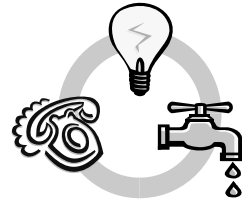


INDUSTRY PUBLIC UTILITIES COMMISSION CITY OF INDUSTRY

SPECIAL MEETING AGENDA
MARCH 21, 2016 9:00 A.M.



President Mark D. Radecki
Commissioner Abraham N. Cruz
Commissioner Roy Haber, III
Commissioner Cory C. Moss
Commissioner Newell W. Ruggles



Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California

Addressing the Commission:

- ▶ **Agenda Items:** *Members of the public may address the Commission on any matter listed on the Agenda. Anyone wishing to speak to the Commission is asked to complete a Speaker's Card which can be found at the back of the room and at the podium. The completed form should be submitted to the City Clerk prior to the Agenda item being called and prior to the individual being heard by the Commission.*
- ▶ **Public Comments (Agenda Items Only):** *During public comments, if you wish to address the Commission during this Special Meeting, under Government Code Section 54954.3(a), you may only address the Commission concerning any item that has been described in the notice for the Special Meeting.*

Americans with Disabilities Act:

- ▶ *In compliance with the ADA, if you need special assistance to participate in any City meeting (including assisted listening devices), please contact the City Clerk's Office (626) 333-2211. Notification of at least 48 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

Agendas and other writings:

- ▶ *In compliance with SB 343, staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the City Clerk during regular business hours, Monday through Friday 9:00 a.m. to 5:00 p.m. Any person with a question concerning any agenda item may call the City Clerk's Office at (626) 333-2211.*

-
1. Call to Order
 2. Flag Salute
 3. Roll Call
 4. Public Comments

5. **BOARD MATTERS**

- 5.1 Discussion and direction regarding strategic initiatives, and a proposal for services submitted by Cordoba Corporation for the Industry Public Utility.

RECOMMENDED ACTION: Discuss and provide direction to Staff.

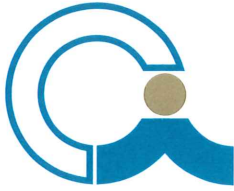
6. **CLOSED SESSION**

- 6.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): One Potential Case.

7. Adjournment. Next regular meeting: Thursday, April 21, 2016 at 9:00 a.m.

INDUSTRY PUBLIC UTILITIES COMMISSION

ITEM NO. 5.1



INDUSTRY PUBLIC UTILITIES COMMISSION

P.O. BOX 3366 • CITY OF INDUSTRY • CALIFORNIA 91744
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Mark D. Radecki, President
Abraham N. Cruz, Commissioner
Roy M. Haber, III, Commissioner
Cory C. Moss, Commissioner
Newell W. Ruggles, Commissioner

Paul J. Philips, Public Utilities Director
James M. Casso, General Counsel
Cecelia Dunlap, Assistant Secretary

MEMORANDUM

To: The Honorable President and Members of the Industry Public Utilities Commission
From: Paul Philips; Public Utilities Director *Paul J. Philips*
Staff: Curtis Fresch; Infrastructure Development
Subject: IPUC
Date: March 21, 2016

The Industry Public Utility was first established in March of 2001. Since its inception their hasn't been any concerted effort to use the favorable rate structure of a municipal utility to attract and keep industrial and other high power users, which would be of benefit to the community. The enclosed proposal from Cordoba addresses the issue of attracting high power users. Since the city has already paid for the exit fee with SCE some time ago, it only makes sense to pursue this strategy to the betterment of our area. Cordoba has already agreed to cover phase one out of the retainer already being paid to them.

IT IS RECOMMENDED that the Commission direct the Public Utilities Director to proceed as outlined in the attached proposal.



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March 15, 2016

City of Industry Industry Public Utility Summary of Strategic Initiatives and Proposal of Services

Goals

The goal of this engagement is to assist the City of Industry to determine effective alternatives to establish the Industry Public Utility (IPU) as an independent Department within the City's administrative structure and transition the IPU to a full service utility for the customers within the city boundaries. The deliverables of the engagement will address the value proposition of the various service contracts currently existing and assist the IPU in determining which contracts should remain, terminate or brought in-house. For those contracts brought in-house, develop a transition plan to staff and perform those functions with minimal impact to existing customers. These deliverables will address findings in the State Controller's Report dated January 2016; ensure all future tasks and contracts are in line with the recommendations outlined in the above referenced report.

Longer term, the goal is to provide a strategy, phased over the next several years, to increase the load served by the IPU from 7 to 165 MW, servicing all customers within the City boundaries. In essence, the goal is to establish the City of Industry as a premier location for industrial businesses by providing state of the art, cost effective utility services.

Plan Summary

Phase 1 - First 90 days

- (1) Desktop Study
 - a. Develop a inventory of current utility services providers with a detailed description of current services and cost of service
 - b. Determine energy utility current actual costs

The current list of service providers to IPU includes but is not limited to:

- Intertie
- ENCO Utility Services
- Applied Metering Technologies
- Noble Americas Energy Solutions
- Southern California Edison
- Southern California Gas Company
- Shell Energy North America
- Butsko Utility Design
- CNC Engineering

- (2) Due Diligence
 - a. Determine level of quality and cost effectiveness
 - b. Evaluate appropriateness of services, existing contracts and contract terms
 - c. Evaluate other options and service providers
 - d. Evaluate substation maintenance plan to ensure long term operability and functionality of the substation
- (3) Develop a recommended staffing plan for the City of Industry Utility assuming utilization of a staff augmentation model. This model has been successfully used by other utilities to minimize costs, human resources issues and resource need fluctuations. This will include recommendations on other services that may be subcontracted.
- (4) Cost comparison
 - a. Compare plan against existing level of service and cost ensuring that key issues such as customer service and reliability are considered.
- (5) Present findings, recommendations and implementation to Director of Public Utilities, City Manager and City Council for approval.

Phase 2 - Next Steps

Upon approval and implementation of the new IPU structure and staffing plan and successful management of the 7 MW load by the IPU, future deliverables will include:

- (1) Expansion Plan – Develop a phased plan including marketing and staffing as well as cost of service to expand the IPU to include entire 165 MW of demand in the City of Industry. Evaluate inclusion of key services; such as, fiber optics and advanced smart metering to attract new high demand businesses to the area
- (2) Upon approval of the expansion plan, Cordoba will provide utility staffing as needed through a staff augmentation model. Each position, with a full staffing description, start date and bill rate will be pre-approved by the IPU. Upon approval, individuals will work at the direction of the IPU Director.
- (3) Review IPU cost of service study and recommend rate changes as appropriate. Incorporate energy efficiency and renewable policies, including utilization of Smart Meters in the long term strategy to meet environmental objectives, improve customer service and control cost.

All services will be provided on a time & material basis based on the rate sheet below. Phase 1 tasks will be covered under the existing Cordoba Corporation professional services agreement. A detailed description of services provided will accompany monthly invoices. Prior to the commencement of these Phase 2 tasks, specific, detailed task orders will be developed and approved by the IPU Director.



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Position Description	Hourly Rate
Principial in Charge	\$300
Project Executive	\$250
Senior Energy / Infrastructure Advisor	\$240
Senior Energy Engineer	\$170
Technical Specialist	\$150
Cost Estimator	\$135
Procurement Specialist	\$135
Associate Engineer	\$75

If you have any questions, please feel free to contact me at (760) 484 6485.

Sincerely,

CORDOBA CORPORATION

Lucy M. Labruzzo

Senior Vice President, Energy Infrastructure