

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: MAY 9, 2016

ITEM NO: 4

File ID – 16-1401 – Consent

SUBJECT: FIRST AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL CONSULTANT SERVICES FOR WATER COST OF SERVICE AND RATE DESIGN PROJECT EXTENDING THE TERM OF THE AGREEMENT TO DECEMBER 31, 2016 AND INCREASING THE CONTRACT AMOUNT BY \$24,462 TO A TOTAL REVISED CONTRACT AMOUNT NOT TO EXCEED \$149,835

ISSUE:

The item for Board of Public Utilities consideration is approval of a First Amendment to the Professional Services Agreement (Agreement) with Carollo Engineers, Inc., of Riverside, California, for the purpose of conducting a Water Cost of Service Analysis and Rate Design Project., extending the term of the Agreement to December 31, 2016 and increasing the Agreement by \$24,462 from the original contract agreement of \$125,373 to a total amount not to exceed of \$149,835.

RECOMMENDATION:

That the Board of Public Utilities approve the First Amendment to the Professional Service Agreement with Carollo Engineers, Inc., of Riverside, California, for the Water Cost of Service Analysis and Rate Design, extending the term of the Agreement to December 31, 2016 and increasing the Agreement by \$24,462 from the original contract agreement of \$125,373 to a total amount not to exceed \$149,835.

BACKGROUND:

On May 15, 2015, the Board of Public Utilities (Board) approved the Agreement with Carollo Engineers, Inc., of Riverside, California, (Carollo), for the purpose of conducting a Water Cost of Service Analysis and Rate Design Project for Riverside Public Utilities. The scope of the project focuses on three areas:

- Phase 1 – Cost of Service Analysis at Current Rates;
- Phase 2 – Water Utility Rate Trends Analysis; and
- Phase 3 – Rate Design Recommendations.

The work for the three phases is a coordinated effort between RPU Rates division and Carollo. The first two phases are complete and the third phase is underway making progress towards completion. Current tentative presentation dates to the Board are June and July 2016.

The project was originally anticipated to be completed in quarter 3 of 2015 with the rate plan proposed in quarter 4 of 2015. Conceptual approval of Utility 2.0 and incorporating numerous financial scenarios into the 10 year proforma resulted in a delay in schedule from the original implementation date and has required additional effort by RPU staff and Carollo. Additional effort is also required due to the complexity of the analysis of future rate options, impacts of the mandatory emergency drought response restrictions, and determining the recommended rate alternatives. These issues combined have requiring additional meetings between RPU staff and Carollo. The First Amendment to the Agreement with Carollo will extend the contract through December 31, 2016 and increase the Agreement to provide sufficient time and funding for remaining analysis and also address any issues that may arise subsequent to presentations to the Board and City Council.

FISCAL IMPACT:

The total cost of the amendment is estimated to be \$24,462. Funds are budgeted and available for this amendment to the Agreement in the Administration Professional Services Account No. 6000000-421000.

Prepared by: Laura Chavez-Nomura, Public Utilities Assistant General Manager/Finance

Approved by: Girish Balachandran, Public Utilities General Manager

Approved by: John A. Russo, City Manager

Approved as to form: Gary G. Guess, City Attorney

Attachment: First Amendment to Professional Consultant Services Agreement – Carollo Engineers, Inc., of Riverside, California