

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: KIMBERLY HARRYMAN, DEPUTY DIRECTOR,
ADMINISTRATION

SUBJECT: PROPOSED AGREEMENT WITH HILDEBRAND CONSULTING
TO PERFORM A WATER AND SEWER RATE STUDY AND
DEVELOP A RATE SCHEDULE FOR 2025-2029

AGENDA ACTION: MOTION

RECOMMENDATION

It is recommended by the Contract Review Subcommittee and Santa Rosa Water that the Board of Public Utilities, by motion, approve a professional services agreement between the City of Santa Rosa and Hildebrand Consulting, LLC to perform a water and sewer rate study, develop a rate schedule for 2025 through 2029, develop a pass-through rate for wholesale water and update the water shortage rates, with a not to exceed amount of One Hundred and Thirty-Five Thousand (\$135,000) dollars.

EXECUTIVE SUMMARY

Santa Rosa Water (SRW) performs a rate study typically every 4 years to establish a multi-year water and sewer rate schedule in compliance with Proposition 218. The current rate schedule is through June 30, 2025. Therefore, SRW is beginning a new rate study to commence in December 2023 and be completed by November 2024. The rate study will be the precursor to the Proposition 218 process, proposing a new rate schedule to begin on July 1, 2025.

SRW released a water and sewer rate study request for proposal (RFP) August 17, 2023, with the most responsive and qualified bidder being selected, Hildebrand Consulting LLC. The proposed professional services agreement scope of work will result in a water and sewer rate study and proposed wholesale water pass-through rates, a four-year water and sewer rate schedule and updated water shortage rates.

BACKGROUND

SRW released the RFP on August 17, 2023, with 5 responses received. A selection committee reviewed the responses and scored them based on the following criteria:

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overall responsiveness, experience with similar agency's rates and rate structures, references, and cost. Hildebrand Consulting LLC. (Consultant) was the most responsive and qualified bidder to perform the required rate study and develop the 2025-2029 rate schedule.

The statement of work for the PSA will require the performance of a rate study requiring an analysis of customer usage data to assure distribution of costs between customer classifications and tiers conforms to Proposition 218, a valuation of SRW assets, analysis of expenditure and revenue trends, current and future debt service, and CIP funding needs. In addition, the Consultant will develop the rate schedule and proposed pass-through rate for Sonoma Water wholesale water rate increases and update of the water shortage rates.

At the completion of the rate study, a proposed 5-year rate schedule will be developed and the required approval and noticing processes will commence with the completion of the project by March of 2025.

ANALYSIS

The performance of a rate study and the development of a rate schedule must be completed per the regulatory requirements of Proposition 218. SRW hires experts to assure accurate data analysis and compliance with Proposition 218.

A selection committee performed a thorough review of the 5 responses and found the Consultant to be the most qualified to complete the required tasks outlined in the RFP efficiently, accurately and in compliance with the regulations.

The Consultant was the subcontractor to The Reed Group, LLC. who performed the last several rate studies and developed the current rate schedule, updated the demand fee schedule, created water shortage rates, and developed SRW's long-range financial models. The Consultant also currently works with SRW staff to perform yearly updates to the long-range financial models. As such, the Consultant has direct experience and familiarity with SRW's rate structure, assets, debt service, revenue and expenditures, CIP funding, and water shortage rates, making the Consultant uniquely qualified.

FISCAL IMPACT

The proposed PSA will be funded by the Water Fund and the Local Wastewater Fund. Budget is available in the current fiscal year and will be paid from GL Operating Keys 130601 and 130701 professional services.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it

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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

The Board of Public Utilities Contract Review Subcommittee reviewed the agreement on October 18, 2023 and unanimously recommended approval of the PSA.

ATTACHMENTS

- Attachment 1 – City of Santa Rosa Professional Services Agreement with Hildebrand Consulting LLC.

CONTACT

Kimberly Harryman, Deputy Director - Administration