McCormick of CSDA (neilm@csda.net) with any questions. Or, you can check us out at [www.utilitycostmanagement.com](http://www.utilitycostmanagement.com). Thank you for your consideration.

Chris Wiehl  
 Utility Cost Management LLC  
 (559) 261-9237 (direct)  
 (559) 261-9231 (fax)  
 6475 N. Palm Ave., Suite 105

Fresno, CA 93704  
[cw@utilitycostmanagement.com](mailto:cw@utilitycostmanagement.com)

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No virus found in this incoming message.

Checked by AVG.

Version: 7.5.524 / Virus Database: 269.23.6/1407 - Release Date: 4/30/2008 11:35 AM





July 1, 2008

To: California Special Districts Association Members

From: Neil McCormick, Executive Director

Dear CSDA Member:

As part of CSDA's commitment to providing a wide variety of benefits to its members, we strive to find companies and services that can help special districts to reduce costs and operate more efficiently. Through our "Endorsed Affiliate" program, CSDA seeks to identify quality firms and negotiate preferred member pricing.

Last year, CSDA looked at the high utility costs in California, especially for electricity, and sought proposals from firms that could help special districts to reduce these costs. As a result of our inquiries, there was one firm that clearly stood out as the best choice for California's special districts: Utility Cost Management LLC (UCM).

Since 1991, UCM has been focused on analyzing utility bills for California customers in order to identify billing errors, recover refunds, and reduce ongoing costs. The firm has obtained more than \$40 million in refunds for its clients, and has implemented rate changes that have saved at least \$50 million more. UCM's client list is diverse and includes many of the state's largest customers, including more than 150 public entities.

CSDA has been impressed with UCM's lengthy track record of success, its commitment to customer service, and the consistent and enthusiastic praise that it received from former clients. We repeatedly heard that the firm's services were easy to use, produced excellent results, and required no capital outlays.

CSDA also liked that UCM is paid on a contingency-fee basis. Any compensation paid to UCM is a percentage of the refunds or savings that it generates. We feel that this arrangement ensures that UCM's services offer a risk-free opportunity to reduce utility expenditures. In addition, because of the relationship between CSDA and UCM, CSDA members receive a 16% discount compared to UCM's normal fees.

I encourage you to contact Chris Wiehl of UCM at (559) 261-9237 to inquire as to how this outstanding service can help your district.

