



WATER COST OF SERVICE ANALYSIS AND RATE DESIGN

Riverside Public Utilities

Board of Public Utilities

May 11, 2026

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BACKGROUND

1. Previous Water Cost of Service Analysis (COSA) and Rate Design completed in 2023
 - a. Supported the Water Utility Five-Year Rate Plan
 - b. Effective October 1, 2023, with final year effective July 1, 2027

2. Updated Water Cost of Service Analysis and Rate Design necessary to plan beyond current Water Utility Five-Year Rate Plan



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WATER COSA AND RATE DESIGN PROJECT

1. Comprehensive review of all rate schedules
2. Forecasts future revenue requirements
3. Equitable allocation of costs among customer classes
4. Water utility rate trends study
5. Five-year proposed rate design recommendation
6. Customer impact analysis
7. Recycled water rate design recommendation
8. Budget-based rate design and implementation plan
9. Elevation charge rate design and implementation plan
10. Water Treatment Plant rate design and implementation



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FUTURE WATER REVENUE REQUIREMENTS

Considerations:

1. Changing Industry and Regulatory Requirements –The impacts of drought mandates and treatment requirements
2. Operating and Infrastructure Costs – Production, transmission, distribution, and capital improvements
3. Essential to identify the cost to serve the City's customers and ensure equitable allocation of cost responsibility among customer rate classes.



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RFP 2494

1. December 2, 2025 – RFP was posted on PlanetBids
2. January 14, 2026 – Proposals were received from four consultants
3. February 2026 - RPU staff completed proposal reviews, evaluation, and scoring
4. Evaluation Scoring:
 - a) Qualifications and project approach 30%
 - b) Experience and references 25%
 - c) Overall proposal 25%
 - d) Proposal pricing 20%



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RFP 2494

1. Carollo Engineers, Inc. received the highest score
 - a. California experience including recycled water rates and budget-based rates
 - b. Experience with the City of Riverside providing detailed knowledge of the water and wastewater utilities
 - c. Will provide a comprehensive and complete bill impact statistical analysis of all rate design impacts to all customers



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RFP 2494 RANKING

Vendor	Location	Total Cost	Total Points	Rank
Carollo Engineers	Riverside, CA	\$271,960	885.41	1
Robert D Niehaus, Inc.	Santa Barbara, CA	\$184,840	713.34	2
Black & Veatch Corporation	Overland Park, KS	\$296,945	676.16	3
NewGen Strategies and Solutions, LLC	Lakewood, CA	\$223,310	667.81	4



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WATER COSA AND RATE DESIGN PROJECT

Consultant: Carollo Engineers, Inc	Amount
Phases I, II, and III- Cost of Service Analysis, Rate Trends Study, Rate Design	\$126,080
Phase IV- Recycled Water Rate Design and Implementation	\$28,720
Phase V- Budget-Based Rate Design and Implementation	\$45,040
Phase VI – Elevation Charges Rate Design and Implementation	\$16,880
Phase VII – Water Treatment Plant Rate Design and Implementation	\$21,160
Subtotal	\$237,880
Phase VIII – Enhancements or Recommendations	\$34,080
Grand Total	\$271,960



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RECOMMENDATION

That the Board of Public Utilities recommend that the City Council:

1. Approve Professional Consultant Services Agreement from Request for Proposal No. 2494 for Water Cost of Service Analysis and Rate Design with Carollo Engineers, Inc., of Riverside, California, through December 31, 2027, in the amount of \$271,960; and
2. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreement and optional two-year extension, if necessary, including making minor, non-substantive changes.



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