



TO : BOARD OF DIRECTORS
FROM : GARY PLATT, EXECUTIVE DIRECTOR – BUSINESS
AND OPERATIONS
SUBJECT : ENERGY AUDIT CONTRACT
DATE : OCTOBER 21, 2008
TYPE : ACTION NEEDED

Attached is a contract with Northwest Capital Recovery Group to conduct an audit of our utility billings.

The goal of the audit is to verify that the rates charged on district utility billings are correctly applied. Apparently, Northwest has had good results conducting such work for other governmental agencies often finding errors and obtaining refunds from utility providers. Under the agreement, Northwest will review our electric, gas, water, sewer, regular phone, cellular phone, and solid waste billings. They will provide a list of recommendations for cost savings the district may elect to implement. Any immediate refunds actually collected will be split evenly between the district and Northwest. Measures that result in future savings will be verified and the savings split over a 24-month period. While the contract may be terminated for any reason with 30-day notice, future savings measures implemented will still be subject to an even split between the district and Northwest for the full 24-month period.

I will share the recommendations with the board after the audit is completed.

Recommendation:

We recommend the board **move to a approve the contract with Northwest Capital Recovery Group to conduct an audit of district utility billings.**

Northwest Capital Recovery Group No-Risk Agreement

This agreement, dated October 22, 2008, represents the complete agreement for services to be performed by Lilly Properties, Inc. dba Northwest Capital Recovery Group (NWCRG), hereafter referred to as Auditor. These services may result in a refund or future billing reduction for the specific utility expenses incurred by the undersigned, hereafter referred to as Client. Client understands that NWCRG may elect to perform the necessary analysis in-house and/or use strategic business partners to achieve the desired results in cost recovery and cost reduction.

Client agrees and understands that:

1. Client will provide Auditor with the necessary information for each account to be analyzed, including (a) three month's complete bills for each account; (b), a copy of the service agreement, if any, for each account; (c) a Letter of Authorization permitting Auditor to contact each service provider on behalf of Client to obtain the necessary additional information, and (d) a list of customer support representatives for each vendor with contact information.
2. All information provided by Client shall be kept strictly confidential and will be returned upon request, at the completion of the Analysis.
3. Auditor shall prepare a report identifying the refund/credit issues being pursued for all accounts. Client agrees to share refunds/credits with Auditor, in accordance with the provisions of this Agreement. Auditor shall also prepare an "Implementation Acknowledgement Sheet"(IAS) which clearly identifies future billing reduction strategies for each account in the work program. Within 10 days of Client receiving the IAS, Client agrees to return to Auditor a signed IAS either granting or denying permission for Auditor to proceed with implementation of each recommendation.
4. Since Auditor will be contacting each service provider to affect billing reductions and/or credits and refunds, Client recognizes that the service provider may attempt to circumvent Auditor and contact Client directly. In any and all such cases, Client agrees to reaffirm with the service provider to coordinate all proposals through Auditor. Client agrees that all vendor proposals received during the No-Risk Analysis project shall be subject to shared savings as described in paragraph six.
5. Client agrees to share refunds and/or billing credits 50/50 with Auditor within 15 days of receiving such refund or credit. For savings realized by Client as a result of Auditor correcting an ongoing error, Client will compensate Auditor 50/50 shared savings for 24 months. Client acknowledges that in certain instances, the refunds or credits may be obtained by Auditor prior to Auditor's report. In any and all such cases, Client agrees to share the refunds or credits with Auditor in accordance to the provisions of this paragraph.
6. For any future savings opportunity Client wishes to have implemented, Client agrees to share the monthly savings 50/50 with Auditor for a period of 24 months from the first month the savings are realized on Client's billing. Client agrees to share said savings within 15 days of Client acknowledging that such savings have occurred.
7. Auditor is due no fee if no refunds and future savings opportunities are identified, or if Client does not wish to pursue the savings recommendations.
8. Client agrees not to compete with the efforts of Auditor during the term of the agreement period. During this period, any in-house refunds or savings shall accrue to the shared savings understanding of this agreement.
9. Client agrees that if Client denies permission for Auditor to implement recommendations AND then implements any of Auditor's recommended future savings opportunities within 12 months of signing the "Implementation Acknowledgement Sheet" (IAS), then Client shall share any such future savings 50/50 with Auditor as depicted in paragraph six above.
10. Unless specifically attached hereto, Client acknowledges that there are no refund, credit or rate reductions currently being pursued by Client. _____ (Initials)
11. This Agreement shall commence on the date set forth above and continue until terminated. Either Auditor or Contractor may terminate this agreement at any time for any reason upon 30 days prior written notice.

Please **initial** the utility areas to be analyzed: **Telecom:** local service X long distance X data X cellular billings X

Utilities: power X natural gas X water X sewer X storm water _____ garbage X shredding _____

Agreed to by:

Lilly Properties Inc
dba Northwest Capital Recovery Group

Signature

October 22, 2008
Date

Executive Director- Business & Operations
Title