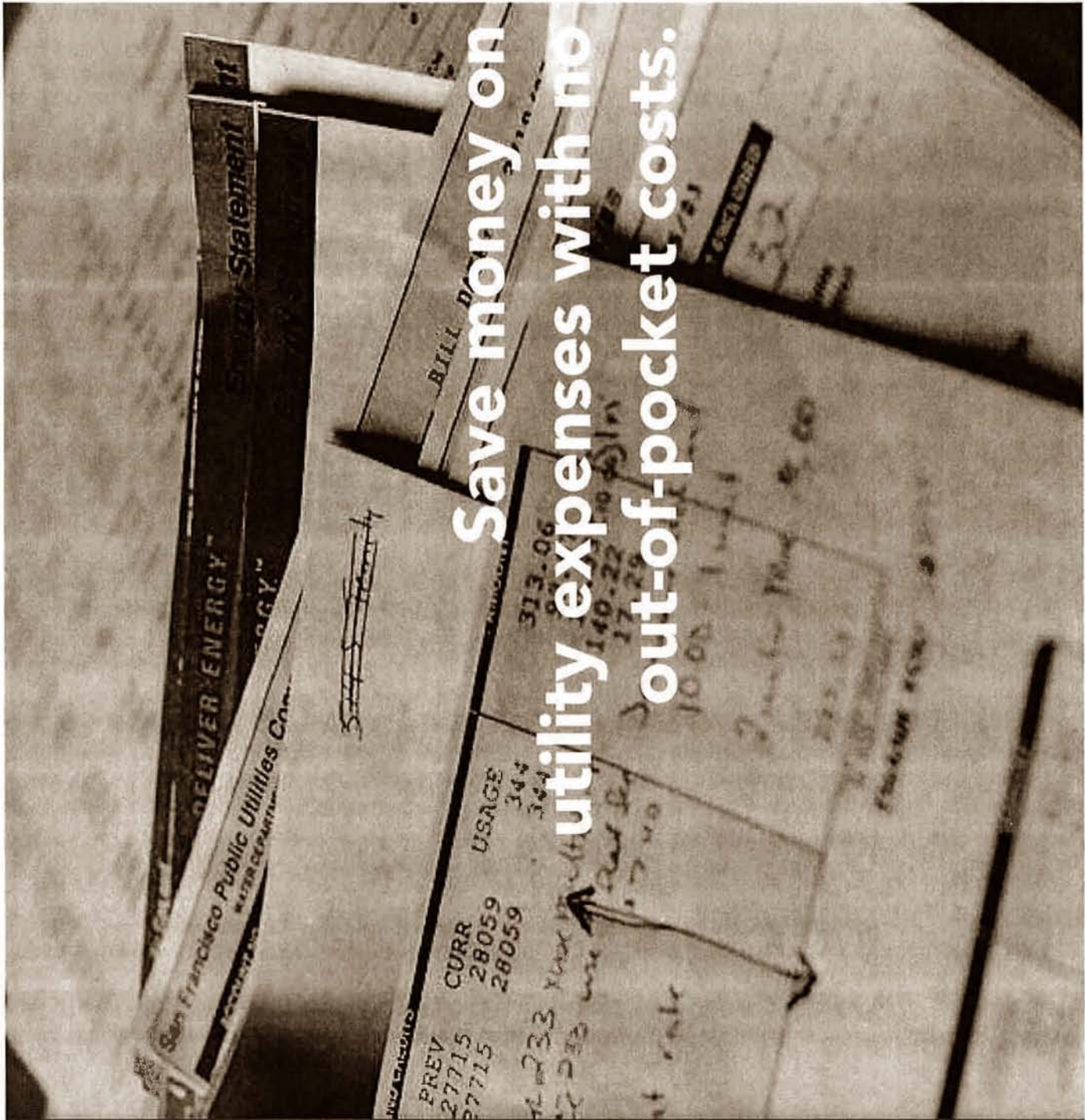
Sincerely,

Neil McCormick  
Executive Director

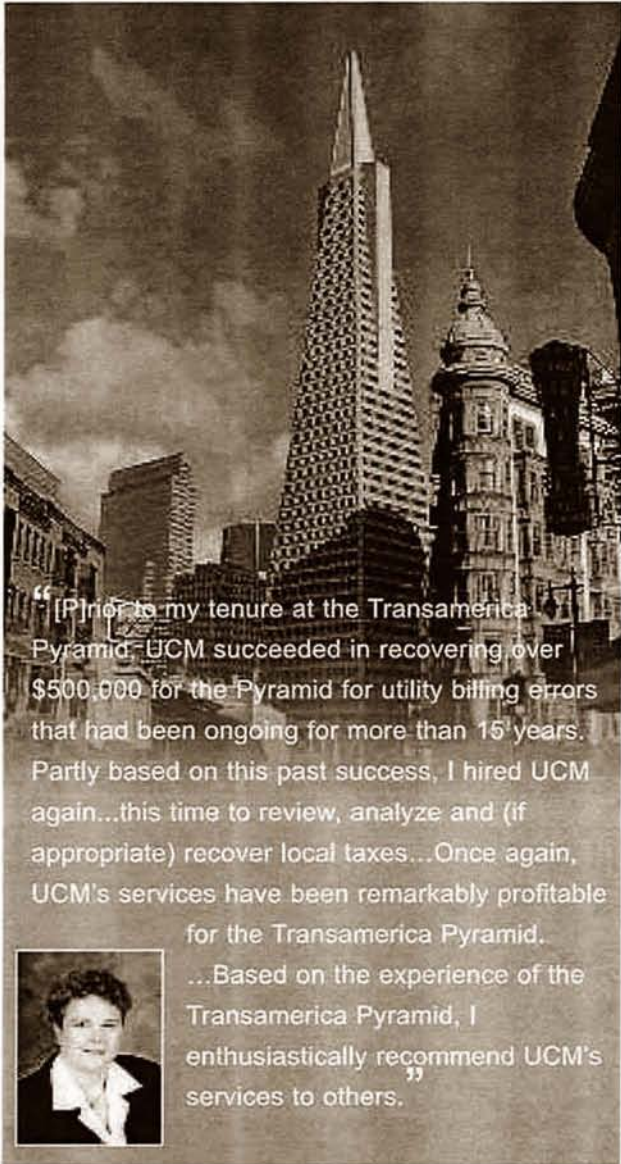


Utility Cost Management, LLC  
6475 N. Palm Avenue  
Suite 105  
Fresno, California 93704  
Phone: (559) 261-9230  
Fax: (559) 261-9231  
[www.utilitycostmanagement.com](http://www.utilitycostmanagement.com)

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







“Prior 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**

**Lowes Enterprises Real Estate Group**

**TRANSAMERICA PYRAMID**

## 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.



