



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: JANUARY 23, 2023**

**SUBJECT: SECOND AMENDMENT TO THE PROFESSIONAL CONSULTANT SERVICES AGREEMENT FOR WATER COST OF SERVICE ANALYSIS AND RATE DESIGN WITH CAROLLO ENGINEERS, INC. OF RIVERSIDE, CALIFORNIA – INCREASE CONTRACT AMOUNT BY \$40,000 FOR A REVISED TOTAL CONTRACT AMOUNT OF \$214,832**

**ISSUE:**

Approve a Second Amendment to the Professional Consultant Services Agreement for the Water Cost of Service Analysis and Rate Design with Carollo Engineers, Inc. of Riverside, California, increasing the contract amount by \$40,000 for a total revised contract amount of \$214,832.

**RECOMMENDATION:**

That the Board of Public Utilities recommend that the City Council approve a Second Amendment to the Professional Consultant Services Agreement for Water Cost of Service Analysis and Rate Design with Carollo Engineers, Inc., of Riverside, California, increasing the contract amount by \$40,000 for a total revised contract amount of \$214,832.

**BACKGROUND:**

On March 14, 2022, the Board of Public Utilities (Board) approved the Professional Consultant Services Agreement (Agreement) with Carollo Engineers, Inc., of Riverside, California, (Carollo), for the purpose of conducting a Water Cost of Service Analysis and Rate Design Project (“the Project”) for Riverside Public Utilities. The Project will provide a comprehensive review of all rate schedules, forecast of future revenue requirements, equitable allocation of costs among customer classes. The Project phases include:

Phase 1 – Cost of Service Analysis

Phase 2 – Rate Trends Study

Phase 3 – Rate Design

Phase 4 – Recycled Water Rate Design Recommendation

Phase 5 – Budget Based Rate Design Recommendation and Implementation Plan

The work for the five phases is a coordinated effort between RPU staff and Carollo. The results of the Water Rate Trends Study were presented to the Board on August 8, 2022. Current tentative presentation dates to the Board for the Cost of Service and Rate Design are March through May 2023.

**DISCUSSION:**

During the project it was determined that additional analysis is required for areas such as including additional customer conservation in the sales forecasts, cost of service allocations including allocation of capital improvement projects, and rate design considerations and associated customer bill impacts.

<b>Consultant: Carollo Engineers, Inc</b>	<b>Amount</b>
Phases I, II, and III- Cost of Service Analysis, Rate Trends Study, Rate Design, Recycled Water Rate Design, Budget-Based Rate Design and Implementation Plan	\$153,100
Subtotal	\$153,100
In Person Meetings (Two)	\$8,040
Total	\$161,140
First Amendment- Additional Cost of Service and Rate Design Analysis	\$13,692
Second Amendment- Additional Cost of Service and Rate Design Analysis	\$40,000
<b>Final Total</b>	<b>\$214,832</b>

Purchasing Resolution 23914, Section 1104 (c), Change Orders states that “Modifications to a Purchase Order shall be made only by Change Order. Unless otherwise specifically authorized by the Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval; 10% of the original contract price for Contracts and/or Purchase Orders previously approved by the Awarding Entity and the total Change Order amount will not exceed \$150,000.”

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23914 Section 1104 (c).

The proposed project timeline includes completing draft reports that are pending recommendations from the City Council and Board of Public Utilities, community outreach and feedback, and final approval.

Project Phase						
	Jan	Feb	Mar	Apr	May	June
I Cost of Service	➔					
II Rate Trend Study	Complete					
III Rate Design			➔			
IV Recycled Water Rate Design						➔
V Budget Based Rate Design	After review, not proposed at this time					
Note: Timeline includes completing draft reports pending recommendations from City Council and RPU Board, community outreach and feedback, and final approval.						

## **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Strategic Priority 6 - Infrastructure, Mobility & Connectivity**, and **Goal 6.2 - Maintain, protect and improve assets and infrastructure within the City’s built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.**

The item also aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** –The Water Cost of Service Analysis and Rate Design Project is transparent and developed with our customers’ and the community’s wellbeing as a top priority.
2. **Equity** –The Water Cost of Service Analysis and Rate Design Project includes an equitable allocation of costs among customer classes which is incorporated into the resulting rate design recommendation.
3. **Fiscal Responsibility** – The Water Cost of Service Analysis and Rate Design Project incorporates a forecasted revenue requirement that includes operating and capital expenditures funded by the prudent use of rate revenue, bond proceeds, and reserves.
4. **Innovation** –The Water Cost of Service Analysis and Rate Design Project includes the Water Utility Rate Trend Study that evaluates emerging rate structures, technologies, and trends and how they may apply or be implemented by RPU.
5. **Sustainability & Resiliency** – The Water Cost of Service Analysis and Rate Design Project will design future rates for a five-year period to equitably recover costs while maintaining the financial health of RPU.

## **FISCAL IMPACT:**

The total cost for the Second Amendment to the Professional Consultant Services Agreement is \$40,000. Sufficient funds are available in the Management Services Professional Services Account No. 6000000-421000.

Prepared by: Carlie Myers, Utilities Assistant General Manager/Business and Customer Services

Approved by: Todd M. Corbin, Utilities General Manager

Approved by: Kris Martinez, Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Certifies availability of funds:

Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer

Attachments:

1. Second Amendment to Professional Consultant Services Agreement
2. Presentation