

Date June 26, 2009

Item No. 8

LOCAL AGENCY FORMATION COMMISSION
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Exceeds 20 pages; see file to review
Available for review at City Hall, Room 244

Completed by: Alisa Furuzawa

Date: June 23, 2009

***This list reflects the explanatory documents provided**

San Francisco Local Agency Formation Commission

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. 415.554.5184
Fax. 415.554.5163

TO: LAFCo Commissioners

FROM: Nancy C. Miller, Interim Executive Officer

DATE: June 26, 2009

SUBJECT: Item 8: Report and Possible Authorization for the Interim Executive Officer to Contract for Oversight Activities. (Discussion and Action Item)

Background: This item was continued from last month and the Commission requested that all approved bidders be given the opportunity to bid on oversight tasks. The oversight program was identified in the original Request for Qualifications released in November 2007. The oversight program has been provided by existing staff up to this date. Oversight activities include the following tasks:

- a. Analyze the technical sufficiency of the SFPUC's administration of Clean Power SF.
- b. Analyze the procedural sufficiency of the SFPUC's administration of Clean Power SF.
- c. Recommend to SF LAFCo improvements to Clean Power SF to assure its success.
- d. Monitor and possibly apply for grants, fees, and other allocations from federal, state, and local agencies and private entities that may be available for the advancement or benefit of Clean Power SF.
- e. Review draft policies and procedures that would govern the development, implementation, operation, or management of Clean Power SF.
- f. Review Request for Information and Request for Proposals documents prepared by SFPUC and advise of their completeness and consistency with the Implementation Plan.
- g. Report the results of any review to SF LAFCo and/or the Board of Supervisors with recommendations for changes.
- h. Propose modifications to the Implementation Plan in light of additional information and further progress in development of Clean Power SF.
- i. Request from the SFPUC all data and work product obtained and/or developed necessary to support any review or analysis of Clean Power SF undertaken by SF LAFCo or the Board of Supervisors.

- j. Present findings, conclusions, and recommendations related to assigned tasks to SF LAFCo and the Board of Supervisors.

SF LAFCo has been providing these services through existing staff. We are scheduled to hire a full time person within the next few weeks and our ability to provide oversight tasks with existing staff will increase. However there are some tasks that need special input and advice. At this time, the Interim Executive Officer believes that the potential tasks for the oversight program would be most economically provided by a selected consultant on an on-call, as-needed basis.

Request for Proposals: In order to select a consultant who could provide the on-call, as-needed services for the oversight program, the Interim Executive Officer released a Request for Proposals to all qualified bidders on June 16, 2009. A copy of the Request for Proposals is attached to this report.

The consultants were asked to provide a proposal meeting the requirements of the Request for Proposals by Monday, June 22, 2009, at 5:00 p.m. All of the consultants who received the request submitted responses. George E. Sansoucy, P.E., LLC, transmitted a letter stating they would be unable to submit a proposal because of the conflict with the work they are already contracted with the SFPUC to complete. Three other qualified consultants timely submitted proposals:

1. Local Power, Inc.
2. Navigant Consulting, Inc.
3. MBMC, Inc.

A copy of each of the submitted proposals is attached to this report.

Summary of Proposals: Each of the submitted proposals meets the minimum requirements of the Request for Proposals. The following is a short summary of parts of each proposal.

Local Power, Inc.

Local Power, Inc.'s (LPI) proposal includes a suggested approach for each task. LPI proposes a price of not-to-exceed \$12,800 per month. The rates for potential staff range from \$100 - \$325 per hour. LPI states that staff will be available as-needed. LPI discloses one potential conflict in that it is preparing a "Best Practices and Lessons Learned" report for the SFPUC. LPI does not believe it would conflict with the oversight project.

Navigant Consulting, Inc.

Navigant Consulting, Inc.'s (NCI) proposal includes an estimate of the cost for each task. NCI proposes a total budget for all 10 tasks of \$100,000. The budget is not a precise estimate since services will only be provided as specifically requested by SF LAFCo as-needed. The rates for potential staff range from \$132 - \$428 per hour. NCI states that staff will be available as-needed and John Dalessi will be the project manager and primary point of contact. NCI discloses no potential conflicts.

MBMC, Inc.

Michael Bell Management Consulting, Inc.'s (MBMC) proposal includes a suggested approach for each task. However, MBMC states it does not have the resources to perform Task d, and suggests using another consultant for that task. Mr. Bell states it is difficult to accurately estimate costs without more detailed scopes-of-work available but he is available on a not to exceed basis once the tasks are defined. His rate is \$215 per hour. Mr. Bell states MBMC has no conflicts.

