Agenda Item #7.1
For Board Meeting of: September 6, 2018

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

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| TO: | BOARD OF PUBLIC UTILITIES |
| FROM: | KIMBERLY ZUNINO, DEPUTY DIRECTOR ADMINISTRATION WATER DEPARTMENT |
| SUBJECT: | AMENDMENT NO 1 TO CONTRACT F001662 FOR THE REED GROUP, INC. FOR AGRICULTURAL WATER USAGE RATE SETTING SUPPORT |
| AGENDA ACTION: | MOTION |

## RECOMMENDATION

Santa Rosa Water recommends that the Board of Public Utilities, by motion, approve Amendment No. 1 to Contract F001662 for additional support and expertise for an extended agricultural water usage rate setting process with The Reed Group, Inc. in the amount of $35,400, increasing the total contract amount to $135,280.

## EXECUTIVE SUMMARY

Santa Rosa Water entered an agreement with The Reed Group, Inc. on February 6, 2018 for services to provide budget support, a long term financial plan and an agricultural rate development. During the process of developing the agricultural rate, it was determined that an additional scope of work would be included. The additional scope of work includes support and expertise from The Reed Group, Inc. to help facilitate and provide data for a series of meetings with our agricultural users and the Board of Public Utilities (BPU) Agricultural Ad Hoc Committee.

## BACKGROUND

Santa Rosa Water solicited responses to a request for proposal for 2018/19 budget assistance, a long term financial plan and agricultural rate setting. There was one respondent, The Reed Group, Inc. The single respondent was deemed qualified to perform the requested services.

Staff has been working with Bob Reed and the Reed Group, Inc for over 20 years on various rate studies, financial planning and demand fee studies. The expertise in the water field and historical knowledge of Santa Rosa's water finances and rates makes The Reed Group uniquely qualified for the statement of work.

The original agreement was within the City Manager's signing authority, so it was not approved by the BPU. Staff has requested additional assistance with the agricultural

rate setting process as it has been decided that the inclusion of the agricultural users in the process is extremely important. Therefore, the additional scope requires BPU approval.

## ANALYSIS

Santa Rosa Water has multiple contracts with various agricultural recycled water customers and those agreements are coming to the end of their terms. Rates are varied and determined by each individual contract. The development of a consistent rate structure to be consistent and fair to all customers is important. Therefore, The Reed Group, Inc. was hired to help develop this rate structure.

During the beginning stages of this process Staff decided the most open and transparent process required the inclusion of the agricultural recycled water users. A small group of volunteer users has been established and staff, with Mr. Reed, will be meeting to develop the standardized rates.

This scope of work was not included in the original request for proposals or negotiated statement of work and therefore requires an amendment to agreement F001662.

## FISCAL IMPACT

There is no fiscal impact. Santa Rosa Water budgets for professional services through the budget process each year. Professional services were approved with the 2018/19 FY budget.

## ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

## BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

None.

## ATTACHMENTS

- Attachment 1 – Agreement F001662
- Attachment 2 – First Amendment to Agreement F001662

## CONTACT

Kimberly Zunino, kzunino@srcity.org, (707) 543-3960