



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: SEE BELOW

DATE: May 12, 2023

Approved

Date

5/18/23

**SUBJECT: FIRST AMENDMENT TO THE MASTER CONSULTANT AGREEMENT
WITH DELOITTE AND TOUCHE, LLP TO PROVIDE TECHNICAL
CONSULTING SERVICES**

RECOMMENDATION

Adopt a resolution to authorize the City Manager to:

- (a) Negotiate and execute a First Amendment to the Master Consultant Agreement with Deloitte and Touche, LLP for technical consulting services including load forecasting, portfolio management, energy risk management and analysis, and regulatory and compliance support, to increase the maximum compensation from \$320,000 to \$520,000 through June 30, 2026, and extend the term for up to three one-year options through June 30, 2029, subject to the appropriation of funds.
- (b) Exercise the three one-year options to extend the term of the Master Consultant Agreement through June 30, 2029.

SUMMARY AND OUTCOME

The Master Consultant Agreement with Deloitte and Touche, LLP (Deloitte) provides the City staff access to technical resources and the amendment ensures the continuity of technical consulting services to the Community Energy Department such as load forecasting, portfolio management, energy risk management and analysis, and regulatory and compliance support.

BACKGROUND

On March 4, 2020, the Community Energy Department released a Request for Proposal for

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technical consulting services to assist San José Clean Energy. Deloitte was selected and a Master Consultant Agreement was executed for a five-year term through September 30, 2026, with a maximum compensation of \$320,000.

Pursuant to a service order executed on September 27, 2021, Deloitte assisted the Community Energy Department in preparing a business and strategy plan for San José Clean Energy. Deloitte developed an initial strategic plan framework to accelerate clean energy goals, ensure financial stability, improve organizational effectiveness, and energy risk management practices. It also reviewed San José Clean Energy's 2017 Business Plan and generated key findings, assumptions, and goals as well as external changes that have occurred since the original Business Plan (e.g., power charge indifference adjustment growth, unfavorable regulatory environment, etc.). A final report and model were presented to Transportation and Environment Committee on December 6, 2021. The unencumbered balance in the Master Consultant Agreement is insufficient to execute any additional service order for future services with Deloitte.

ANALYSIS

Staff recommends amending the Master Consultant Agreement with Deloitte to increase the maximum compensation from \$320,000 to \$520,000 through 2026, subject to the appropriation of funds, to maintain uninterrupted consultant support. Staff will return to the City Council for approval if additional compensation is required during the term of the agreement.

EVALUATION AND FOLLOW-UP

No additional follow-up is anticipated.

COST SUMMARY/IMPLICATIONS

The recommended actions in this memorandum will allow for an amendment to increase the maximum compensation for the Master Consultant Agreement to an aggregate amount not to exceed \$520,000. The actual expenditures for this agreement totaled \$285,381 in 2021-2022, and are projected to total \$100,000 in 2023-2024.

The ability to expend against this Master Consultant Agreement in 2023-2024 and in future years through the term of the agreement is subject to the appropriation of funds, and approval by the City Council for increase in compensation for future years.

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 6, 2023 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

LORI MITCHELL

Director, Community Energy

For questions, please contact Lori Mitchell, Director of Community Energy Department, at (408) 535-4880.