Consultant	Principal Staff Person	Principal's Hourly Rate
LPI	Paul Fenn	\$250
NCI	John Dalessi	\$328
MBMC	Michael Bell	\$215

RECOMMENDATION:

The Interim Executive Officer recommends that the decision on oversight consulting services be postponed until new staff is hired and we are better able to determine what tasks are needed by an outside consultant versus existing staff. All of the bidders are agreeable to holding hourly rates as bid. In this way we maintain maximum flexibility for hiring expertise as needed.

San Francisco Local Agency Formation Commission

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
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REQUEST FOR PROPOSALS TO PERFORM CLEAN POWER SF ADVISORY/MONITORING PROJECT

The San Francisco Local Agency Formation Commission (SF LAFCo) is looking for proposals to perform advisory/monitoring services on an as-needed basis. The potential services to be provided on an as-needed basis include the following tasks related to its Community Choice Aggregate Program (Clean Power SF) responsibilities. Tasks will be assigned in writing, as needed, by SF LAFCo:

- a. Analyze the technical sufficiency of the SFPUC's administration of Clean Power SF.
- b. Analyze the procedural sufficiency of the SFPUC's administration of Clean Power SF.
- c. Recommend to SF LAFCo improvements to Clean Power SF to assure its success.
- d. Monitor and possibly apply for grants, fees, and other allocations from federal, state, and local agencies and private entities that may be available for the advancement or benefit of Clean Power SF.
- e. Review draft policies and procedures that would govern the development, implementation, operation, or management of Clean Power SF.
- f. Review Request for Information and Request for Proposals documents prepared by SFPUC and advise of their completeness and consistency with the Implementation Plan.
- g. Report the results of any review to SF LAFCo and/or the Board of Supervisors with recommendations for changes.
- h. Propose modifications to the Implementation Plan in light of additional information and further progress in development of Clean Power SF.

- i. Request from the SFPUC all data and work product obtained and/or developed necessary to support any review or analysis of Clean Power SF undertaken by SF LAFCo or the Board of Supervisors.
- j. Present findings, conclusions, and recommendations related to assigned tasks to SF LAFCo and the Board of Supervisors.

Your firm met the minimum qualifications to be considered for a contract with SF LAFCo. Please submit your proposed approach and price proposal to miller@motlaw.com, no later than 5:00 p.m. on June 22, 2009. The proposal should include information on the following items:

1. A suggested approach for each task. The RFQ and additional information on the CCA Program is available at:

http://sfwater.org/mto_main.cfm/MC_ID/12/MSC_ID/138/MTO_ID/237.
2. A price proposal. While services will only be assigned on an as-needed basis, your price proposal should include a not-to-exceed amount and hourly rates for potential staff.
3. Personnel. Your proposal should specify the staff to be utilized, including each staff member's expertise and availability.
4. Conflicts. Your proposal must disclose any conflicts you have because of tasks you have contracted with the SFPUC to perform. You will be unable to perform advisory/monitoring services over the tasks you are contracted with the SFPUC to perform.
5. Any additional information you believe would be helpful in evaluating your proposal.
6. State whether you are prepared to sign the standard form SF LAFCo contract and comply with the requirements of the contract form (e.g. with the required forms and insurance, other terms and conditions) A copy of the standard contract form is attached to the RFQ available at:

http://sfwater.org/mto_main.cfm/MC_ID/12/MSC_ID/138/MTO_ID/237 .

The Commission may contract with one or more of the minimum qualified contractors. Tasks will be assigned on a monthly, as-needed basis. There is no express or implied promise that work will be assigned each and every month.

Request for Proposals to Perform Clean Power SF Advisory/Monitoring Project
June 16, 2009
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There is no expressed or implied obligation for the SFPUC or SF LAFCo to reimburse responding firms for any expenses incurred in preparing responses to this request. The SFPUC and SF LAFCo reserve the right to reject any or all Proposals submitted.

If you have any questions regarding this Request, or if you feel additional time is required to submit a Proposal, you may contact Nancy Miller at miller@motlaw.com, or Daniel Calvert at calvert@motlaw.com. All questions and answers will be made available to other bidders.

Local Power.

Our proposed approach is as follows for each task:

a. Analyze the technical sufficiency of the SFPUC's administration of Clean Power SF.

LPI will review the work conducted by the SFPUC to develop the technical elements of the Clean Power SF Program, using the applicable SF Ordinances and the Draft Implementation Plan for reference.

b. Analyze the procedural sufficiency of the SFPUC's administration of Clean Power SF.

