Legislation Details (With Text)

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Title:	Action on Amendment No. 2 to the Agreement with Black & Veatch Management Consulting, LLC for the Annual Water, Sewer, & Recycled Water Rate Studies				
Sponsors:					
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Attachments:	1. Original Agreement with Black & Veatch Management Consulting, LLC, 2. Amendment No. 1 to the Agreement for Service with Black & Veatch Management Consulting, LLC, 3. Amendment No. 2 to the Agreement for Services with Black & Veatch Management Consulting, LLC				

Date	Ver.	Action By	Action	Result
2/23/2021	1	Council and Authorities Concurrent Meeting	Approved	

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 2 to the Agreement with Black & Veatch Management Consulting, LLC for the Annual Water, Sewer, & Recycled Water Rate Studies

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

Rates charged to Santa Clara residents and businesses for water, sewer, and recycled water services are approved by Council on an annual basis following technical rate studies and a public hearing process. The Water & Sewer Utilities Department makes recommendations on those rates based on the City's ability to provide high quality services, support capital improvements, and maintain adequate reserve balances.

In December 2017, the City entered into an agreement (Attachment 1) with Black & Veatch Management Consulting, LLC to assist staff develop rate and capacity fee study reports to support the recommendation on rate. The agreement was the result of a competitive Request for Proposals (RFP) process. Under the agreement, Black & Veatch examines historical and current financial reports, forecasts cost items over the study period, reviews capital improvement programs, performs cost of service analysis, develops cash flow analyses, and designs rates that are fair and equitable and meet regulatory requirements.

The initial rate study completed by Black & Veatch was presented to Council at a Study Session on April 22, 2018, and the recommended rates were adopted by Council at a Public Hearing on June 12, 2018, with the rates effective July 1, 2018. Updates to the rate study were presented at the April 21,

2019 and June 23, 2020 Council meetings, with the rates effective July 1, 2019 and July 1, 2020, respectively, pursuant to Amendment No. 1 to the agreement (Attachment 2).

The agreement expired on June 30, 2020. The purpose of this report is to request authorization to reinstate the agreement and increase the maximum compensation under the agreement for Black & Veatch to update the rate study for fiscal year 2020/21, with the rates effective July 1, 2021.

DISCUSSION

During the week of March 16, 2020, the County of Santa Clara issued a COVID-19 Order requiring various workplace actions which redirected staff workload during the Spring and Summer of that year. Particularly, staff responsible for overseeing the agreement with Black & Veatch were assigned to the Emergency Operations Center (EOC) to support the response to the outbreak. Once the oversight was identified, there was not enough time to conduct a competitive process and still meet the deadlines for the July 1, 2021 rate recommendations. Black & Veatch has not performed any additional work under the expired agreement.

Staff is requesting authority to reinstate the agreement to extend the term by fifteen months ending on September 30, 2021 and increase compensation by $20,000 for a revised not-to-exceed maximum compensation of $164,000. This will enable staff to continue working with Black & Veatch to complete the study required for the July 1, 2021 rate recommendations. This will also allow staff time to prepare and conduct a RFP process. Staff will return to Council by December 2021 with recommendations for a new agreement.

Black & Veatch has been an excellent partner in the establishment of recommended rates. Their expert analysis and advice on industry best practices has been invaluable in ensuring the rates recommended to Council are fair and equitable and staff is able to present Council with recommendations that ensure adequate funding and reserves while still keeping combined utility bills for Santa Clarans among the lowest in the area.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(2) continuing administrative and maintenance activities, in that the agreement is for the purchase of consultant services for water and sewer rate development.

FISCAL IMPACT

This agreement will be funded by each of the water (45%), sewer (45%), and recycled water (10%) utilities. The adopted operating budgets for the three utilities for Fiscal Year 2020/2021 contain adequate funds to cover the costs associated with Amendment 2 to the agreement.

COORDINATION

This report was coordinated with the Finance Department and the City Attorney’s Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <mailto:clerk@santaclaraca.gov>.

RECOMMENDATION

1. Authorize the City Manager to execute Amendment No. 2 to the Agreement with Black & Veatch Management Consulting, LLC for the creation of an Annual Water, Sewer, & Recycled Water Rate Study to increase compensation by $20,000 for a total maximum not-to-exceed amount of $164,000; and
2. Authorize the City Manager to execute amendments over the term of the contract not-to-exceed $10,000 as contingency for additional services related to the rate study, subject to the appropriation of funds.

Reviewed by: Gary Welling, Director, Water & Sewer Utilities
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Original Agreement with Black & Veatch Management Consulting, LLC
2. Amendment No. 1 to the Agreement for Services Black & Veatch Management Consulting, LLC
3. Amendment No. 2 to the Agreement for Services Black & Veatch Management Consulting, LLC