



## Staff Report Item 4

<b>To:</b>	Ava Community Energy Authority
<b>From:</b>	Kelly Brezovec, Sr. Director of Account Services
<b>Subject:</b>	Seeking feedback from the Executive Committee to follow Ava's Procurement Policy guidelines with respect to the functions performed by the Sacramento Municipal Utility District (SMUD) for call center and data management services
<b>Date:</b>	January 14, 2026

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### Summary/Recommendation

This Staff Report seeks to obtain feedback from the Executive Committee regarding Procurement Policy guidelines for mission-critical products and services with respect to the functions performed today by Sacramento Municipal Utility District (SMUD) for call center and data management services. The [updated policy](#) was recently adopted at the October 22, 2025 Board Meeting, therefore work to be completed in 2026 is among the first to follow the new guidelines.

### Analysis and Context

The Master Services Agreement (MSA) with SMUD was originally signed in February 2018 for a term through December 2020. The MSA was extended initially for two years (2021-2022) and again for two years (2023-2024) after a competitive solicitation was run in 2021. The MSA was amended a third time to set the term from 2025 through 2029. Associated with the MSA have been three Task Orders: Task Order 1 running from 2018 through 2020; Task Order 2 running 2021 through 2024; and Task Order 3 running 2025 through 2026. Task Order 4 is for Accounts Receivable Recovery services and also runs through 2026. As of December 31, 2026, the Task Order for services will expire, but the Master Services Agreement will remain valid. Under this scenario, SMUD is contractually eligible to provide services but does not have a qualified Task Order under which to bill for services.

In planning for 2027, staff is exploring following the new procurement policy guidelines for mission critical services in order to put a Task Order 5 in place with SMUD. Notably, agreements for mission critical services do not require a public Request for Proposal (RFP) process, which is otherwise standard for contracts that will exceed \$100,000 in 12 months.

### *Mission Critical Service*

Ava's Procurement Policy states:

Transactions for products and services that are, for all practical purposes, essential to Ava's day-to-day operations qualify as purchases of mission-critical products and services.

Considerations for whether a transaction is mission critical include the following:

*The extent to which Ava's essential operations are dependent upon the product or service.* Call center and data management services qualifies as mission-critical, given that the scope includes receiving and transmitting usage and billing information with PG&E, sending approximately 8.5 million bills annually, tracking over \$1 billion in annual payments, and managing an average of 4,600 customer contacts each month. Without this service, Ava would not be able to manage customer billing and payments.

*The difficulty level of finding and transitioning to an alternative supplier that meets Ava's requirements.*

Today, California CCAs receive data management services from either SMUD or Calpine Energy Services. During the previous RFP period in 2021, Ava received proposals from Calpine and SMUD, as well as a third bidder that is no longer providing these CCA support services. Ava continued to partner with SMUD for the necessary services.

SMUD is a 75-year-old municipal electric utility serving over 1.5 million customers in Sacramento County. SMUD's Community Energy Services department leveraged existing knowledge and expertise to develop services in response to CCA RFPs in 2017. Today, SMUD provides CCAs with call center support, data management services, and energy program support.

Calpine's main business is energy production, namely natural gas turbines and the geothermal facility in Sonoma County. Calpine also provides call center and data management services to CCAs out of their San Diego, California office. In January 2025, another energy provider, Constellation Energy, purchased Calpine. To date, this has not impacted Calpine's CCA services.

Staff is satisfied with SMUD's performance and based on the 2021 RFP, finds SMUD to offer a customized solution that is superior to the standardized product offered by Calpine. Additionally,

while transitioning between providers is possible, this is an operational hurdle that would require careful consideration and significant staff resources and time.

*The degree of financial and/or reputational harm Ava would face in the event of an outage or other material instance of unavailability.*

As previously discussed, call center and data management services are the engine that allow Ava to bill customers. Without the ability to bill, Ava would also lose the ability to receive payments, rendering the Agency insolvent.

### **Recommendation**

Staff recommend moving forward with an agreement with SMUD for call center and data management services, in alignment with Ava's approved procurement policy. As outlined, these services qualify as a mission-critical service and will be exempt from the formal RFP process. Staff will continue to follow all requirements as stated in the policy.