LPI will review the processes and procedures SFPUC has used to advance the Clean Power SF project, and their progress, using the applicable SF Ordinances and projections made by the SFPUC for reference. Guidance and requests to the SF PUC from the Board of Supervisors and the SF LAFCO will also be reviewed.

c. Recommend to SF LAFCo improvements to Clean Power SF to assure its success.

LPI will advise SF LAFCO regarding possible improvements to Clean Power to ensure its success.

d. Monitor and possibly apply for grants, fees, and other allocations from federal, state, and local agencies and private entities that may be available for the advancement or benefit of Clean Power SF.

LPI will advise SF LAFCO of opportunities, and assist SF LAFCO in application for any grants, fees, and other allocations from federal, state, and local agencies and private entities that may be available for the advancement or benefit of Clean Power SF.

e. Review draft policies and procedures that would govern the development, implementation, operation, or management of Clean Power SF.

LPI will review draft policies and procedures that would govern the development, implementation, operation, or management of Clean Power SF, using the applicable SF Ordinances and the Draft Implementation Plan, guidance from the Board of Supervisors and the SF LAFCO for reference.

f. Review Request for Information and Request for Proposals documents prepared by SFPUC and advise of their completeness and consistency with the Implementation Plan.

Local Power.

LPI will review Request for Information and Request for Proposals documents prepared by SFPUC and advise of their completeness and consistency with the Implementation Plan, State Law AB 117 and the applicable SF Ordinances.

g. Report the results of any review to SF LAFCo and/or the Board of Supervisors with recommendations for changes.

LPI will provide a written report of the results of any review to SF LAFCo and/or the Board of Supervisors with recommendations for changes. All such reports will be prepared initially in draft form, if so requested by the Commission.

h. Propose modifications to the Implementation Plan in light of additional information and further progress in development of Clean Power SF.

LPI will propose modifications to the Implementation Plan in light of additional information and further progress in development of Clean Power SF.

i. Request from the SFPUC all data and work product obtained and/or developed necessary to support any review or analysis of Clean Power SF undertaken by SF LAFCo or the Board of Supervisors.

LPI will request from the SFPUC all data and work product obtained and/or developed necessary to support any review or analysis of Clean Power SF undertaken by SF LAFCo or the Board of Supervisors.

j. Present findings, conclusions, and recommendations related to assigned tasks to SF LAFCo and the Board of Supervisors.

LPI will present findings, conclusions, and recommendations related to assigned tasks to SF LAFCo and the Board of Supervisors. As appropriate based on assignments as requested by the Commission, LPI will develop presentation materials, such as powerpoint presentations or graphics for use in the presentation of findings.

Potential Staff

The LPI Staff available for work as assigned by the Commission include the following, each staff member's rate is also identified. All staff are available as of the time of this proposal. We will confirm availability of proposed staff for any specific assignment from the Commission at the time any as-needed work is requested.

Paul Fenn \$250/hr
Robert Freehling \$150/hr
Bill Powers \$195/hr
Bradley Turner \$250/hr
John Cutler \$195/hr

Local Power.

Joe Speaks \$175/hr
Julia Peters \$195/hr
Mike Marcus \$100/hr
Eddie Dehdashti \$300/hr
Rusty Klassen \$195/hr
Kuloor Soorya \$325/hr
David Erickson \$150/hr

Staff Member expertise is described on LPI's Response to SF LAFCO's Request for Qualifications, a copy of which is attached to our response to this June 16, 2009 RFP, and incorporated by reference.

Disclosure of Conflicts

LPI is currently completing one assignment with the SFPUC, and is not currently under contract to perform any other work for the SF PUC. Our current task is "Best Practices and Lessons Learned". This task is essentially a survey of existing CCAs nationwide, and does not involve work specific to the structuring of the SF CCA Program.

Monthly Not-To-Exceed Amount

LPI Proposes a monthly not-to-exceed amount of \$12,800 for SF LAFCO Monitoring/Advisory tasks assigned by the Commission, as provided in the June 16, 2009 RFP. Upon receipt of any task assignments from the Commission, LPI will identify the specific staff members proposed for the task(s), and the proposed number of hours allocated for each staff member, for Commission review and approval.

June 22, 2009

Ms. Nancy Miller
San Francisco Local Agency Formation Commission
Via email:

Re: Price Proposal for Advisory and Monitoring Services Related to San Francisco's CCA Program

Dear Ms. Miller:

Navigant Consulting, Inc. ("NCI") appreciates the opportunity to submit this price proposal for Advisory and Monitoring services requested by the San Francisco Local Agency Formation Commission ("LAFCO") in support of its Community Choice Aggregation ("CCA") Program. Consistent with LAFCO's Request for Proposal ("RFP"), dated June 16, 2009, Navigant Consulting has developed a proposal to provide as-needed consulting services for the following tasks:

- a. Analyze the technical sufficiency of the SFPUC's administration of Clean Power SF.
- b. Analyze the procedural sufficiency of the SFPUC's administration of Clean Power SF.
- c. Recommend to LAFCO improvements to Clean Power SF to assure its success.
- d. Monitor and possibly apply for grants, fees, and other allocations from federal, state, and local agencies and private entities that may be available for the advancement or benefit of Clean Power SF.
- e. Review draft policies and procedures that would govern the development, implementation, operation, or management of Clean Power SF.
- f. Review Request for Information and Request for Proposals documents prepared by SFPUC and advise of their completeness and consistency with the Implementation Plan.
- g. Report the results of any review to LAFCO and/or the Board of Supervisors with recommendations for changes.
- h. Propose modifications to the Implementation Plan in light of additional information and further progress in development of Clean Power SF.
- i. Request from the SFPUC all data and work product obtained and/or developed necessary to support any review or analysis of Clean Power SF undertaken by LAFCO or the Board of Supervisors.
- j. Present findings, conclusions, and recommendations related to assigned tasks to LAFCO and the Board of Supervisors.

Budget

As the level of services necessary would be defined based upon specific requests by LAFCO, it is not possible to provide a precise budgetary estimate at this time. NCI proposes to perform the assigned tasks on a time and materials basis at the rates shown in Exhibit A. Navigant Consulting anticipates providing services pursuant to written task orders subject to a total not-to-exceed budget of \$150,000. Our expected cost for each task is shown below:

Estimated Costs For Each Task

Task A	\$25,000
Task B	\$25,000
Task C	\$20,000
Task D	\$20,000
Task E	\$20,000
Task F	\$10,000
Task G	\$5,000
Task H	\$15,000
Task I	\$5,000
Task J	\$5,000

Project Team

NCI has established a project team of industry experts led by John Dalessi, who will be the project manager and primary point of contact with LAFCO during this project. Other staff will support the project on an as-required basis.

Brief biographies of the project team are included below.

Amy Cuellar, *Managing Consultant* - is a Managing Consultant with expertise in environmental compliance, regulatory analysis, siting, and permitting. She has particular experience in the State of California. Ms. Cuellar also has experience in researching and analyzing environmental policies affecting energy resource development and land use planning; working knowledge of the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) with particular experience with the California Energy Commission (CEC) siting process for the development of new power plant facilities. Ms. Cuellar has managed and participated in the preparation of numerous Environmental Impact Reports and Environmental Impact Statements. She has also developed permitting strategies as well as prepared, processed and managed numerous federal, state, and local permit applications. In addition, Ms. Cuellar has helped prepare and implement environmental compliance monitoring programs.

John Dalessi, *Director* - is a Director in NCI's Energy Power Systems, Markets and Pricing practice in the Sacramento office. With eighteen years of experience in the energy industry, Mr. Dalessi brings a wide array of expertise in the areas of electricity market operations, energy procurement and contracts, regulatory and legislative analysis, cost of service and rate design, load forecasting, demand response, and strategic planning. Mr. Dalessi was project manager for the CCA

Demonstration Project in which twelve cities and counties have explored the feasibility of forming CCA Programs. Mr. Dalessi also played a prominent role in developing the CCA Implementation Plan for the San Joaquin Valley Power Authority, and the CCA Business Plans for Marin County, the Cities of Berkeley, Emeryville and Oakland, and the Cities of Beverly Hills and West Hollywood. He is currently leading the RFP development efforts in support of the Marin Energy Authority in its efforts to secure energy supplies for the startup of the Marin Clean Energy program. Mr. Dalessi possesses a Masters Degree in Economics from the University of California. Prior to joining Navigant, Mr. Dalessi held various management positions at the APX.com, PG&E Energy Services, and Southern California Edison Company.

Kirby Dusel, *Associate Director* - is a certified Project Management Professional (PMP), Six Sigma practitioner and Associate Director with Navigant Consulting, Inc., has served many public agencies within California and throughout the U.S. Mr. Dusel has eleven years of experience administering power purchase contracts, managing database development projects, analyzing and reengineering business processes and implementing effective compliance programs (focused on the mandatory reliability standards of the North American Electric Reliability Corporation) within the energy industry. Other proficiencies include the performance of financial and socioeconomic analyses, renewable energy procurement, as well as general business planning. Currently, Mr. Dusel is assisting the County of Marin in implementing its Community Choice Aggregation business plan, which will offer 100% renewable energy to Marin residents and business. Mr. Dusel has previously served the State of California's Department of Water Resources as an energy contract analyst and database developer, providing guidance to CERS's executive management regarding contractor performance and carrying out general contract management responsibilities associated with the administration of approximately 50 State-wide power purchase agreements valued at \$35 billion.

Shannon Graham, *Associate Director* - is an Associate Director in NCI's San Francisco office. Ms. Graham has developed renewable energy (RE) technical assessments and business strategies for a range of NCI clients, including: municipal utilities, large industrial players considering entry into the RE space, energy companies and government agencies. Ms. Graham joined NCI in 2004, after successfully building her own consulting practice, where she focused on business and market development for new energy technologies in challenging markets. After completing her BA in Mechanical Engineering at Tufts University, she spent six years in Latin America developing RE projects and businesses for off-grid power. In 1999 she returned to the U.S. to pursue graduate studies at the University of California, Berkeley, in Energy and Resources (MA, 2001, policy and economic barriers to clean energy growth), and the Haas School of Business (MBA, 2003, strategic marketing and finance). She has worked in the U.S., Latin America, Asia, Africa and Europe.

Patrick Mealoy, *Managing Director* - is a Managing Director with NCI and an economist and policy planner with over 18 years experience in the energy industry. He has extensive experience in strategic planning, market assessment, economic forecasting, and industry trend analysis. His expertise includes assessing the impact of federal, state, and local regulations, as well as developing strategies related to these emerging trends and policies. Mr. Mealoy has been heavily involved in the California electric utility restructuring process since its initiation in the early 1990s. Mr. Mealoy's specialty is strategic planning and developing creative solutions to assist NCI clients' address and successful implement solutions to addressing key challenges and capitalizing on opportunities. He has aided numerous clients in the development and implementation of strategic plans, resource

decisions, and rate designs. In addition, he has prepared filings for FERC, state public utilities commissions, and other state and local governing bodies. An experienced project manager, Mr. Mealoy has managed large multi-disciplinary teams of consultants on a variety of assignments including strategic planning initiatives, municipalization studies, regional power market assessments, resource development, and legislative and regulatory intervention. Mr. Mealoy has served as NCI's Project Manager for our services to the Kings River Conservation District including creating and managing the development of the San Joaquin Valley Power Authority, California's first CCA.

David Oliver, *Managing Consultant* - is a Managing Consultant in the Energy Practice with over 12 years experience in the California and WECC energy sector at Southern California Edison and Navigant Consulting. David has provided analysis in support of Community Choice Aggregation, Public Power Agencies, and evaluation of renewable potential in the West. While at SCE, his expertise included contract acquisition and portfolio analysis for the renewable procurement group and providing guidance on meeting its RPS goals. He was also instrumental in helping development of RPS reporting standards employed by the CPUC. Prior to that he had almost eight years experience at SCE within the general energy procurement area, including load and price forecasting, energy and capacity resource planning, cost recovery issues related to the CDWR contracts, business process evaluation, and the regulatory activities associated with these areas.

Edward O'toole, *Senior Consultant* - is a Senior Consultant with Navigant Consulting, Inc. He has five years of experience in a variety of analytical and quantitative roles prior to his joining NCI. His NCI experience includes researching and analyzing the electricity transmission markets, quantitative analysis of natural gas and electricity prices, energy price forecasting, and financial and economic modeling. Mr. O'Toole is the primary economic and financial modeler for several CCA programs throughout California. He also provides quantitative and analytical support for the Transmission Agency of Northern California (TANC) and is involved with NCI's internal energy forecasting efforts which include natural gas and coal price forecasting.

Kenneth Swain, *Consultant* - as a consultant in Navigant Consulting's Energy Practice, Mr. Swain provides legislative and regulatory analysis in support of many public power agencies within California and throughout the western United States. Working in the Litigation, Regulatory and Advisory team, Mr. Swain is well versed regarding the obligations and requirements imposed by a diverse breadth of legislation and implementing regulations for matters related to the California Global Warming Solutions Act of 2006, resource adequacy, community choice aggregation, energy efficiency and many other key proceedings affecting energy organizations in the Western Electricity Coordinating Council. He provides expertise in geographic information systems (GIS) analysis and mapping to support ongoing projects pertaining to generation and transmission projects.