## Bill Analysis Service<sup>SM</sup> turns a bright light on your utility bills.

Utility Cost Management LLC  
offers its Bill Analysis  
Service<sup>SM</sup> 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 Service<sup>SM</sup>. 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 Service<sup>SM</sup>

## Risk-free

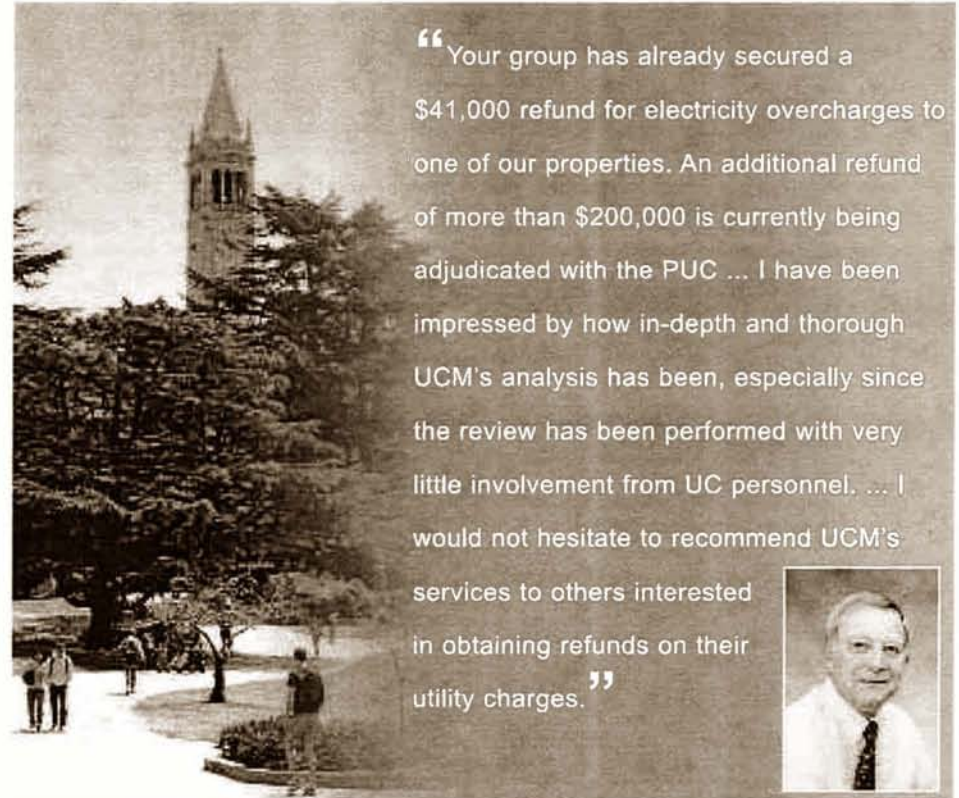
The Bill Analysis Service<sup>SM</sup> is truly a “win-win” for the customer. If you are being overcharged, then UCM will identify and correct the situation, and share in the resulting savings. But if no overcharge is found, then you pay UCM nothing.

