

**THIRD AMENDMENT TO
PROFESSIONAL CONSULTANT SERVICES AGREEMENT**

CAROLLO ENGINEERS, INC.

Water Cost of Service and Rate Design

THIS THIRD AMENDMENT TO PROFESSIONAL CONSULTANT SERVICES AGREEMENT ("Third Amendment") is made and entered into this _____ day of _____, 2024, by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation ("City"), and CAROLLO ENGINEERS, INC., a Delaware corporation authorized to do business in California ("Consultant"), with respect to the following:

RECITALS

A. WHEREAS, on or about March 29, 2022, the City and Consultant entered into that certain Professional Consultant Services Agreement for Water Cost of Service and Rate Design ("Agreement"); and

B. WHEREAS, the City and Consultant entered into that certain First Amendment to Professional Consultant Services Agreement dated December 16, 2022, to increase compensation for additional needed services; and

C. WHEREAS, the City and Consultant entered into that certain Second Amendment to Professional Consultant Services Agreement dated March 8, 2023, to increase compensation for additional needed services; and

D. WHEREAS, the City has identified additional services needed for the project identified in the Agreement, in the amount of One Hundred Sixty-Five Thousand Nine Hundred Fifty Dollars (\$165,950.00), for a contract total of Three Hundred Eighty Thousand Seven Hundred Eighty-Two Dollars (\$380,782.00).

E. WHEREAS, the City and Consultant desire to amend the Agreement to exercise their option to extend the term of the Agreement by a single two (2) year period to December 31, 2025; and

NOW, THEREFORE, incorporating the recitals set out above, the parties hereto mutually agree to the following amendment to the Agreement.

1. Section 1, "Scope of Services" is hereby amended by adding the additional services identified in Exhibit "A-3", attached hereto and incorporated herein by this reference.

2. Section 2, "Term", is hereby amended extend the term of the Agreement to December 31, 2025.

3. Section 3, "Compensation/Payment" is hereby amended by adding an additional One Hundred Sixty-Five Thousand Nine Hundred Fifty Dollars (\$165,950.00) for the additional services in accordance with costs detailed in Exhibit "A-3".

4. All other terms and conditions of the Agreement between the parties, which are not inconsistent with the terms of this Third Amendment, shall remain in full force and effect as if fully set forth herein.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to Professional Consultant Services Agreement to be duly executed the day and year first above written.

CITY OF RIVERSIDE,
a California charter city and municipal
corporation

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
Donesia Gause
City Clerk

Certified as to Availability of Funds:

By:  _____
Chief Financial Officer

APPROVED AS TO FORM:

By:  _____
Ruthann M. Salera
Deputy City Attorney

CAROLLO ENGINEERS, INC., a
Delaware corporation authorized to do
business in California

By:  _____
Its: Vice President

By:  _____
Its: Vice President

EXHIBIT “A-3”

SCOPE OF SERVICES

Scope of Services and Budget

Objective:

Amend the Water Cost-of-Service and Rate Design contract to include the scope and budget to update the analysis in light of the potential removal of the General Fund Transfer.

Justification:

Carollo Engineers has been under contract with the City of Riverside Public Utilities Department since March 2022 to perform the Water Cost-of-Service and Rate Design project. The cost-of-service and rate design portion of the study was completed in September 2023 and the proposed rates were adopted by the City Council. Since that time, RPU has indicated that additional rate scenarios are needed to analyze rates of the potential removal of the General Fund Transfer (GFT). This amendment includes the budget and scope necessary for Carollo to modify and update the customer data analysis, cost-of-service analysis (COSA) and rate design, and COSA report to account for the removal of the GFT.

Scope of Work:

The proposed scope of work and budget anticipates developing five main scenarios:

- Remove GFT and lower rate projected revenues
- Remove GFT, maintain rate revenues, and replenish reserves
- Remove GFT, maintain rate revenues, and complete additional capital projects
- Two additional scenarios with the GFT removed

To develop the scenarios, Carollo will gather the necessary data from RPU including updated financial Proforma projections and other financial information, updated customer billing data, and other information needed to update and modify the existing COSA model. For each scenario, an updated COSA model will be created incorporating the updated information and refined cost-of-service allocations and rate calculations based on the scenario's attributes. The rates will be refined and incorporated into the bill impact analysis to assess customer impacts. Once a scenario is selected, and depending on the results of that scenario, the COSA report will be updated, or a separate memo will be provided outlining the analysis and results.

The scope and proposed fee anticipate biweekly check-in meetings with RPU staff to discuss project progress and to collaborate on the analysis. Additionally, two onsite meetings to be attended by Carollo's project manager are included.

The table on the next page outlines the detailed scope of work that Carollo will complete as directed by RPU.



