



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: MAY 11, 2026

SUBJECT: PROFESSIONAL CONSULTANT SERVICES AGREEMENT FROM RFP NO. 2494 FOR WATER COST OF SERVICE ANALYSIS AND RATE DESIGN WITH CAROLLO ENGINEERS, INC. OF RIVERSIDE, CALIFORNIA FOR A TERM THROUGH DECEMBER 31, 2027 WITH AN OPTIONAL TWO-YEAR EXTENSION, IN THE AMOUNT OF \$271,960

ISSUE:

Consider recommending that the City Council approve a Professional Consultant Services Agreement from Request for Proposal No. 2494 for the Water Cost of Service Analysis and Rate Design with Carollo Engineers, Inc. of Riverside, CA, for a term through December 31, 2027, with an optional two-year extension, in the amount of \$271,960.

RECOMMENDATIONS:

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

1. Approve a 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.

BACKGROUND:

As Riverside Public Utilities (RPU) plans for its future, a cost-of-service analysis and rate design project is necessary for financial planning purposes as well as to design future rate adjustments beyond the current Water Utility five-year rate plan that includes a final year rate adjustment effective January 1, 2028. Some issues RPU has identified for determining future revenue requirements and designing rates include:

- Changing Industry and Regulatory Requirements –The impacts of customer conservation, drought mandates, weather, and treatment requirements.
- Operating and Infrastructure Costs –The costs of production, transmission, distribution, and funding for capital improvements to meet the Water Utility’s aging infrastructure needs are all components of rates. These components will be analyzed in a comprehensive cost of service analysis to determine current and forecasted overall revenue requirements.

While most of the Water Utility’s costs are fixed, most of the revenue from retail sales are variable. The project will consider the ability to adequately recover fixed costs as customer demand changes with drought mandates, weather, and conservation.

- Cost Allocation Between Customer Rate Classes – It is essential to identify the cost to serve the City’s customers and to ensure equitable allocation of cost responsibility among the customer classes.

RPU’s previous Water Cost of Service Analysis and Rate Design Project was completed in 2023 in support of the current Water Utility five-year rate plan. An updated Water Cost of Service Analysis and Rate Design Project is necessary to address the areas of full cost recovery, determining revenue requirements, and designing future rates beyond the current Water Utility five-year rate plan.

The Water Cost of Service Analysis and Rate Design Project will provide a comprehensive review of all rate schedules, forecast of future revenue requirements, equitable allocation of costs among customer classes, a water utility rate trends study, a five-year rate design recommendation, a recycled water rate design recommendation, budget-based rate design recommendation, elevation charges rate design recommendation and water treatment plant rate design recommendation and implementation plan.

DISCUSSION:

Request for Proposal (RFP) No. 2494 was posted on the City’s online bidding system, Planet Bids, on December 2, 2025, seeking prospective bidders to provide water cost of service analysis and rate design services.

The solicitation notification is summarized in the table below:

Action	Number of Vendors
External Vendors Notified	500
City of Riverside Vendors Notified	707
Vendors who downloaded the RFP	26
Proposals received	4

RFP No. 2494 closed on January 14, 2026, with a total of four (4) responses. All responses were found to be responsive and responsible. Under the guidance of the Purchasing Division, three (3) RPU staff evaluated the proposals. The evaluation criteria, total points and rankings are summarized in the tables below.

Evaluation Criteria	Total Points
Qualifications and Project Approach	30%
Experience and References	25%
Overall Proposal	25%
Pricing	20%

Carollo Engineers, Inc., (Carollo) received the highest score and was chosen as the most qualified firm for the in-depth analysis and expertise needed for the project. The scores included a combination of pricing, qualifications, proven experience in the tasks, professional references, and overall project approach.

Evaluation Results

Vendor	Location	Total Cost	Total Points	Rank
Carollo Engineers, Inc.	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

**Engineers estimate not applicable on professional services*

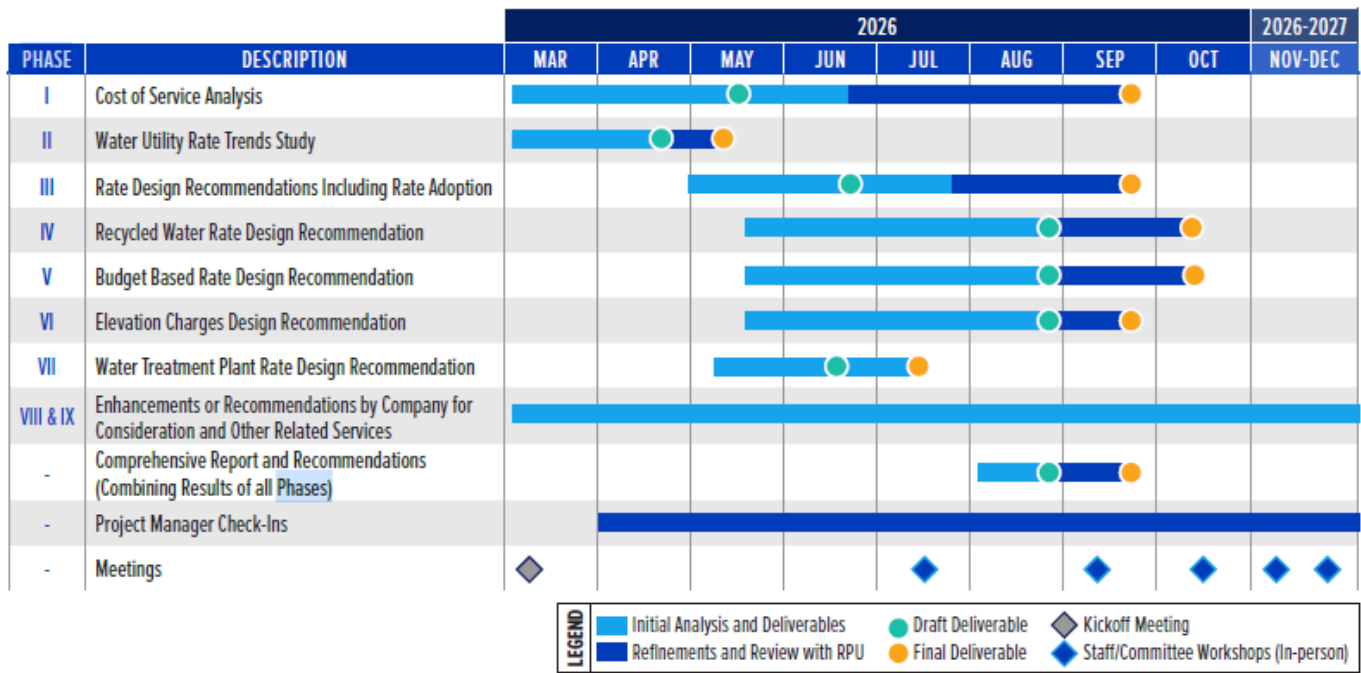
Carollo’s experience includes multiple projects with the City of Riverside and similar projects in California including recycled water and budget-based water rates. Carollo’s detailed knowledge of the City of Riverside’s utilities is a result of their efforts with:

1. RPU’s 2018 and 2023 Water Cost of Service Analysis and Rate Design Project.
2. Technical assistance in 2018/19 for the Agricultural Water Rates Task Force.
3. The Public Works Department 2019 Integrated Master Plan for Wastewater Collection and Treatment Facilities and Environmental Review.
4. Current project efforts with Public Works on the Integrated Master Plan for Wastewater Collection and Treatment Facilities (Wastewater Master Plan) that provides a comprehensive review and evaluation of the City’s wastewater systems.

Included in Phases III, IV, V, VI and VII of the Water Cost of Service Analysis and Rate Design Project, Carollo will complete a customer impact evaluation of the proposed rate structure at various meter and consumption levels, and provide a comprehensive and complete bill impact statistical analysis of all rate design impacts to all customers using three retail demand scenarios to test customer bills impacts and overall level of revenue generated. The scope of work includes opportunities to incorporate the public and stakeholder outreach efforts for feedback into the analysis performed by the consultant to ensure a transparent process.

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

The proposed project timeline begins in May 2026 rather than March 2026 and includes completing draft reports that are pending recommendations from the City Council and Board of Public Utilities, community outreach and feedback, and final approval.



Purchasing Resolution 24101, Section 508 Awards states, “Contracts procured through Formal Procurement shall be awarded by the Awarding Entity to the Lowest Responsive and Responsible, except that... (c) Contracts procured through Formal Procurement for Services or Professional Services, where a Request for Proposals or Request for Qualifications was used to solicit Bids, shall be awarded by the Awarding Entity in accordance with the evaluation criteria set forth in the Request for Proposals or Request for Qualifications” and “(d) Contracts for Professional Services procured through Formal Procurement shall be awarded by the City Council. Where the Using Agency is the Public Utilities Department, the award shall be reviewed by the Board of Public Utilities for recommendation prior to award by the City Council.”

The Purchasing Manager concurs that the recommended actions are in accordance with Purchasing Resolution 24101.

FISCAL IMPACT:

The total cost for the Professional Consultant Services Agreement is \$271,960. Sufficient funds are available in the Management Services Professional Services Account No. 6000000-421000.

Prepared by: Brian Seinturier, Assistant General Manager/Finance and Administration
 Approved by: David A. Garcia, Utilities General Manager
 Certified as to availability of funds: Julie Nemes, Interim Finance Director
 Approved by: Gilbert Hernandez, Interim Assistant City Manager
 Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

- Attachments:
1. Professional Consultant Services Agreement
 2. Award Recommendation
 3. Presentation