## Hassle-free

We recognize that your time is valuable. That’s why the Bill Analysis Service<sup>SM</sup> 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 Service<sup>SM</sup>, 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

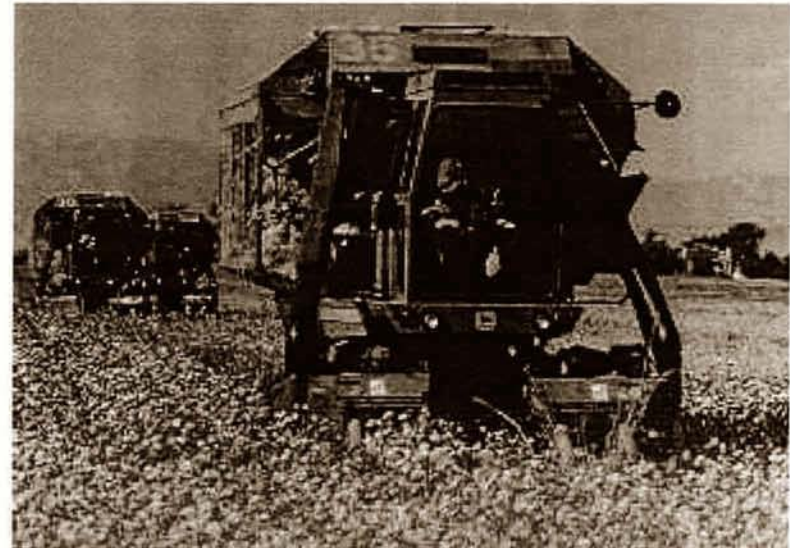
No longer is your utility the exclusive repository of regulatory knowledge and experience. With the Bill Analysis Service<sup>SM</sup>, customers enlist UCM's knowledge and expertise to critically evaluate their utility charges in light of the regulations. With UCM on their side, customers can "level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

## Unique

Unlike the services offered by other firms, the Bill Analysis Service<sup>SM</sup> 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 Service<sup>SM</sup> 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 Service<sup>SM</sup> 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.**

## **PARTIAL CLIENT LIST – Public Agencies**

- **California Dept. of Corrections, State-wide**
- **California Dept. of General Services, Los Angeles, Sacramento**
- **California Dept. of Health Services, State-wide**
- **California Dept. of Justice, State-wide**
- **California Military Dept./National Guard, State-wide**
- **California Public Utilities Commission – Consumer Services Division, San Francisco**
- **California State Automobile Association, Northern California locations**
- **City of Adelanto, California**
- **City of Apple Valley, California**
- **City of Baldwin Park, California**
- **City of Barstow, California**
- **City of Bellflower, California**
- **City of Bell Gardens, California**
- **City of Costa Mesa, California**
- **City of Culver City, California**
- **City of Downey, California**
- **City of Duarte, California**
- **City of Gardena, California**
- **City of Hermosa Beach, California**
- **City of Hesperia, California**
- **City of Highland, California**

- **City of Huntington Park, California**
- **City of Indio, California**
- **City of Inglewood, California**
- **City of Lynwood, California**
- **City of Monterey Park, California**
- **City of Moreno Valley, California**
- **City of Newport Beach, California**
- **City of Norwalk, California**
- **City of Orange, California**
- **City of Oxnard, California**
- **City of Palmdale, California**
- **City of Paramount, California**
- **City of Redondo Beach, California**
- **City of Rialto, California**
- **City of Santa Barbara, California**
- **City of Southgate, California**
- **City of Tehachapi, California**
- **Conejo Recreation & Park District, Thousand Oaks**
- **Pleasant Valley Recreation & Park District, Camarillo**
- **State Compensation Insurance Fund, State-wide**
- **University of California, Berkeley, Berkeley**
- **University of California, Los Angeles, Westwood**
- **University of California, Santa Cruz, Santa Cruz**





# 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



# CITY OF NEWPORT BEACH

## ADMINISTRATIVE SERVICES Revenue Division

June 21, 2006

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

Dear Michael:

I am writing to commend Utility Cost Management LLC for its work on behalf of the City of Newport Beach.

Even though the City works closely with its utility providers to minimize costs, in January 2005 we retained UCM with the hope that the firm could generate additional savings. UCM's review included the analysis of gas and electricity expenditures for more than 160 facilities within the City.

