



TO: Board of Contracts and Awards
FROM: Michael P. Slevin III, P.E., Director, Environmental Services *MPS*
COPY: City Council, City Manager, City Clerk, SBE Coordinator, LEAP Coordinator, Jill Tibbs, Finance/Purchasing, and Sally Cowan, ES Utilities Economist
SUBJECT: Professional Services Contract for Wastewater and Surface Water Utilities Rate Development Increase, Request for Proposal Specification No. PW12-0175F, Contract No. 4600008290 – March 15, 2016
DATE: February 29, 2016

SUMMARY:

The Environmental Services Department requests approval to increase and extend Contract No. 4600008290 with Raftelis Financial Consultants, Inc., Charlotte, NC, by \$122,501, sales tax not applicable, for a cumulative total of \$282,501, budgeted from the ES Surface Water and Wastewater Funds, for wastewater and surface water utilities rate development through December 31, 2019.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This study is to appropriately align service rates with costs for each category of customers; ongoing support to fine tune the rate models; ensure accuracy in rate development and forecasting tools for the utilities' financial sustainability; and provide automated feeds from eBuilder and SAP supports maximizing modeling efficiency.

BACKGROUND:

ISSUE: Raftelis developed the rate models and has been providing rate model development support using the rate models since 2012. As part of the 2017-2018 biennium budget process, it is appropriate to perform a cost of service study to better align the rates by categories of customers with the costs of providing those services. Ongoing support in the form of making modifications, providing answers and solutions is expected to continue. Based on experience with the rate models, it is desirable to perform a study of automating the data flows from eBuilder and SAP to the rate models for efficiency and accuracy.

ALTERNATIVES: The alternative would be to hire another rate consultant unfamiliar with eBuilder, SAP and the rate models. The recommendation for Raftelis support is preferable because the project requires familiarity with rate development, the rate models, eBuilder and SAP, and Raftelis is the only service provider with these qualifications. If this contract is not approved the above mentioned goals will not be achieved. Rate development would continue to be based on flat percentage increases on existing rates, which may work in the short run but create continuing disparities between the cost of service and the charges for those services.



COMPETITIVE SOLICITATION: This contract was awarded to Raftelis Financial Consultants, Inc., as a result of Request for Proposal Specification No. PW12-0175F in July 2012, in an amount not to exceed \$160,000, through December 31, 2018. This would be the first amendment to the contract. The contractor has agreed to extend the contract at the same prices, terms, and conditions as the original contract.

CONTRACT HISTORY: This contract was originally awarded to Raftelis Financial Consultants, Inc. result of Request for Proposal Specification No. PW12-0175F in July 2012. The proposed amendment, in the amount of \$122,501, would bring the contract to a cumulative total of \$282,501, sales tax not applicable, through December 31, 2019.

SBE/LEAP COMPLIANCE: Not applicable.

RECOMMENDATION:

The Environmental Services Department requests approve to increase and extend Contract No. 4600008290 with Raftelis Financial Consultants, Inc., Charlotte, NC, by \$122,501, sales tax not applicable, for a cumulative total of \$282,501, budgeted from the ES Surface Water and Wastewater Funds, for wastewater and surface water utilities rate development through December 31, 2019.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
ES Wastewater Fund 4300	80016805	5310100	\$169,501
ES Surface Water Fund 4301	80016805	5310100	\$113,000
TOTAL			\$282,501

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
ES Wastewater Fund 4300	523900	4343150	\$169,501
ES Surface Water Fund 4301	521900	4343040	\$113,000
TOTAL			\$282,501

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$122,501

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes