



Legislation Text

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Department of Finance - Division of Procurement & Contracts

Reference: *Award of Formal Solicitation Water, Wastewater, and Storm Drainage Utility Rate Study (RFP #18-055)*

To: Mayor Kenneth J. Kreutzer and Members of City Council

Through: Philip A. Rodriguez, City Manager

Prepared By: Ryan Johnson, Director of Urban and Public Policy

CC: Ron Lay, Director of Finance

Date Prepared: December 13, 2018

PURPOSE

Requesting City Council approval of a formal solicitation for the Water, Wastewater, and Storm Drainage Utility Rate Study to the most responsive and responsible proposer, and approving the resolution giving the Mayor authority to sign the contract. Municipal Code Section 3.08.090, “. . . All bids and proposals in excess of \$50,000 shall be awarded through formal written procedures by the city council.”

STRATEGIC FOCUS AREA

Financially Responsible

Supportive, Sustainable Infrastructure

BACKGROUND

Since 2014, the City has been using the services of Willdan to create and maintain the City's utility financial model. This model includes water, wastewater and storm drainage functions. Leading up to the current financial model built in 2014, Willdan completed a comprehensive analysis of the financial position of the utilities fund, the capital improvements that were anticipated by staff, and finally the rate structure that should be implemented to support the activities of the utilities fund.

Similar to best management practices for utilizing a financial auditing firm to provide auditing services for the city's financial records, it is best to periodically change utility rate consulting firms. Staff values the work completed by Willdan since 2014; however, now is the right time to solicit proposals for a new utility rate consultant.

Accordingly, the City published a Request for Proposals (RFP) on November 9, 2018. The due date to submit proposals was December 11, 2018. Five firms submitted proposals. The five firms are well

known and respected for their work across the country, particularly in states where water regulation and resource availability is challenging like Colorado and California.

The five firms that submitted proposals are listed below:

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| • FCS Group | \$114,300 |
| • HF&H Consultants, LLC | \$94,100 |
| • Raftelis | \$78,210 |
| • Stantec Consulting Services Inc. | \$75,000 |
| • Professional Engineering Consultants PA | \$51,965 |

Of note, there are several major deliverables that the new utility rate consultant will provide to the City of Brighton. The major deliverables that the successful firm will provide include the following:

- Create a 10-year financial plan model for potable water, wastewater, and storm drainage services.
- Complete a cost of service analysis for each service that fairly and equitably distributes costs across customer classes in compliance with appropriate federal and state regulations.
- Create a five-year rate schedule that adequately covers operating costs and maintains the capital improvement program (CIP) schedule.
- Evaluate potable water, wastewater, and storm drainage facilities and capacity fees that represent new development's fair share of capital costs required to accommodate their addition to the respective system.

The internal selection committee for a new utility rate consultant was a cross-functional team comprised of representatives from Public Works, Finance, and the City Manager's Office. Utility Billing and Water Resources were specific divisions that had representation on the selection committee.

The selection committee unanimously agreed to do an in-depth evaluation on three of the firms that submitted proposals based on their level of responsiveness to the RFP. As part of that process, subsequent interviews were completed. After completing the interviews, staff agreed in majority to recommend award of a contract to Stantec Consulting Services Inc. as the best fit for the City of Brighton. This firm has a strong presence in Colorado especially with cities who also share some of the same challenges with water resource availability. If approved, the consultant will be available to mobilize in January and the anticipated completion of the study would be the end of June, 2019, with ongoing work into next year's budget development.

FINANCIAL IMPACT

The cost of this study will be \$75,000. Adequate funds were budgeted in the adopted Fiscal Year 2019 Budget and included in the professional services budgets from both the water and wastewater fund.

STAFF RECOMMENDATION

Staff recommends awarding a contract to Stantec Consulting Services Inc. in the amount of \$75,000. Staff makes this recommendation based on the qualifications of the firm, their proposal, and in particular, the high level of transparency and user interface provided by their proprietary financial model. Stantec Consulting Services Inc. has a strong local presence which also helps to manage the costs of the services.

OPTIONS FOR COUNCIL CONSIDERATION

- Approval as presented
- Reject
- Require new Proposals be prepared

ATTACHMENTS:

- Resolution
- Evaluation Matrix