Within two months, UCM reported on opportunities to reduce significantly the City's electricity costs. During subsequent weeks and months, UCM worked with Southern California Edison (SCE) personnel to implement the savings opportunities, and kept me informed throughout the process. The changes that UCM made are saving the City of Newport Beach about \$90,000 per year, and the City also received refunds from SCE totaling \$96,379.

The City will continue to benefit from UCM's efforts for many years to come, and I appreciate that these outstanding results were achieved with no capital outlays of any kind. This work was accomplished with virtually no demand on City staff and rather than harming the City's relationship with its utility providers, I suspect that UCM's work has helped to foster improved cooperation and responsiveness.

Based on my experience, I enthusiastically recommend UCM to other cities and public entities.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen Everroad".

Glen Everroad  
Revenue Manager



# Inglewood California

OFFICE OF THE CITY ADMINISTRATOR

Mark F. Weinberg  
CITY ADMINISTRATOR

September 19, 2003

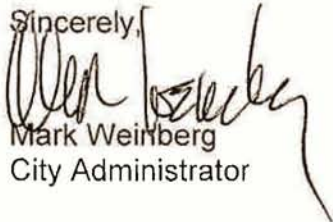
Michael Kerkorian  
Utility Cost Management LLC  
726 W. Barstow Avenue, Suite 108  
Fresno, CA 93704

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.

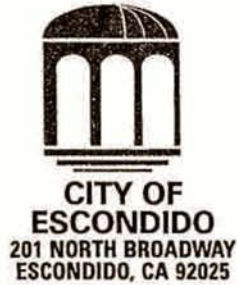
The City's experience with Utility Cost Management has been entirely positive, and we look forward to working with you in the future as new utility savings opportunities are identified.

Sincerely,



Mark Weinberg  
City Administrator

*Community Beautification & Economic Development*



Jerry H. Van Leeuwen, Director  
CDBG Administration Division  
(760) 839-4871, FAX (760) 739-7044

September 19, 2000

Utility Cost Management  
1875 Olympic, Suite 208  
Walnut Creek, CA 94596

To Whom It May Concern:

Utility Cost Management was hired in December 1997 to conduct a review of gas and electricity bills. Their efforts discovered billing errors affecting 18 City accounts. The corrections resulted in a refund of \$37,300 that the City received in July 1998. Additionally, the City has realized ongoing savings of \$8,000 per year.

The approach used by Utility Cost Management presents no risk to the City. The shared savings nature of the contract requires no financial participation by the City at the onset. In fact, if UCM had been unsuccessful in finding savings, the City would have had no expense. The amount of staff time invested was minimal, consisting primarily in providing a listing of utility accounts.

I recommend UCM for utility auditing services.

Sincerely,



Jerry Van Leeuwen  
Director

Lori Holt Pfeiler, Mayor  
Keith E. Beier, Mayor Pro Tem  
Jerry Kaufman  
June Rady  
Marie Waldron

Printed on Recycled Paper





# City of Downey

FUTURE UNLIMITED

January 10, 2002

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

Dear Mr. Kerkorian:

I am pleased to offer this Letter of Recommendation to Utility Cost Management LLC. UCM helped the City of Downey lower its utility expenditures without capital outlays or out-of-pocket expenditures of any kind. Our savings are approximately \$80,000 per year. Furthermore, the fact that UCM's fees were calculated as a percentage of the City's savings eliminated any risk associated with their services.

I am also pleased that UCM completed its work without involvement from City personnel. UCM fulfilled its promise to handle all aspects of the utility analysis. For all of the above reasons, I recommend UCM to other customers seeking a risk-free way to reduce utility costs.

Sincerely,

*Lee Powell*

Lee Powell,  
Assistant City Manager

**AGREEMENT TO PROVIDE  
UTILITY BILL AUDITING 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.** This Agreement applies 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 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 and review information relating to the Utility Accounts.
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 a "Findings Letter" 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 its Findings Letter, and such supplement or amendment will be deemed to have occurred on the date the original Findings Letter was sent to Client.
5. **Steps to Obtain Refunds or Savings.** UCM is authorized by Client 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

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Initials: \_\_\_\_\_ Initials: \_\_\_\_\_



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: (a) the result of a reduction in the amount of utility usage by Client, or (b) the result of Client's utilization of a different utility supplier that provides lower cost utility service.

- (c) **No Compensation for Pending Claim.** 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. However, Client is obligated to pay UCM pursuant to this paragraph whether or not Client knew of the basis for the refund, credit or Future Savings prior to the date of UCM's Findings Letter, and whether or not Client's receipt of the refund, credit or Future Savings was the result of steps taken by UCM or others, including attorneys.
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 obtaining any refunds, credits, or Future Savings on Client's Utility Accounts. Client hereby waives, releases and forfeits any current or future claim 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 may be entitled, or that is based upon or relates to any services or advice provided by UCM.
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. Client understands and agrees that it is Client's responsibility, and not UCM's, to ensure that any such representations made by



Client are true and correct in all respects. Client will indemnify and hold UCM harmless for any loss, damage, injury or claim arising from or related to any false or allegedly false statements made by Client to the utility provider or other entity in connection with any refund, credit or Future Savings identified by UCM.

- 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 31<sup>st</sup> day after the invoice was mailed to Client, at the rate of 3% 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 10% of the amount owing (including any accrued interest) will be imposed on the 61<sup>st</sup> day after the invoice was mailed. Interest will continue to accrue at 3% 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.

<b>UTILITY COST MANAGEMENT LLC</b>
By: _____
Signature
_____
Print Name
_____
Title
_____
Date

<b>CLIENT</b>
By: _____
Signature
_____
Print Name
_____
Title
_____
Date



TO: BOARD OF DIRECTORS  
FROM: BRUCE BUEL *BB*  
DATE: MAY 22, 2009

**AGENDA ITEM  
D-7  
MAY 27, 2009**

OPPOSE GOVERNOR'S PROPOSAL TO SUSPEND PROPOSITION 1A

**ITEM**

Adopt oppose position to Governor's proposal to suspend Proposition 1A of 2004 re local government property taxes [AUTHORIZE PUBLICATION OF OPPOSITION]

**BACKGROUND**

In 2004, California's voters overwhelmingly adopted Proposition 1A to protect local property taxes from raids by the state government. With the failure of the six ballot measures on May 19, 2009, the Governor is now calling for a borrowing of local government property taxes pursuant to Proposition 1A or a suspension of Proposition 1A.

Should the state declare an extreme fiscal emergency it could borrow as much as 8% of local government property taxes. For NCSD that means a FY09-10 reduction in receipts of about \$40,000.

Should the state suspend Proposition 1A it is not clear how much of local property taxes could be diverted.

**FISCAL IMPACT**

Approximately half of NCSD's annual property tax receipts are pledged to pay the debt service on the 2004 COP. Should the state divert all of NCSD's property taxes, then water rates would need to increase on average approximately \$10 every two months to replace the lost revenue.

**RECOMMENDATION**

Staff recommends that the Board adopt an oppose position to either a borrowing or a suspension and authorize staff to share this position with the Community, CSDA and our elected representatives.

**ATTACHMENTS**

- CSDA Announcements re Proposition 1A

t:\documents\board matters\board meetings\board letter 2009\Proposition 1A.doc

## Bruce Buel

**From:** Neil McCormick [neilm@cda.net]  
**Sent:** Thursday, May 14, 2009 6:34 PM  
**To:** Bruce Buel  
**Subject:** CSDA Legislative Alert: Governor Proposes to Suspend Prop1A

If this email does not display properly, please view our [online version](#).  
To ensure receipt of our email, please add 'CSDA@informz.net' to your address book.



## Governor Proposes to Borrow \$2 Billion from Local Government If Special Election Measures Fail

This afternoon, Governor Arnold Schwarzenegger proposed two May Budget Revisions. One version proposes to close a projected \$15.4 billion budget gap, which is the current budget shortfall if the May 19 special election measures pass. The other version proposes to close a projected \$21.3 billion budget gap, which will be the budget shortfall if the May 19 special election measures fail.

The governor proposes to close the \$15.4 billion budget deficit by reducing education spending, reducing UC and CSU spending, reducing health and human services spending, and borrowing \$6 billion in registered reimbursement warrants. Read the full May Revision proposal [here](#).

