



DRAFT

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: July 31, 2018

TO: Mayor and Councilmembers

FROM: Water Resources Division, Public Works Department

SUBJECT: Contract Services For Wastewater Rate Study

RECOMMENDATION:

That Council authorize the Public Works Director to execute a City Professional Services contract with XXX in the amount of \$XXX for the Wastewater Rate Study, and authorize the Public Works Director to approve expenditures of up to \$XXX for extra services of XXX that may result from necessary changes in the scope of work.

DISCUSSION:

Background

Wastewater utilities are dependent on user rates to fund most of the operations, maintenance, and capital improvements needed to keep the utilities functioning reliably and in compliance with federal and state regulations. Cost-of-service evaluations should be conducted at least every ten years. A cost-of-service analysis and rate review will ensure that City wastewater rates are compliant with state law governing the manner by which rates can be charged.

Wastewater rates were last reviewed and a 10-year financial plan was developed in 2014, which was updated in 2016 due to extreme drought conditions. However, with the significant upcoming process changes at El Estero Wastewater Treatment Plant (El Estero), and completion of the El Estero Facility Plan, which identifies over \$70 million in capital improvements over the next 25 years, staff feels it is prudent to conduct a rate study and prepare a new 10-year financial plan.

The rate study will assess existing user rates, develop fair and equitable rates that are based on cost-of-service analysis, and ensure there are sufficient revenues to meet wastewater's operation and maintenance (O&M) and capital needs. The rate study will propose needed revenue adjustments to fully fund planned capital projects for the next ten years and maintain wastewater operating and reserve funds at a healthy level.

Recommendation

Staff recommends that Council authorize the Public Works Director to execute contract with XXX in the amount of \$XXX for the Wastewater Rate Study, \$XXX for potential extra services, for a total amount of \$XXX.

XX was selected as the most qualified firm through a competitive Request for Proposal process. Staff has reviewed the costs and the scope of work for the rate study and determined that both are appropriate.

Funding

There are sufficient funds in the Wastewater Capital Fund to cover the cost of this contract.

A copy of the contract is available for public review at the City Clerk's Office.

At its meeting on June 21, 2018, the Water Commission voted X-X in support of staff's recommendations.

PREPARED BY: Lisa Arroyo, Wastewater System Manager/LA/js

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office