Ray Welch, *Associate Director* - Mr. Welch has fifteen years of commercial and regulatory experience in the energy industry including: developing portfolios for gas commodity, pipeline, and storage holdings; developing cost recovery mechanisms; negotiating and administering contracts for commodity, financial derivatives, and pipelines; structuring, executing, and documenting transactions for commodity, storage, and pipeline positions; and regulatory advocacy and reporting. Prior to coming to Navigant Consulting, Mr. Welch was responsible for the long-term natural gas portfolio for Pacific Gas and Electric Company's four million core customers, including the hedging

Ms. Miller
S.F. LAFCo
6/23/2009
Page 5 of 6

of storage and pipeline assets. He helped develop PG&E's commodity price risk management and control systems, and frequently created presentations and white papers for C-level management decision-making. Currently, Mr. Welch supports the California Department of Water Resources in managing their gas procurement and hedging activities.

Contract Terms

Navigant Consulting would anticipate providing services under the same contract terms and conditions as already in place in the existing agreement with LAFCO.

Exhibit A: Navigant Consulting, Inc. Rates

Professional and support services, except testimony, shall be billed at the following Navigant Consulting rates:

Level	(US \$/hour)
Managing Director	\$428
Director	\$344
Associate Director	\$300
Managing Consultant	\$248
Senior Consultant	\$216
Consultant	\$164
Admin Support	\$132

The above rates shall be adjusted each year, commencing January 1, 2010, to reflect the change in rates officially established by Navigant Consulting.

Testimony shall be billed at not less than eight (8) hours per day.

Reproduction, printing, communications, computer services, and other miscellaneous support services shall be billed at rates for such services as determined from time to time and officially established by Navigant Consulting.

Client shall reimburse Navigant Consulting for any applicable sales tax imposed on services rendered by Navigant Consulting to Client.

June 22, 2009

Ms. Nancy C. Miller
Miller, Owen & Trost
428 J Street, Suite 400
Sacramento, California 95814

Re: Request for Bids for San Francisco LAFCO Advisory/Monitoring Project

Dear Ms. Miller,

Attached is Michael Bell Management Consulting, Inc.'s response to the City and County of San Francisco's Request for Proposals for the Advisory/Monitoring Project for the San Francisco Local Agency Formation Commission (SF LAFCo) in connection with the Community Choice Aggregation Program (Clean Power SF).

Mr. Bell has nearly 30 years of extensive utility management and consulting experience and is uniquely qualified to provide the SF LAFCo with the high level consulting services that it seeks for the implementation of Community Choice Aggregation (CCA) in San Francisco.

Mr. Bell has worked for SF LAFCo in the past, has an excellent reputation, and is prepared to continue to successfully assist the City and County of San Francisco with its implementation of Clean Power SF. Previous projects that Mr. Bell has worked on for SF LAFCo include:

- SF LAFCo Energy Services Study, July 2002
- AB 117 Assessment Report for the City and County of San Francisco, August 2003
- Electric Financial Feasibility Study, January 2004
- Community Choice Aggregation – Suggested Implementation Plan, Request for Qualifications, and Request for Proposal Modifications, June 2008

In addition to familiarity and experience, MBMC maintains complete independence by avoiding even the perception of a potential conflict of interest. MBMC is perhaps the only qualified SF LAFCo respondent that does not perform work for SF PUC on CCA.

If you have any questions regarding this proposal, please call me at 209-217-6358.

Sincerely,

Michael A. Bell
President

P.O. Box 272 -- Plymouth, CA. 95669 -- Telephone: 209.217.6358 -- Fax: 209.245.3722

MICHAEL BELL MANAGEMENT CONSULTING
Response to SF LAFCo

REQUEST FOR PROPOSALS

Clean Power SF Advisory/Monitoring Project

Introduction

Michael Bell Management Consulting, Inc. (MBMC) is uniquely qualified to provide the San Francisco Local Agency Formation Commission (SF LAFCo) with the high level consulting and advisory services that it desires in connection with the Community Choice Aggregation (CCA) Program for the City and County of San Francisco (CCSF). Mr. Michael Bell has extensive public utility management experience, having been a senior executive for electric, water and telecommunications utilities in California and Illinois. For the last decade, Mr. Bell has managed consulting assignments for numerous public agencies including several assignments with Bay Area organizations such as the SF LAFCo, SF PUC, East Bay Municipal Utility District, the City of Palo Alto Utilities, Port of Oakland, Contra Costa Water District, and the Santa Clara Valley Transportation Agency. For eight years he managed the California operations of a major national consulting firm serving the electric, water, wastewater and solid waste industries.

MBMC proposes an arrangement by which the SF LAFCo could delegate assignments as needed and agreed to in individual detailed scope of work and task orders. Mr. Bell has a history of providing consulting and advisory services in a timely and professional manner to the SF LAFCo, and looks forward to continuing to do so in the future.

