



AGENDA MEMORANDUM
Action Item for the City Council Meeting of April 8, 2025

DATE: March 25, 2025

TO: Peter Zanoni, City Manager

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Amendment to Service Agreement with NewGen Strategies and Solutions for Utility Rate Model and Consulting Services for the Corpus Christ Water Department

CAPTION:

Motion authorizing execution of Amendment No. 5 to the service agreement with NewGen Strategies and Solutions, LLC, for utility rate model development and consulting services for Corpus Christi Water in the amount of \$316,080.00, for a total not to exceed \$406,080.00, with FY 2025 funding of \$195,970.00 from the Water Fund and \$120,110.00 from the Wastewater Fund.

SUMMARY:

This motion authorizes an amendment to the current agreement with NewGen Strategies and Solutions, LLC. The original scope of services with the contract amount of \$233,770 covered 16 months, July 2022 through October 2023, and included the development of a new rate model and a financial planning tool, as well as a cost-of-service study to guide rate-setting for 2024 rates. The five one-year option periods facilitated the annual rate model update to review rates for wholesale (annually as per contract) and retail customers (every two years as per policy).

BACKGROUND AND FINDINGS:

NewGen Solutions and Strategies, LLC. was selected through a competitive Request for Qualifications process in 2022. Beginning in July 2022, NewGen has worked with the Corpus Christi Water (CCW) Department through this agreement in order to optimize data analysis and to identify the best strategic

approach for developing a rate model as well as financial strategies that address stakeholder demands.

Year one of five option periods was executed in November 2023 and year two of five option periods was executed in November of 2024 to provide annual updates of the water/wastewater utility rate model. Annual updates on the rate model are required to ensure contract compliance and help to provide updates to City Council on water and wastewater revenue requirements and rate adjustments.

The original amount of the agreement was \$233,770. During the first 16 months of the agreement, CCW required additional analysis which led to an amendment in July 2023 for \$49,500. In November 2023, year one of five option periods was exercised for \$45,000. During the FY 2024 budget process, the City Council voted to review retail water and wastewater rates on an annual basis instead of a two-year basis. With this change in policy, more work by NewGen was required which led to Amendment #3 in the amount of \$204,040. Additionally, NewGen will also provide rate analysis for alternative water sources if they are brought into the City's water sources portfolio. In September 2024, Amendment #4 in the amount of \$45,000 was established for additional labor costs incurred for meetings and discussions at the request of the City Council. Last, year two of five option periods was exercised for \$45,000.

Description	Date	Amount
Original Agreement	Jul-22	\$ 233,770
Amendment #1	Jul-23	\$ 49,500
Amendment #2	Jul-23	\$ 21,000
Deleted (included in Amendment #3)		(21,000)
Amendment #3	Feb-24	\$ 204,040
Amendment #4	Sep-24	\$ 45,000
<i>Subtotal</i>		<i>\$ 532,310</i>
Option Year 1	Nov-23	\$ 45,000
Option Year 2	Nov-24	\$ 45,000
<i>Subtotal</i>		<i>\$ 90,000</i>
Amendment #5	Mar-25	\$ 316,080
<i>Cumulative Total</i>		<i>\$ 938,390</i>

Proposed Amendment #5 is for the Rate Study for Determination of FY 2026 Rates and includes the following:

- Project Initiation and Project Management
- Update Consumption and Revenue Analysis
- Update Multi-Year Financial Plan
- Water and Wastewater Cost of Service
- Rate Design and Benchmarking
- Public Involvement and City Council Meetings (with Presentations)
- Report

ALTERNATIVES:

The City can choose not to expand the scope of services for NewGen to assist in financial strategic planning and rate model updates. However, without this amendment, CCW staff would not be able to provide adequate financial and rate model support for decision makers.

FISCAL IMPACT:

The fiscal impact in FY 2025 for CCW is an amount of \$316,080.00 of which \$195,970.00 will be from the Water Fund and \$120,110.00 from the Wastewater Fund.

FUNDING DETAIL:

Fund: 4010-Water Fund
Organization/Activity: 30000-Water Administration
Department: 45
Project # (CIP Only): N/A
Account: 530000-Professional Services
Cost: \$195,970.00

Fund: 4200-Wastewater Fund
Organization/Activity: 33000-Wastewater Administration
Department: 46
Project # (CIP Only): N/A
Account: 530000-Professional Services
Cost: \$120,110.00

RECOMMENDATION:

Staff recommends approval of this motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Amendment No. 5