



AGENDA MEMORANDUM

Action Item for the City Council Meeting of July 30, 2019

DATE: June 4, 2019

TO: Peter Zaroni, City Manager

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**Professional Services Contract Amendment
Utility Rate Model Analysis and Implementation
(Utilities Operational)**

CAPTION:

Motion approving Amendment No. 1 to a contract with HDR, Inc. of Austin, Texas for development of a new utility rate model in the amount of \$91,000 for a total not to exceed of \$134,400.00 with two optional 1-year technical support renewals for \$49,500.00 each to be approved administratively for a total contract cost of \$233,400.00 for the Utility Rate Model Analysis and Implementation project with funding available from Water Utilities Operations Budget.

PURPOSE:

This contract provides professional design services to evaluate and recommend updates to the utility rate model and utility rates for water, wastewater, stormwater, and gas based on current costs and revenue requirements.

BACKGROUND AND FINDINGS:

The current utility rate model was developed in Microsoft Excel with tables and custom macros in the early 2000's that make updates to the rate model inputs difficult and cumbersome. This project will take advantage of the advances in computer technology and application software to update the rate model for more accurate predictions in a more user-friendly software.

The utility rate model is primarily based on the historic and future projected costs for Operations and Maintenance (O&M) and Capital Improvement Program (CIP) projects combined with annual revenues and debt obligations. The rate model inputs also include the projected population

growth, industrial and commercial growth, residential land development, resource conservation efforts, and regulatory requirements. The utilities and utility resources to be evaluated include:

- Water supply conservation and sustainability initiatives
- Emerging water resources such as desalination, reuse, and aquifer storage recovery
- Water transmission, treatment, and distribution
- Wastewater collection, treatment, and sanitary sewer overflow prevention
- Stormwater collection, pumping, and pollution prevention
- Gas supply and distribution

ALTERNATIVES:

1. Authorize execution of professional services contract. (Recommended)
2. Do not authorize execution of professional services contract. (Not Recommended)

OTHER CONSIDERATIONS:

HDR was selected for this project in February 2019 under RFQ No. 2018-10.

CONFORMITY TO CITY POLICY:

Complies with statutory requirements for professional services contracts. Conforms to FY 2019 Capital Improvement Program (CIP) Budget.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Water Utilities Department

FINANCIAL IMPACT:

X Operating Revenue Capital Not applicable

Fiscal Year 2018-2019	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Budget		142,000		142,000
Encumbered / Expended Amount		43,400		43,400
This item		91,000		91,000
Future Anticipated Expenditures This Project		7,600		7,600
BALANCE		0		0

Funds: Water Operations Fund 4010

FUNDING DETAIL:

Fund Name: Water Fund
Fund Number: 4010-30000-041
Account: Professional Services 530000
Activity: 18159-A-4010-EXP

RECOMMENDATION:

Staff recommends approval of the professional services contract amendment with HDR, Inc.

LIST OF SUPPORTING DOCUMENTS:

Project Budget
Presentation
Amendment No. 1