"Placerville, a Unique Historical Past Forging into a Golden Future"

City Manager's Report
September 11, 2018, City Council Meeting
Prepared by: Dave Warren, Director of Finance
Item #: 8.7

Subject: Adopt a resolution approving a professional services agreement with Bartle Wells Associates in the amount of $19,000 to perform the Water and Wastewater Capital Improvement Charge Study project (CIP #41917) and authorize the City Manager to execute the same.

Purpose:

Perform a study of the City's water and wastewater Capital Improvement Charges (CICs) to ensure the charges reflect an equitable share of costs for existing infrastructure and the capacity to serve new development and compliance Government Code Section 66000.

Background:

Like other California cities and utility districts, the City collects CICs for new residential and commercial connections to its water and wastewater systems. Generally speaking, the dollar amount of a CIC should represent the applicants pro rata share for buying into the existing water and/or wastewater systems and the cost for future capital expansion and replacement needs. It has been nine years since the City has conducted a comprehensive study of its water and wastewater CICs, and staff suspects the City's existing CICs do not capture the actual cost associated with each new water and wastewater connection. Tonight, staff is recommending the City Council approve an agreement with Bartle Wells Associates (BWA) to perform a study of the City's water and wastewater CICs.

Discussion:

BWA successfully performed the last comprehensive study of the City's water and wastewater CICs, which was adopted by the City Council on June 23, 2009. BWA has also performed water and wastewater user rate studies for the City in 2009 and 2018. Because of their demonstrated expertise and intimate knowledge of the City's water and wastewater revenue programs, staff sought a proposal from BWA to perform a new study of the City's water and wastewater CICs.

1. Review current CICs including compliance with Government Code Section 66000
2. Evaluate alternative CIC methodologies
3. Determine cost and capacity of existing infrastructure
4. Calculate a buy-in charge to recover costs of existing infrastructure
5. Allocate CIP costs and capacities to existing customers and growth
6. Calculate an expansion charge for future facility needs
7. Calculate CICs
8. Recommend a method for future CIC updates

Staff and BWA tentatively plan on presenting the results of the preliminary study at the December 11, 2018, City Council meeting followed by a Public Hearing and adoption on

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January 8, 2019. To ensure transparency and clear communication, the study results will also be shared with the development community, including the El Dorado Builders Exchange and the El Dorado County Surveyors, Architects, Geologists, and Engineers (SAGE), prior to these meetings.

Options:

1. Approve a professional services agreement with Bartle Wells Associates to perform a study of the City's water and wastewater CICs as presented.
2. Approve a revised professional services agreement with Bartle Wells Associates to perform a study of the City's water and wastewater CICs.
3. Direct staff to solicit proposals from other reputable firms to perform a study of the City's water and wastewater CICs.

Cost:

The cost of the proposed agreement with Bartle Wells Associates is $19,000.

Budget Impact:

The City Council adopted the Fiscal Year 2018/2019 Capital Improvement Program Budget which appropriated $23,000 for the Water and Wastewater Capital Improvement Charge Study (CIP #41917). The proposed $19,000 professional services agreement with BWA is well within the $23,000 project budget.

Recommendation:

Adopt a resolution approving a professional services agreement with Bartle Wells Associates in the amount of $19,000 to perform the Water and Wastewater Capital Improvement Charge Study project (CIP #41917) and authorize the City Manager to execute the same.

M. Cleve Morris, City Manager   **Dave Warren, Director Finance**