

Agenda Report

February 5, 2024

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO AMEND CONTRACT 32329 WITH RAFTELIS FINANCIAL CONSULTANTS, INC., DBA RAFTELIS FOR WATER COST OF SERVICE ANALYSIS AND RATE DESIGN SERVICES FOR AN AMENDED NOT-TO-EXCEED AMOUNT OF \$211,708 FOR THE WATER AND POWER DEPARTMENT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act ("CEQA") pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Authorize the City Manager to amend Contract 32329 with Raftelis Financial Consultants, Inc., dba Raftelis ("Raftelis") for Water Cost of Service Analysis ("COSA") and rate design services from a not-to-exceed amount of \$157,724 to \$211,708 and extend the expiration to December 31, 2024. The total \$53,984 amendment includes the base amendment of \$46,943 and a 15% contingency of \$7,041, to provide for any necessary change orders.

BACKGROUND:

On August 8, 2022, City Council authorized the City Manager to enter into a contract with Raftelis for Water COSA and rate design services for the Pasadena Water and Power Department ("PWP"). The contract was awarded for an initial term of one year with a not-to-exceed amount of \$157,724 and two six-month extensions, subject to the approval of the City Manager, at no additional cost. On August 15, 2023, the contract was amended to exercise both extensions for a revised contract expiration of September 7, 2024.

The original scope of work on Contract 32329 is currently underway, but additional work is required to complete the Water COSA and rate design efforts that were not

anticipated in the original contract. The additional efforts include expanded rate analysis related to the Municipal Services Committee's ("MSC") request to move forward multiple rate structures for further analysis/modeling (including budget-based tiered rates), incremental MSC and staff discussions to further analyze budget-based tiered rates, and additional data analysis tied to updating Raftelis' financial model with the latest financial data and budget assumptions. The budget-based analysis and modeling was completed per MSC direction, however additional funding is required to complete the original scope of work items, such as the final report and adoption of the final rate structure. Raftelis completed the additional scope items and postponed original scope items due to the sequence of events, pending Council's approval of this contract amendment.

Staff recommends increasing the not-to-exceed amount from \$157,724 to \$211,708. The total \$53,984 amendment includes the base amendment of \$46,943 and a 15% contingency of \$7,041, to provide for any necessary change orders. The contract extension recommendation from September 7, 2024, to December 31, 2024, will provide additional time to complete the study.

COUNCIL POLICY CONSIDERATION:

The recommendations are consistent with the City Council's goals to maintain fiscal responsibility and stability; improve, maintain, and enhance public facilities and infrastructure; and increase conservation and sustainability.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not a project subject to the CEQA in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The awarding of contracts for professional services is an organizational and administrative action that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

Contract Amendment with Raftelis for Water Cost of Service Analysis and Rate Design Services

February 5, 2024

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FISCAL IMPACT:

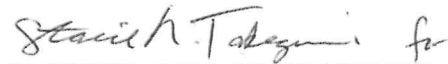
The total cost of this action is \$53,984. The total \$53,984 amendment includes the base amendment of \$46,943 and a 15% contingency of \$7,041, to provide for any necessary change orders. Funding for this action will be addressed by the utilization of current budgeted appropriations in the Water Operating Fund 402 (Account No. 42107980-811500). It is anticipated that approximately \$40,000 of the contract amendment will be spent during fiscal year 2024. There is no anticipated impact to other operational programs or capital projects as a result of this action.

The contract summary is shown in Table I below.

Table I: Contract 32329 Summary

Current Contract Expiration	September 7, 2024
Recommended Contract Expiration	December 31, 2024
Contract Not-to-Exceed	\$157,724
Contract Amendment Request:	\$53,984
Base of \$46,943+15% Contingency of \$7,041	
Amended Not-to-Exceed	\$211,708

Respectfully submitted,

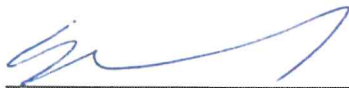


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