



Council Agenda Report

To: Mayor Farrer and the Honorable Members of the City Council

Prepared by: Robert DuBoux, Public Works Director/City Engineer

Approved by: Reva Feldman, City Manager

Date prepared: March 3, 2020 Meeting date: March 16, 2020

Subject: Amendment to Professional Services Agreement with Raftelis Financial Consultants, Inc.

RECOMMENDED ACTION: Authorize the City Manager to execute Amendment No. 3 to the Professional Services Agreement with Raftelis Financial Consultants, Inc. to review and update the wastewater and recycled water service rates and to extend the term of the agreement.

FISCAL IMPACT: Funding in the amount of \$54,496 was included in the Adopted Budget for Fiscal Year 2019-2020 in Account No. 515-3010-5100 (Civic Center Water Treatment Facility).

WORK PLAN: This item was included as item 5a in the Adopted Work Plan for Fiscal Year 2019-2020.

DISCUSSION: On January 23, 2017, the Council approved the Professional Services Agreement (Agreement) with Raftelis Financial Consultants, Inc. (RFC) for consulting services to develop the wastewater and recycled water service rates. These service rates are used to fund the operation and maintenance of the Civic Center Water Treatment Facility (CCWTF).

This amendment includes additional work to update the wastewater and recycled water service rates. When the initial rates were developed in 2017, the CCWTF was not in operation. City and RFC used assumptions to develop the operation and maintenance budget for the CCWTF. This budget was used to create the wastewater and recycled water service rates. After one full year of operation, the City has developed a better understanding of the actual costs for the operation and maintenance of the CCWTF.

The additional work will include a detailed review of the actual cost of the operating and maintenance expenses of the CCWTF. Once the additional work is completed and an update to the wastewater and recycled water service rate is established, an item will be presented to Council for consideration.

Staff recommends Council approve Amendment No. 3 to Agreement with RFC.

ATTACHMENTS: Amendment No. 3 to Agreement with Raftelis Financial Consultants, Inc.

AMENDMENT NO. 3 TO AGREEMENT

THIS AMENDMENT NO. 3 TO AGREEMENT is made and entered in the City of Malibu on March 23, 2020, by and between the CITY OF MALIBU, hereinafter referred to as City, and Raftelis Financial Consultants, Inc. hereinafter referred to as Consultant.

The City and the Consultant agree as follows:

RECITALS

- A. On January 23, 2017, the City entered into an Agreement with Consultant for consulting services to develop the wastewater and recycled water utility rates for the Civic Center Water Treatment Facility (the "Agreement").
- B. On March 26, 2018, the City executed Amendment No. 1 for additional consulting services for the development and submittal of the 2018 wastewater charges to property tax roll and the development of a billing system for recycled water service.
- C. On March 25, 2019, the City executed Amendment No. 2 to extend the term of the agreement to expire on March 24, 2020.
- D. The City desires to amend the Agreement to prepare an update and revise the wastewater and recycled water utility rates and extend the term of the Agreement, and the Consultant has submitted a proposal for this purpose that is acceptable to the City.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

1. Section 1.0 – Scope of the Consultant's Services, of the Agreement, is hereby amended with the additional work as set forth in Exhibit A attached hereto.
2. Section 2.0 – Term of Agreement, of the Agreement, is hereby extended to August 30, 2021.
3. Section 4-0 – Compensation for Services, is hereby amended by \$54,496 for a total not to exceed \$198,122, and the Fee Schedule is hereby amended with the additional work as set forth in Exhibit B.
4. All terms and conditions of the Agreement not amended by this Amendment No. 3 remain in full force and effect.

This Agreement is executed on _____, 2020, at Malibu, California, and effective as of March 24, 2020.

CITY OF MALIBU:

REVA FELDMAN, City Manager

ATTEST:

HEATHER GLASER, City Clerk
(seal)

APPROVED AS TO FORM:

THIS DOCUMENT HAS BEEN REVIEWED
BY THE CITY ATTORNEY'S OFFICE

CHRISTI HOGIN, City Attorney

CONSULTANT:

By: Sanjay Gaur
Title: Vice President
Raftelis Financial Consultants, Inc.

Exhibit A

Scope of Work

Task 1: Project Management, Initiation, and Kick-off

At the beginning of the study, Raftelis will prepare a detailed data request list that will identify the information needed to complete the budget update. The data request for this study will include revenues from fiscal years (FY) 2018 and 2019 as well as actual contractor, administrative, treatment, and other costs. Prior to the kick-off meeting, Raftelis will perform a preliminary review of any initial data provided in advance.

The kick-off meeting will provide the City and Raftelis the opportunity to review the actual costs incurred by the City in running the wastewater system in comparison to the costs estimated during the previous study. We will also discuss the scaling of contractor pass-through costs. We will also review the recycled water service's share of tertiary treatment costs and the Tier 1 usage allocations. Raftelis will also discuss any potential additions to the Phase 1 customer group for both services and any projected change in usage of each system by current customers in that phase. The discussion will also include a review of policies and objectives for the study. Raftelis will prepare a meeting agenda and send it to the District prior to the meeting. Afterward, Raftelis will prepare detailed meeting minutes.