Task Approach and Price Proposal

MBMC is prepared to perform all but one of the tasks identified in the Request for Proposals (Task d). A discussion of the project approach and cost estimate for each of the Tasks identified in the Request for Proposals is contained in this section of the response.

It is proposed that each Task be more thoroughly defined when SF LAFCo is prepared to proceed, resulting in a detailed scope of work and not-to-exceed price agreement based upon full and complete data at the time. It is somewhat difficult to provide a definitive not-to-exceed amount without knowing the number of reports or potential responses to CCSF's ongoing solicitations. Therefore, it is recommended that as each Task is embarked upon an agreement as to the hours, expenses, and not-to-exceed amount be determined based upon information and data available at that time. For purposes of this Proposal, estimates of cost are provided based upon considerable past experience with similar work for SF LAFCo.

a. Analyze the technical sufficiency of the SFPUC's administration of Clean Power SF

Given the previous work that has been performed for SF LAFCo, Mr. Bell is familiar with the goals, objectives and plans for the development of CCA in San Francisco and the desire to achieve as green a power supply portfolio as possible while improving service and reliability at the same time. With 30 years of experience in the industry Mr. Bell has the knowledge and experience to review the analysis and conclusions of the SF PUC consultants and staff and determine if the assumptions used and conclusions reached are reasonable from both a technical and policy standpoint.

It is estimated that the cost to provide the technical sufficiency analysis would be approximately \$23,000.

b. Analyze the procedural sufficiency of the SFPUC's administration of Clean Power SF

Mr. Bell is familiar with both the laws and procedures that CCSF must comply with in order to implement CCA, as well as the goals established by the Board of Supervisors and SF LAFCo for the implementation of CCA in San Francisco.

It is estimated that the cost to provide the procedural sufficiency analysis would be approximately \$18,000

c. Recommend to SF LAFCo improvements to Clean Power SF to assure its success

Much of the current structure for implementation of CCA in San Francisco is the result of previous recommendations that Mr. Bell has made in four previous SF LAFCo engagements. Given this familiarity and his industry technical knowledge, few if any, other consultants could provide the consistency and knowledge of the development and progress of CCA in San Francisco. He is entirely familiar with the considerable record to date. Other consultants would need to spend considerable time bringing themselves up to speed, adding to the cost of their proposals.

Another advantage is the fact that Mr. Bell is totally independent. Many of the qualified respondents to the SF LAFCo RFP's are already working for SF PUC on this project. Even though there may be no actual conflict of interest, there is the possibility that some of the parties following CCA progress could perceive there to be a conflict, particularly when consultants employed by SF PUC are tasked with providing independent advice to SF LAFCo. Such arrangements could also potentially cause friction between consultants engaged by SF PUC. Mr. Bell has purposely avoided working for SF PUC on this project in order to maintain this independence for the benefit of SF LAFCo.

It is estimated that the cost to provide recommendations for improvements would be approximately \$18,000.

d. Monitor and possibly apply for grants, fees, and other allocations from federal, state, and local agencies and private entities that may be available for the advancement or benefit of Clean Power SF.

This is the one Task that MBMC believes that SF LAFCo would be better served to employ another consultant with the resources to track and respond to potential grants and other funding mechanisms that could help with funding Clean Power SF. As a sole proprietor Mr. Bell does not have the time or the resources to effectively keep track of such options. He would be happy to coordinate assigned Tasks with consultants of SF LAFCo that perform this function.

e. Review draft policies and procedures that would govern the development, implementation, operation, or management of Clean Power SF.

Mr. Bell's familiarity and input with the development and progress of the Implementation Plan provide a sound basis for continued review and input as policies and procedures are considered. He has already made numerous recommendations to SF LAFCo which has resulted in policy level direction to SF PUC.

It is estimated that the cost to draft policies and procedures would be approximately \$18,000.

f. Review Request for Information and Request for Proposals documents prepared by SFPUC and advise of their completeness and consistency with the Implementation Plan.

Mr. Bell has worked as project manager for the SF LAFCo on four separate engagements. These include the following:

- SF LAFCo Energy Services Study, July 2002
- AB 117 Assessment Report for the City and County of San Francisco, August 2003
- Electric Financial Feasibility Study, January 2004
- Community Choice Aggregation – Suggested Implementation Plan, Request for Qualifications, and Request for Proposal Modifications, June 2008

The most recent of these assignments provided precisely the type of information that this Task seeks to fulfill. Mr. Bell is familiar with the process that has brought the CCSF to the point at which they are today, and with the activities that need to be accomplished in order to establish CCA in San Francisco.

It is estimated that the cost to review the Request for Information and Request for Proposals would be approximately \$30,000.

g. Report the results of any review to SF LAFCo and/or the Board of Supervisors with recommendations for changes.

Mr. Bell is prepared to review and provide independent evaluation and recommendations to SF LAFCo and/or the Board of Supervisors for most any report or analysis drafted in preparation for CCA implementation.

The cost of this Task would be dependent upon the review that is needed. It is suggested that a scope of work and not-to-exceed cost be agreed to when SF LAFCo and/or the Board of Supervisors determine exactly what reports need to be reviewed.

h. Propose modifications to the Implementation Plan in light of additional information and further progress in development of Clean Power SF.

As stated in MBMC's most recent report to SF LAFCo in *Community Choice Aggregation – Suggested Implementation Plan, Request for Qualifications, and Request for Proposal Modifications*,

“All of the items discussed in the Potential Changes to the RFQ/RFP have the potential of impacting the IP over time. Therefore, it is appropriate to periodically review the IP in light of these developments. It is recommended that the IP be reviewed again after responses to the RFQ are received, and after the selection of a supplier emerges from the RFP process. It will undoubtedly need review as implementation progresses.”

It is appropriate and desirable for SF LAFCo to periodically review and modify the Implementation Plan based upon new and updated information. There is unprecedented change taking place in the energy industry including competitive pressures, technological change, and regulatory impacts. It is in the interest of San Francisco to periodically pause to review the Implementation Plan and make changes that may be needed.

It is estimated that the cost to propose modifications to the Implementation Plan would be approximately \$30,000.

i. Request from the SFPUC all data and work product obtained and/or developed necessary to support any review or analysis of Clean Power SF undertaken by SF LAFCo or the Board of Supervisors

Mr. Bell has an extensive history of working with SF PUC and others in order to acquire and understand data and work product prepared by others. He has good knowledge of and familiarity with SF PUC staff, and has a good working relationship with SF PUC employees.

The cost of this Task is included in the estimates provided above.

j. Present findings, conclusions, and recommendations related to assigned tasks to SF LAFCo and the Board of Supervisors

Mr. Bell has considerable experience presenting findings, conclusions and recommendations to the SF LAFCo. He also has extensive experience relaying such information to the public.

The cost of this Task is included in the estimates provided above.

Other Information

Mr. Michael Bell is the only individual that will perform work on the proposed Tasks. A copy of his resume is attached to this proposal. Mr. Bell is willing to work with other consultants should SF LAFCo desire to employ a team of consultants for any or all of the proposed Tasks. Mr. Bell bills an hourly rate of \$215 per hour, and bills project expenses at cost. He will agree to a not-to-exceed amount for an agreed upon scope of work. Mr. Bell will not commit to perform work or agree to a due date that he cannot successfully complete within the agreed upon budget and time constraints. The four projects completed for SF LAFCo bear witness to this fact.

Mr. Bell is not aware of any potential conflicts of interest. As stated earlier in this proposal, Mr. Bell has purposely avoided working for SF PUC in order to ensure that there is no potential conflict of interest for work performed for the SF LAFCo. He provides the SF LAFCo with a valuable option given the fact that a number of its qualified consultants are performing other work for SF PUC.

Mr. Bell is prepared to sign the standard form SF LAFCo contract and comply with the requirements of the contract form.

**MICHAEL BELL MANAGEMENT CONSULTING,
INC.**

Mr. Bell has nearly 30 years of senior managerial and technical experience in the utility industry. He spent 20 years in executive management positions in the electric power, water, and telecommunications industries. From 1998 through 2005, Mr. Bell managed the engineering, design, and management consulting services for a nationally recognized consulting engineering company serving the electric, water, wastewater, solid waste businesses in California. In 2005 Mr. Bell formed MBMC, Inc..

Harvard University
Program for Senior
Executives in State and
Local Government

Pepperdine University
Masters of Business
Administration

St. Louis University
Bachelor of Science

RELEVANT EXPERTISE

Management

Mr. Bell has held executive management positions in electric, water and telecommunications utilities in California and the Mid-west. He has also managed the California operations of a major national consulting firm serving these industries.

Finance

Mr. Bell has detailed knowledge of both long- and short-term financing vehicles. He has had lead responsibility for the issuance of numerous debt issues totaling more than \$700 million and has acted as pricing decision-maker in more than \$8.5 billion in agency financing. He has prepared numerous reports used to finance major water, wastewater, telecommunications, electric generation, transmission and distribution system financings for utilities.

Expert Witness and Litigation Support

Mr. Bell provides expert testimony before various public bodies such as city councils, utility boards, and participating organizations in multifaceted business concerns. He is experienced in presenting testimony in various media.