

# MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS **Agenda Item #3**

Representing City and County Governments of the San Francisco Bay Area

**Attachment A**



## SUMMARY MINUTES

**ABAG Power Executive Committee**

**Meeting 2005-05**

December 14, 2005

Metro Center, 101 8<sup>th</sup> Street, Oakland, CA 94607

### WELCOME AND INTRODUCTIONS

Chairman Steve Sprotte opened the meeting with introductions at 12:02 p.m.

#### Committee Representatives Present

Mark Akaba  
Ed Buonaccorsi, Vice-Chairman  
Terry Mann  
Jennifer Mennucci  
Ron Popp  
Steve Sprotte, Chairman

#### Jurisdictions

City of Vallejo  
City of Santa Rosa  
County of Contra Costa  
Golden Gate Bridge District  
City of Millbrae  
City of Union City

#### Staff Present

Joseph Chan  
Jerry Lahr  
Kenneth Moy

ABAG  
ABAG POWER  
ABAG

### PUBLIC COMMENTS/ANNOUNCEMENTS

There were no public comments.

### APPROVAL OF SUMMARY MINUTES OF AUGUST 17, 2005 MEETING

Motion was made by Mann/S/Akaba/C/5:0:0 to approve the Summary Minutes of August 17, 2005 Executive Committee Meeting.

### REPORT ON NATURAL GAS PROGRAM

#### Monthly Summary of Operations

Jerry Lahr provided the members with the monthly Summary of Operations report for FY 2005-06, and a chart showing the program's current long-term gas purchases. In addition, the Committee was provided general natural gas price information, and a sample of the new ABAG POWER Gas Purchases log.

Lahr said that the pricing information indicates that natural gas prices will remain very high this winter with a gradual decrease over the next couple of years.

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The Gas Purchases chart shows gas purchases that ABAG POWER has locked in or hedged for various blocks of time.

Gas Purchases log was created as per the executive committee's recommendation during discussions on gas operations manual. On this log, the Program Manager lists gas purchase information for the month such as the delivery period, delivery point, quantity and the contract price and the Finance Director signs off on it. These logs are filed away but are available to the Executive Committee anytime.

Executive Committee member Jennifer Mennucci joined the meeting at this point.

Lahr mentioned that ABAG POWER had signed a master contract with a new gas supplier, Wasatch Energy who seemed to be able to provide competitive natural gas prices.

## **Operations Manual Glossary**

Lahr mentioned that a Glossary had been added to the Natural Gas Operations Manual. He requested members to send in additional terms if they were missing or considered useful for the glossary.

## **Draft Letter to Members (Half Moon Bay, Napa County & Petaluma)**

Lahr mentioned that to date the Cities of Petaluma, Half Moon Bay and County of Napa had not executed the new revised natural gas aggregation agreement. Under their old contract with ABAG POWER, they are contracted to remain in the pool until June, 2008. While the rest of the pool members have a rolling three-year period, these members have a firm opt-out date of June, 2008.

Lahr provided the executive committee with a letter he had drafted to these jurisdictions and requested members' comments, input and agreement to send the letter out to these entities. At this point, the intent of the letter is to get a staff person at these entities focused on getting it through to their council members. There was a consensus to send the letter out to the three jurisdictions in January.

## **FUTURE BILLING SERVICE OPTIONS**

### **Billing Services Recommendation, Cost Comparison and Utility Management Services Quote**

Jerry Lahr provided a brief history of ABAG POWER's current billing services contract and the earlier RFP efforts inviting billing agencies to bid on a new billing service for the program. Three responses had been received from the RFP process; however, the Executive Committee had decided not to accept any of them. Lahr said the current billing contract expires June 30, 2006 but there is an option to extend for one additional year.

Joseph Chan provided a detailed explanation of how the new recommended system would operate.

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Lahr said that ABAG POWER staff recommends utilizing ABAG's current accounting software (Oracle) to produce monthly invoices to members, and acquire additional software (i.e. Utility Manager Pro) for data processing and producing customized reports.

Lahr provided the members with a proposal from Utility Management Services towards constructing a utility billing system for ABAG POWER. He also provided a Billing Services Cost Comparison Estimate.

Motion was made by Akaba/S/Mennucci/C/6:0:0 to approve ABAG POWER Staff's recommendation as follows:

- Intend on utilizing ABAG's current accounting software (Oracle) to produce monthly invoices, and acquire additional software (i.e. Utility Manager Pro) for data processing and reporting;
- Staff to initiate the acquisition of the software mentioned above in January, 2006 with the expectation of fully taking over the billing service functions beginning in July, 2006;
- Costs (not to exceed) Software, License, Installation and Training \$40,000; Other setup costs \$20,000, with the intention to capitalize these costs.

### **FY 2005-06 BUDGET UPDATE**

#### **Revised Operating Budget and Levelized Charge Calculation**

Lahr provided the members with a revised Operating Budget for Fiscal Year ending June 30, 2006. He also provided a spreadsheet showing a revised 6-month Levelized Charges for FY 2005-06.

Lahr said the levelized charges were being revised due to higher gas commodity costs and these new charges would be in effect for the six-month period January – June 2006.

Lahr mentioned that the current policy is for the program to maintain approximately two month's worth of working capital by way of deposits from members. However, due to higher gas prices, the amount currently on deposit represents only about a month and half of working capital. He said that if gas prices continued to rise, ABAG POWER would have to re-examine and possibly increase working capital deposits. It is the intent of staff to review this again during the next budget approval process in May/June 2006.

The program's expense budget of \$9.9 million has now increased to a \$11.8 million budget.

Motion was made by Mann/S/Buonaccorsi/C/6:0:0 to approve the revised operating budget and levelized payment schedule for FY 2005-06 as presented.

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## **2006 MEETING SCHEDULE**

Motion was made by Popp/S/Akaba/C/6:0:0 to approve the 2006 Meeting Schedule as presented.

## **ADJOURNMENT**

Chairman Sprotte adjourned the meeting at 12:59 p.m.

/vm

Prepared by Vina Maharaj from recorded tapes of the meeting.

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\*Example of a motion – [*Member No. 1/S/Member No. 2/roll call vote/C/8:0:0*] means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstentions