



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: December 6, 2022
SUBJECT: Award a Professional Services Agreement to Raftelis Financial Consultants, Inc. for a Sewer Rate Study in an Amount Not to Exceed \$41,313

Description Award an agreement with Raftelis Financial Consultants, Inc. for professional engineering services for a sewer rate study.

Background and Analysis:

On October 6, 2022, the City issued a request for proposals (RFP) for professional engineering services for a sewer rate study. The sewer rate study will independently evaluate and make recommendations related to the City's existing wastewater rates and fee schedule. The final goals of this project include the development of the following:

- Fair and reasonable wastewater rates and fees for a five-year (5) period,
- Ten-Year (10) Financial Plan to provide necessary revenue for the City's Capital Improvement Plan needs, and
- Updated financing and rate schedule models.

In 2018, the City retained a consultant to conduct a sewer rate study, primarily to develop a financial plan to fund upgrades to the brine line and wastewater treatment plant and update the City's sewer rate structure. Other objectives addressed in the study included developing reserve targets and meeting debt coverage ratios for anticipated debt financing. The City adopted the recommendations set forth in the study, including a new five-year schedule of proposed rates and fees.

The City has since updated its ten-year Capital Improvement Program (CIP) as part of the 2021 Wastewater Master Plan, which includes capital allocations for gravity main, lift station, and wastewater treatment plant improvements, as well as allocations for condition assessment. With existing rates and fees set to expire on July 1, 2023, the City issued an RFP to reevaluate the City's wastewater rates and fee schedule for the next five-year period to ensure sustainable operation and sufficient funding for CIPs.

The proposals were due on October 14, 2022, and the City received four (4) proposals. The proposals were evaluated by a committee consisting of the Finance Director, Public Works Director, and General Manager of Utilities and were ranked by the following criteria:

| Criteria | Points |
|--|---------------|
| Project Approach and Scope of Services | 25 |
| Project Team Organization and Qualifications | 20 |
| Related Experience and Past Projects | 25 |
| References | 10 |
| Proposed Fee | 20 |
| Total | 100 |

Below is the final scoring sheet from the rating committee:

| RESPONDING FIRMS | Location | Best Possible Score | FINAL SCORING BY RATER | | | Total Score |
|-------------------------|-----------------|----------------------------|-------------------------------|--------------------|--------------------|--------------------|
| | | | Rater No. 1 | Rater No. 2 | Rater No. 3 | |
| NBS | Temecula, CA | 100 | 80.0 | 62.0 | 68.0 | 70.0 |
| NewGen Strategies | Annapolis, MD | 100 | 92.0 | 57.0 | 87.0 | 78.7 |
| Raftelis | Murrieta, CA | 100 | 96.0 | 81.0 | 91.0 | 89.3 |
| Willdan | Temecula, CA | 100 | 88.0 | 80.0 | 81.0 | 83.0 |

The top three (3) firms were interviewed on November 28, 2022, by the committee and the recommended best qualifying firm based off the ranking criteria and interviews were presented to the RFP sub-committee for recommendation to the City Council on November 29, 2022.

Raftelis was chosen for the following reasons:

- Proposition 218 expertise – Raftelis has completed hundreds of rate studies for California sewer and water utilities. They showed the most understanding of the project in the interviews and the rating team liked their approach of community outreach.
- California based staff – all Raftelis staff is located within California and an in-person presence will not be a problem when needed.
- Ability to make deadline – Raftelis can start as soon as requested to meet the tight timeline that was proposed by the City.

Fiscal Impact:

The not to exceed amount of the contract is \$41,313 and will be paid from CIP project WW-03.

Recommended Action:

Award a Professional Services Agreement with Raftelis Financial Consultants Inc. in an amount not to exceed of \$41,313.

Attachments:

- A. Professional Services Agreement for Sewer Rate Study
- B. Final Scoring Sheet