Scope of Services and Budget

Table 1 Scope of Services

Task		Scope
1	Data Collection and Review	- Develop and provide detailed data request for initial analysis - Review provided data
2	Update Customer Demand Analysis (including new statute requirements)	- Incorporate FY 2022/23 and FY 2023/24 YTD data into customer data analysis - Develop summary statistics needed for model and bill impact analysis - Develop additional analysis and statistics to meet requirements of AB 755 - Specifically analyze demand patterns of top 10% of users by class and systemwide
3	Incorporate Updated Demand Analysis into COSA Model	- Revisit and refine customer demand projections in model - Revisit and refine units of service calculations (Max Day/Max Hour and supply allocations) based on updated data - Consider specific Max Day, Max Hour, and Supply allocations for top 10% of users
4	Incorporate Updated Proforma and other Financial Info into COSA Model	- Incorporate five (5) versions of the Proforma into the COSA analysis - No GFT, reduce rate revenues - No GFT With Additional CIP (treatment, supply, accelerated or increased regular CIP) - No GFT and Build Reserves for Future Projects - Two additional scenarios with the GFT removed - Incorporate other financial information such as cost of water information, debt service allocations, etc. into the COSA model
5	Reevaluate COSA Allocations and Rate Calculations for up to 5 Options	For each Proforma Option: - Revisit functionalization and cost-of-service allocations for O&M and capital costs - Update allocation to customer classes based on demand analysis and cost-of-service allocations - Refine rate analysis for each option and make necessary adjustments to the methodology - Analyze marginal costs to identify (as reasonably possible) the costs driven by the top 10% of users
6	Update Bill Impacts Analyses	For each Proforma and Rate Option: - Update bill impact analysis in COSA model for all rate classes - Update detailed SFR bill impact frequency analysis

Scope of Services and Budget

Task		Scope
7	Update COSA Report	- Update the recently completed COSA report with selected option - Add additional language to discuss analysis completed to meet AB 755 requirements - Provide draft and final versions of the report to RPU
8	Bi-weekly Meetings	Biweekly virtual meetings with Carollo PM and Senior Analyst to discuss project status, progress, and results and collaborate on analysis
9	Attend RPU Board and Riverside City Council Meetings	- Carollo PM to attend two (2) in-person meetings - anticipate one RPU Board Meeting and one City Council Meeting

Notes:

[AB - table notes abbreviations; BC - table notes abbreviations]

Amendment Budget:

The table below shows the proposed time and materials budget for each task included in the scope of work. The total budget for the amendment is \$165,950. The presented budget assumes that the selected scenario will require a full update of the COSA report. If the selected scenario results in rates that can be adjusted proportionally or the existing adopted rates can be maintained without modifications, a more brief update memo can be provided at a reduced level of effort.

Table 2 Proposed Amendment Budget

Task Description		Labor Hours and Cost						
Staff Position:		Director	Project Manager	Senior Analyst	Support Analysts	Support/ Clerical	Total Hours	Cost
Staff Member:		Jennifer Ivey	Alex Bugbee	Kim Lightner/ Freny Shah	Karly Nocera, Pierre Mishra			
Labor Rate (\$/hr)		\$330.00	\$225.00	\$190.00	\$150.00	\$125.00		
Project Equipment and Communication Expense (\$/hr)		\$15.00	\$15.00	\$15.00	\$15.00	\$15.00		
Total Rate (\$/hr)		\$345.00	\$240.00	\$205.00	\$165.00	\$140.00		
<u>COSA Update Tasks</u>								
Task 1	Data Collection and Review		2	2	4		8	\$1,550
Task 2	Update Customer Demand Analysis (including new statute requirements)		12	32	40		84	\$16,040

Scope of Services and Budget

Task 3	Incorporate Updated Demand Analysis into COSA Model (including new statute requirements)		32	24	12		68	\$14,580
Task 4	Incorporate Updated Proformas and Other Financial Information into COSA Model		40	56	36		132	\$27,020
Task 5	Reevaluate COSA Allocations and Rate Calculations	4	100	100	56		260	\$55,120
Task 6	Update Bill Impacts Analyses		16	32	32		80	\$15,680
Task 7	Update COSA Report	4	20	24	20	8	76	\$15,520
Task 8	Biweekly Meetings (12)		24	24			48	\$10,680
Task 9	Attend RPU Board and Riverside City Council Meetings	See per meeting cost below.					0	\$0
	Total Labor Hours	8	206	238	160	8	620	
	Total Labor Cost⁽¹⁾	\$2,760	\$59,040	\$60,270	\$33,000	\$1,120		\$156,190

(1) Labor hours for the Base Proposal Items include the time needed to develop presentation materials. Hours to travel and to be onsite are not included above and are rather shown below on a per in person meeting basis.

Task 9								
In Person Meeting #1		\$4,880						\$4,880
In Person Meeting #2		<u>\$4,880</u>						<u>\$4,880</u>
Total Costs For Planned In-Person Meeting⁽²⁾	\$0	\$9,760	\$0	\$0	\$0			\$9,760
(2) Assumes 2 total in person meetings attended by the Carollo Project Manager, 12 hours total labor for travel and attendance and \$2,000 in travel expenses (flight, hotel, car, etc.).								
Total Costs Including In-Person Meetings	\$2,760	\$68,800	\$60,270	\$33,000	\$1,120			\$165,950