



Agenda Item

Orange City Council

Item #: 3.4.

7/28/2026

File #: 26-0378

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Christopher Cash, Public Works Director

1. SUBJECT

Agreement with Raftelis Financial Consultants, Inc. for preparing the Water and Sewer Rate Study

2. SUMMARY

Agreement with Raftelis Financial Consultants, Inc. to update the Water and Sewer Rate Study and provide recommendation on rates adjustment.

3. RECOMMENDED ACTION

Approve the agreement with Raftelis Financial Consultants, Inc. in the amount of \$89,718 for the Water and Sewer Rate Study; and authorize the Mayor and City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

The expense for this agreement is \$89,718 and will be funded through Water (600):
600-5802-55101- Professional/Technical Service

5. STRATEGIC PLAN GOALS

Goal 5: Improve Infrastructure, Mobility, and Technology

6. DISCUSSION AND BACKGROUND

In 2022, the City conducted a comprehensive rate study for the Water and Sewer (Sanitation) Funds to ensure the adequacy of revenue for maintenance and operations. Utilizing the public noticing process, the City Council established water and sewer rates through January 1, 2027. Due to continually escalating wholesale water supply costs, the effects of the groundwater treatment systems, ongoing water conservation impacts, and escalating capital improvement and maintenance costs, the City needs to update its financial analysis of the City's Water and Sewer Funds to ensure a balance between revenues and expenditures, while maintaining reasonable fund reserves 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 2028. Pursuant to Proposition 218, any proposed increase cannot exceed the City's estimated reasonable cost of providing water and sewer 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 August 2026 and to be completed by March 2027.

The Request for Proposal for the Water and Sewer Rate study was distributed to four firms on April 27, 2026, with a due date of June 1, 2026. One of the firms, Black & Veatch, did not submit a proposal. Staff evaluated the proposals based on the firm's understanding of the project, description of work, relevant experience, project team, and project schedule. 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, Inc. received the highest point total and is the top-ranked consultant. Below is the summary of the firms that proposed including the ranking and fee:

Firm	Rank	Proposed Fee
Raftelis Financial Consultants	1	\$89,718
Water Resources Economics	2	\$88,259
RDN	3	\$104,600

Raftelis Financial Consultants, Inc. showed a thorough understanding of the project scope and challenges involved, had the most relevant local 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 recommend that Raftelis Financial Consultants, Inc. be awarded an agreement in the amount of \$89,718.

7. ATTACHMENTS

- Rating Summation
- Agreement with Raftelis Financial Consultants, Inc.