



# WATER COST OF SERVICE ANALYSIS AND RATE DESIGN

## Riverside Public Utilities

**City Council**  
June 16, 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 – In-Person Meetings   | \$34,080         |
| <b>Grand Total</b>  | <b>\$271,960</b> |



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## RECOMMENDATION

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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