



Office of the City Manager

CONSENT CALENDAR

October 18, 2005

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Stephen Barton, Director, Housing Department

Subject: Contract: Update of Community Choice Aggregation Pro Forma

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to the contract with Navigant Consulting, Inc. to perform an update of a Community Choice Aggregation (CCA) pro forma in an amount not to exceed \$4,000. Total contract amount not to exceed \$28,500.

FISCAL IMPACTS OF RECOMMENDATION

The total cost of this amendment shall not exceed \$4,000. Funds are available in the Fiscal Year 2006 General Fund (budget code 010-8202-463-30-38). The CMS number is S23T2.

CURRENT SITUATION AND ITS EFFECTS

On April 26, 2005, Council received a feasibility study on CCA, which included a pro forma of the projected financial performance of the CCA enterprise. New data are now available which may affect the conclusions of that pro forma. A decision regarding whether or not to proceed with the development of a business plan is pending receipt of the updated pro forma.

BACKGROUND

On July 19, 2005, staff reported to Council that the decision to proceed with the development of a business plan for Community Choice Aggregation was being postponed until a revision of the pro forma could take place. Staff had planned to amend the contract to perform the update during the summer recess, but was unable to assemble a meeting of the stakeholder cities, consultants, and peer review staff to determine the scope of the update until September.

At the meeting of the cities, consultants and peer review staff, all parties agreed to changes in some of the assumptions used to produce the pro forma. The changes are likely to make CCA rates higher than PG&E rates in the near term. Staff believes that the decision to proceed to develop a CCA business plan should be based on the new information.

While Oakland and Emeryville are expected to amend their contracts with Navigant to prepare the business plan, they will likely require an update of the pro forma before moving to expend funds for the development of the business plan.

RATIONALE FOR RECOMMENDATION

New information is now available that will likely affect the projected performance of the CCA and should be considered before authorizing the expenditures for the development of a business plan.

ALTERNATIVE ACTIONS CONSIDERED

Staff considered recommending that the contract amendment include the development of the business plan, subject to an authorization to proceed with the business plan after the pro forma had been updated, as Oakland and Emeryville may do. However, Council must approve that action and there is no time or money saved by asking for that approval before the pro forma update is received and analyzed.

CONTACT PERSON

Neal De Snoo, Energy Officer, Housing Department, 981.5434

Attachments:

1: Resolution

Exhibit A: Scope

Exhibit B: Payment

RESOLUTION NO. ##,###-N.S.

AUTHORIZING A CONTRACT AMENDMENT TO UPDATE COMMUNITY CHOICE
AGGREGATION PRO FORMA

WHEREAS, the City entered into a contract with Navigant Consulting, Inc. to prepare a feasibility report on Community Choice Aggregation (CCA); and

WHEREAS, the completed study has been subjected to independent peer review; and

WHEREAS, the peer review recommends changes to some of the assumptions; and

WHEREAS, the updated pro forma is needed to inform the decision as to whether or not to proceed with the development of a CCA business plan; and

WHEREAS, funds are available to perform this work in the current General Fund budget (budget code 010-8202-463-30-38) and this contract has been set up in the citywide contracts database, CMS number S23T2.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley authorizes the City Manager to execute an amendment of the contract with Navigant Consulting, Inc. to perform an update of a Community Choice Aggregation pro forma in the amount of \$4,000 for a total contract amount not to exceed \$28,500. A record signature copy of the contract to be on file in the Office of the City Clerk.

Exhibits

A: Scope

B: Payment

EXHIBIT A

Scope

The scope is amended by adding an addition task, Task 4a.

Task 4a: Update the baseline pro forma to include the following assumptions:

- Higher natural gas prices and market clearing electricity prices – combination of NYMEX futures (2 years) and updated NCI projections
- Modified Sensitivity Case 8: PG&E's proposed revenue allocation in its 2003 GRC, blended between PG&E request and status quo.
- Delay start date until 2008
- Delay capital on line date until 2012
- Include data for residential tiers and CARE based on existing Berkeley data.

EXHIBIT B
Payment

Exhibit B is amended to replace the budget table with the table below.

	Description	Billing Method	Client Fees	Consortium Project Underwriting
Task 1	Project Initiation	Deliverable	\$2,350	\$25,950
Task 2	CPUC Engagement	Retainer	\$3,530	\$9,380
Task 3	Feasibility Analysis			
	Load Analysis	Deliverable	\$4,470	\$16,060
	Assumption Based	Deliverable	\$6,700	\$24,100
	CPUC Decision	Deliverable	\$3,730	\$13,400
	Based			
Task 4	Final Report	Deliverable	\$3,670	\$7,060
Task 4a	Update Pro Forma	Retainer	\$4,000	0
Total			\$28,450	\$95,950