



# Agenda Item

## City Council

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**Item #:** 3.5.

11/9/2021

**File #:** 21-0579

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**TO:** Honorable Mayor and Members of the City Council

**THRU:** Thomas R. Hatch, Interim City Manager

**FROM:** Christopher Cash, Public Works Director

### 1. SUBJECT

Agreement with Raftelis Financial Consultants for preparing the Water and Sanitation Rate Study.

### 2. SUMMARY

Agreement with Raftelis Financial Consultants to update the Water and Sanitation Rate study and provide final report on rate design and bill impacts.

### 3. RECOMMENDED ACTION

Approve the agreement with Raftelis Financial Consultants in the amount of \$85,016 for the Water and Sanitation Rate Study; and authorize the Mayor and City Clerk to execute on behalf of the City.

### 4. FISCAL IMPACT

The total cost for the agreement is \$85,016 and will be funded in Water Rate Study (20428) through Water Fund (600).

### 5. STRATEGIC PLAN GOALS

Goal 1: Provide for a safe community

b: Provide and maintain infrastructure necessary to ensure the safety of the public.

Goal 2: Be a fiscally healthy community

d: Effectively manage and develop City assets.

### 6. DISCUSSION AND BACKGROUND

In 2017, the City conducted a comprehensive rate study for the Water and Sanitation Funds to ensure the adequacy of funds for maintenance and operations. Utilizing the public noticing process, the City Council established water rates through January 1, 2022. Due to continually escalating wholesale water supply costs, the effects of the groundwater treatment systems, and ongoing water conservation impacts, the City is in need of a current financial analysis of the City's Water and Sanitation funds to verify balanced revenues and expenditures, while maintaining reasonable fund balances for emergency purposes. These analyses will show if a rate adjustment is needed for a five-year period, to be commenced as early as January 2023. Pursuant to Proposition 218, any proposed increase cannot exceed the City's estimated reasonable cost of providing water service.

As a part of the study, the consultant is to provide the City with financial, economic and general consulting services in the areas of rate-setting, revenue requirement analyses, cost-of-service

studies, rate design, financial planning and budgeting, and related services. Work on the project is anticipated to begin in December 2021 and to be completed by September 2022.

The Request for Proposal for the Water and Sanitation Rate study was distributed to four firms on August 12, 2021 with a due date of September 27, 2021. Two of the firms, Stantec and Carollo Engineers did not submit a proposal. Staff evaluated the proposals based on the firm's understanding of the project (15 points), description of work (25 points), relevant experience (30 points), project team (20 points), and project schedule (10 points). The consultant's fee schedule and labor rates were submitted in separate sealed envelopes and were reviewed after the rating process was completed. Raftelis Financial Consultants received the highest rank and had the lowest total fee. Below is the summary of the firms that proposed including the ranking and fee:

<u>Firm</u>	<u>Rank</u>	<u>Proposed Fee</u>
Raftelis Financial Consultants	1	\$85,016
Black & Veatch	2	\$85,995

Raftelis Financial Consultants showed a thorough understanding of the project scope and challenges involved, had the most local relevant experience with this type of project, understood the requirements, and proposed a reasonable fee. They are also familiar with the City of Orange through the completion of a previous water and sewer rate study. Therefore, staff is recommending award of the contract to Raftelis Financial Consultants in the amount of \$85,016.

## **7. ATTACHMENTS**

- Rating Summation
- Professional Services Agreement