If the special election measures fail, then the governor would turn to his "Plan B" contingency proposals to cover a \$21.3 billion budget deficit. More specifically, Propositions 1C, 1E, and 1D contain approximately \$6 billion of revenues to the state for the 2009-2010 fiscal year. See CSDA's Quick Reference Guide for more information on the May 19 special election ballot measures, located in the [Member's Only](#) section under the Legislation and Grassroots tab.

**The "Plan B" contingency proposal includes a proposal to suspend Proposition 1A (2004) and borrow \$2 billion from special districts, cities, and counties.**

Last week, CSDA alerted members when we discovered the Department of Finance had proposed to the governor to suspend Proposition 1A (2004). CSDA, the League of California Cities, and the California State Association of Counties sent a joint letter to the governor earlier this week to urge the governor to reject the proposal to suspend Proposition 1A (2004) as it is an irresponsible solution that does nothing to address the state's structural budget problems. See the full letter [here](#).

Next steps your district should take:

- Adopt a district resolution stating that a severe fiscal hardship will exist if additional local property tax revenues



are seized and additional unfunded mandates are adopted by the State of California. Find a sample resolution [here](#). Please adjust the resolution to be specific to your district.

- Write a letter to your state senator and assembly member asking them to reject any proposal to suspend Proposition 1A (2004) and borrow money from local governments. It is important to articulate that districts are currently experiencing lower property tax revenues, which is expected to continue to decrease into next year and beyond. In addition, districts continue to be impacted by previous ERAF shifts and an additional 8 percent shift in fiscal year 2009-2010 would completely devastate districts' ability to provide essential services to the community. *Provide specific examples of what services you will have to cut and how your constituents (and the legislators' constituents) will be affected.* Find a sample letter [here](#). To find your senator and assembly member, visit the [legislature's website](#) and type in your address at the bottom right-hand side of the page.
- Consider writing a letter to the editor in your local newspaper to let readers know of the implications that a shift of local government revenues will have on the services that districts provide to the community.

Aware that if the May 19 special election measures fail and the state has to deal with an additional \$6 billion deficit in addition to the current shortfall, which could eventually lead to a suspension of Proposition 1A, CSDA's Board of Directors voted to join the California Budget Reform Now Coalition in support of Propositions 1A through 1F. Visit the [California Budget Reform Now](#) website for more information about the campaign.

California Special Districts Association | 1112 I Street | Suite 200 | Sacramento, CA 95814

If you do not wish to receive e-mail newsletters from CSDA, [click here to unsubscribe](#). Please note: unsubscribing from individual mailings v  
unsubscribe you from all mailings.





## Special Election Tomorrow – Governor Says Prop 1A Suspended If Measures Fail

Tomorrow, Tuesday, May 19, California voters will decide the fate of Propositions 1A-1F. Please remember to vote tomorrow.

Last Thursday, Governor Arnold Schwarzenegger announced that if the special election measures fail, he will suspend Proposition 1A (2004) and borrow \$2 billion of local property tax revenues. Propositions 1C, 1D, and 1E on the statewide ballot tomorrow, contain a total of \$6 billion in revenues to the state for fiscal year 2009-10. If those measures fail, the state will have an additional \$6 billion budget hole to close, in addition to the current \$15.4 billion budget shortfall.

Aware that the result of the special election measures failing could lead to a suspension of Proposition 1A (2004), CSDA's Board of Directors voted to join the California Budget Reform Now Coalition in support of Propositions 1A through 1F. Visit the [California Budget Reform Now](#) website for more information about the campaign.

Today, in response to the possibility that the state may borrow local government revenues to balance the state's budget, CSDA is launching a [new section](#) on our website to provide timely information on **protecting special districts' services** during this chaotic budget environment. The section is intended to provide CSDA members with up-to-date information about the possible suspension of Proposition 1A (2004). Check out the site regularly for news articles about the state budget and a possible suspension of Prop1A, information about what you can do to protect district services and information about what CSDA is doing to prevent a suspension of Prop1A. The new section can be accessed by clicking the link above or going to [www.csda.net](http://www.csda.net).

[California Special Districts Association](#) | 1112 I Street | Suite 200 | Sacramento, CA 95814 | 877.924.CSDA (2732)

A Proud California Special Districts Alliance Partner