



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 14, 2026

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: APPROVE A PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH CAROLLO ENGINEERS, INC. OF RIVERSIDE, CALIFORNIA, TO UPDATE THE SEWER COST-OF-SERVICE STUDY FOR THE RIVERSIDE WATER QUALITY CONTROL PLANT FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$124,952 THROUGH THE PERIOD ENDING DECEMBER 31, 2028

ISSUE:

Approve a Professional Consultant Services Agreement with Carollo Engineers, Inc. of Riverside, California, to update the Sewer Cost-of-Service Study for the Riverside Water Quality Control Plant, for a total not-to-exceed amount of \$124,952 through the period ending December 31, 2028.

RECOMMENDATION:

That the City Council:

1. Approve a Professional Consultant Services Agreement with Carollo Engineers, Inc. of Riverside, California, to update the Sewer Cost-of-Service Study for the Riverside Water Quality Control Plant, for a total not-to-exceed amount of \$124,952.00 through the period ending December 31, 2028; and
2. Authorize the City Manager, or his designee, to execute the Professional Consultant Services Agreement with Carollo Engineers, Inc., including making any minor non-substantive changes.

BACKGROUND:

The Public Works Department maintains an Integrated Master Plan for Wastewater Collection and Treatment Facilities (Wastewater Master Plan), which provides a comprehensive review and evaluation of the City's wastewater systems. Based on its findings, the Wastewater Master Plan recommends system improvements and financing strategies to ensure regulatory compliance, address aging infrastructure, maintain reliable and cost-effective service, and support the City's General Plan and anticipated community growth. The Wastewater Master Plan is typically updated every seven to ten years.

On August 19, 2025, the Public Works Wastewater Division presented an update on the Sewer Enterprise Fund Financial Model and the overall financial condition of the Sewer Fund. The presentation highlighted that the Sewer Enterprise Fund is projected to experience significant declines in both debt service coverage and reserve levels due to the absence of rate increases

since 2018. Without future rate adjustments to address inflation, rising chemical treatment costs, and increasing construction expenses, the City is expected to fall below its legally required debt service coverage covenants within two years and rapidly deplete its reserves.

While a new rate adjustment is not being presented at this time, development of a Cost-of-Service study is an essential preparatory step in the establishment of recommended rates that will allow the Wastewater Division to be prepared to discuss Sewer rates in the latter half of 2026.

DISCUSSION:

Carollo Engineers, Inc. has supported the City of Riverside Public Works – Wastewater Division since 2012 on matters related to sewer rates, fees, and cost-of-service analyses. In 2014, Carollo completed the Capital Improvement Program and Rate Development Study, which established the financial plan and rate structure for FY 2014/15 through FY 2018/19. In 2018, following a competitive procurement process, Carollo was selected to prepare the Update of the Integrated Master Plan for the Wastewater Collection and Treatment Facilities.

Given this long-standing involvement, Carollo has extensive institutional knowledge, historical data, and an established, calibrated financial model that positions them well to support this project, which focuses on updating the Sewer Cost-of-Service Study.

The scope of work under this agreement includes forecasting key financial elements; conducting cost-of-service and rate analyses; evaluating revenue requirements; assessing rate designs to ensure adequate revenue generation; preparing and supporting public outreach materials; and assisting with stakeholder meetings and presentations.

Purchasing Resolution 24101, Section 702(d) states that Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required, “When the Procurement can only be obtained from a single source and the Manager is satisfied that the best price, terms and conditions have been negotiated.”

The Purchasing Manager concurs that the recommendation is in compliance the Purchasing Resolution No. 24101, Section 702(d).

FISCAL IMPACT:

The total fiscal impact of this action is \$124,952 for the term of the agreement. Sufficient funds are budgeted and available in Sewer Fund, Master Plan Update Project account number 9894423-440301 to support this agreement.

Prepared by:	Thuy Nguyen, Principal Engineer
Approved by:	Nathan Mustafa, Interim Public Works Director
Certified as to availability of funds:	Julie Nemes, Interim Finance Director
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachment: Professional Consultant Services Agreement – Carollo Engineers, Inc.