Our management approach stresses transparency, objectivity, and accountability to meeting project objectives. Management responsibilities extend to general administrative duties such as client correspondence, billing, and project documentation as well as administration of the study schedule and project costs. Throughout the study, the Raftelis team will schedule interim status webinars to discuss project progress, the schedule, and present preliminary results.

Meetings: One kick-off meeting

Deliverables: Kick-off meeting agenda, presentation materials, and meeting minutes

Task 2: Wastewater Service Budget and Rate Update

Based on the initial discussion in the kick-off meeting and the actual costs in FY 2018 and FY 2019 provided by staff, Raftelis will update the annual budget for the wastewater system. In this task, we will assess necessary changes in both the kinds of costs included in the budget and the annual changes in these costs over the last two years. We will update current assumptions in the per-unit budget costs and incorporating any new assumptions that would affect the revenue requirement in later years. After preparing the draft update, Raftelis will present the results via webinar to City staff. We will discuss any assumptions as well as the resulting draft rate per equivalent dwelling unit (EDU).

Finally, we will make any necessary changes to the allocation of costs to the recycled water system and update the tiered rate schedule accordingly.

Meetings: Up to two webinars with District staff

Deliverables: Updated budget and rate calculation in Microsoft Excel

Task 3: City Council and Community Rate Workshops

Following the completion of the study, Raftelis will conduct one workshop with the community and one with City Council to discuss the results of the study and the proposed rates.

Meetings: Up to two webinars to discuss workshops; Two in-person workshops

Deliverables: Presentation materials

Task 4: Report Development

In order to comply with Proposition 218 requirements, Raftelis will prepare a rate study report. A preliminary study report will include an executive summary highlighting the major issues and decisions reached during development of rates. The main body of the report will include a brief physical description of the system, service area description, an overview of operation and maintenance expenses, and the proposed rates. This draft will be submitted to staff for review and comment. After incorporating staff and attorney comments, we will prepare the final report.

Meetings: None

Deliverables: Draft and final report

Task 5: Proposition 218 Public Hearing

Raftelis will review the District's Proposition 218 public hearing notice. We will then attend the Proposition 218 hearing. We will also address any questions from City Council and the public at that time. Presentation materials will be provided to City staff beforehand for review prior to the hearing.

Meetings: One public hearing

Deliverables: Feedback on Proposition 218 notice, PowerPoint Presentation

Task 6: Property Tax Roll Processing for three years

Raftelis will assist the City with adding the wastewater charges by parcel to the Los Angeles County Tax Roll for three years. This will include the preparation of the assessed charges and an adaptation of the study report to an Engineer's Report. This will be utilized for the rate resolution for approval by City Council in addition to for submittal to the County. Raftelis will prepare and submit the required documents to the County.

Meetings: None

Deliverables: Draft and final Engineer's report; Complete tax roll submittal

EXHIBIT B

Project Fees

Raftelis will complete the above scope of services for a not-to-exceed amount of \$54,496. The work plan shown in the table below provides a breakdown of the estimated level of effort required for completing each task described and the hourly billing rates for the personnel scheduled to complete the project.

| Tasks | Web Meetings | Number of Meetings | Hours | | | | Total | Total Fees & Expenses |
|--|--------------|--------------------|-----------------|----------------|-----------------|--------------|----------------------------------|-----------------------|
| | | | PM | TR | SC | Admin | | |
| 1. Project Management, Initiation, and Kick-Off | 0 | 1 | 10 | 0 | 12 | 4 | 26 | \$5,829 |
| 2. Wastewater Service Budget and Rate Update | 2 | 0 | 16 | 8 | 30 | 0 | 54 | \$12,730 |
| 3. City Council and Community Rate Workshops | 2 | 2 | 20 | 0 | 12 | 0 | 32 | \$8,598 |
| 4. Report Development | 0 | 0 | 4 | 4 | 30 | 0 | 38 | \$8,070 |
| 5. Proposition 218 Public Hearing | 0 | 1 | 10 | 0 | 4 | 0 | 14 | \$3,909 |
| 6. Property Tax Roll Processing for 3 years | 0 | 0 | 12 | 0 | 60 | 0 | 72 | \$15,360 |
| Total Estimated Meetings / Hours | 4 | 4 | 72 | 12 | 148 | 4 | 236 | |
| Hourly Billing Rates | | | \$295 | \$240 | \$185 | \$80 | | |
| Total Professional Fees | | | \$21,240 | \$2,880 | \$27,380 | \$320 | \$51,820 | |
| | | | | | | | Total Fees | \$51,820 |
| | | | | | | | Total Expenses | \$2,676 |
| | | | | | | | Total Fees & Expenses | \$54,496 |

Project Manager (PM) – Sanjay Gaur, Vice President
 Technical Reviewer (TR) – Steve Gagnon, Manager
 SC – Staff Consultants
 Admin – Administrative Staff