SUMMARY STATEMENT

ITEM NO.: DRPA-13-088  SUBJECT: Utility Bill Audit

COMMITTEE: Finance Committee

COMMITTEE MEETING DATE: July 10, 2013

BOARD ACTION DATE: July 17, 2013

PROPOSAL: That the Board authorizes staff to negotiate a contract with Eric Ryan Corporation (ERC), for an amount not to exceed 22% of recovered monies as a result of the utility audit. In addition, ERC will receive twenty-two percent (22%) of any saving for any recommendations made by ERC and implemented by the DRPA for a period of twenty-four (24) months. Such savings must be solely and directly due to the consultant's professional services. In addition, savings based on ERC recommendations and subject to the contingent fee must be actually received. No fees shall be paid for estimated or projected savings.

The Authority prohibits fee-sharing; fee-splitting or receipts of any funds or consideration not earned by ERC on behalf of the DRPA. To ensure transparency of costs, the Authority will require the disclosure of all payments made by or to any vendor for services provided under the terms of this RFP. The Office of Inspector General will have the right to request of ERC for compliance and audit all records and documentation in connection with this contract.

PURPOSE: To audit all DRPA utility accounts with the intent of identifying overcharges by utility providers and to recover any monies due the DRPA. In addition, the audit will identify areas where future savings may be realized by ensuring the proper rate classification is being applied to the appropriate account.

BACKGROUND: Utilities represent a significant cost to the DRPA’s operational budget. Every effort is made by staff personnel to ensure that invoices received are accurate prior to payment. Invoices can vary from month to month based on usage, season changes, regulatory changes, tariff structures, as well as manual input errors from the respective utility company.

In an effort to identify any overcharges/ errors, the DRPA is undertaking a utility audit which will identify overcharges, recoup any overpayments, and prevent overcharges in the future. Staff is seeking authorization to negotiate a contract with ERC audit the Authority’s utility bills and make recommendations to ensure the Authority is
receiving the best tariff rates applicable moving forward. This effort is cost neutral in that the contractor only receives payment based upon a percentage of any recovered monies. ERC employs 103 individuals and has provided similar services for over 20 years to more than 3000 clients including the Philadelphia School System, The Port Authority of Allegheny County and the Carlise Companies.

ERC will be required to review thirty-six (36) months of utility history and will be entitled to twenty-four (24) months of future savings. The duration of the contract is not to exceed one (1) year and will entail a review of electric, natural gas, telecommunications, sewer and water invoices. RC will receive twenty-two percent (22%) of recovered monies as a direct result of the utility audit. In addition, ERC will receive twenty-two percent (22%) of any saving for any recommendations made by ERC and implemented by the DRPA for a period of twenty-four (24) months. Such savings must be solely and directly due to the consultant's professional services. In addition, savings based on ERC recommendations and subject to the contingent fee must be actually received. No fees shall be paid for estimated or projected savings.

Staff therefore recommends negotiating a contract with ERC for an amount not to exceed twenty-two percent (22%) of recovered monies and twenty-two percent (22%) of future savings as a result of the utility audit.

**SUMMARY:**

- **Amount:** N/A
- **Source of Funds:** Revenue and/or General Fund if applicable
- **Capital Project #:** N/A
- **Operating Budget:** N/A
- **Master Plan Status:** N/A
- **Other Fund Sources:** N/A
- **Duration of Contract:** N/A
- **Other Parties Involved:** N/A
RESOLUTION

RESOLVED: That the Board authorizes staff to negotiate a contract with Eric Ryan Corporation for an amount not to exceed twenty-two percent (22%) of recovered monies as a direct result of the utility audit. In addition, ERC will receive twenty-two percent (22%) of any saving for any recommendations made by ERC and implemented by the DRPA for a period of twenty-four (24) months. Such savings must be solely and directly due to the consultant's professional services. In addition, savings based on ERC recommendations and subject to the contingent fee must be actually received. No fees shall be paid for estimated or projected savings.

The Authority prohibits fee-sharing; fee-splitting or receipts of any funds or consideration not earned by ERC on behalf of the DRPA. To ensure transparency of costs, the Authority will require the disclosure of all payments made by or to any vendor for services provided under the terms of this RFP. The Office of Inspector General will have the right to request of ERC for compliance and audit all records and documentation in connection with this contract.

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY: Amount: N/A
Source of Funds: Revenue and/or General Fund if applicable
Capital Project #: N/A
Operating Budget: N/A
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties Involved: N/A