



CITY OF LODI
COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving Task Order No. 4 with The Reed Group, Inc., of Sacramento, for Wastewater Utility Financial Planning and Rate Setting Services (\$25,000) and Appropriating Funds (\$35,000)
MEETING DATE: September 4, 2013
PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution approving Task Order No. 4 with The Reed Group, Inc., of Sacramento, for wastewater utility financial planning and rate setting services in the amount of \$25,000 and appropriating funds in the amount of \$35,000.

BACKGROUND INFORMATION: Staff and the City's consultants are continuing the financial planning and rate setting analyses for the wastewater utility related to the installation of residential meters and the conversion from flat rate to metered rate billing.

On July 21, 2010, City Council adopted the usage-based residential rate structure. An objective of that rate structure is that it be revenue neutral compared to the existing flat rate structure. It is a prerequisite that regular monitoring of revenues be performed to assure that revenues are kept in line with current and planned expenditures.

Task Order No. 4 of The Reed Group Master Professional Services Agreement is attached as Exhibit A. The principal services covered by this task order are listed below.

1. Complete the current wastewater rate analyses that will lead to usage-based wastewater rates for all customer classes.
2. Prepare and present wastewater rate recommendations to the City Council in both a Shirtsleeve meeting and public hearing to adopt new wastewater rates.
3. Assist in preparing the required public hearing notice required by Proposition 218.
4. Continue to monitor waste usage characteristics as water meters are installed and monitor the performance of the new wastewater rates.
5. Assist staff with utility billing issues that may arise with the transition to the new rate structure.
6. Provide other services related to the wastewater utility as requested by City staff.

Staff recommends City Council approve Task Order No. 4 that will assist staff through the course of the Water Meter Program and the conversion from flat to usage-based billings.

FISCAL IMPACT: Cost of Services is included in the Wastewater Utility budget.

FUNDING AVAILABLE: Requested Appropriation: Wastewater Operating (170) - \$35,000

Jordan Ayers
Deputy City Manager/Internal Services Director

F. Wally Sandelin
Public Works Director

FWS/pmf
Attachment

APPROVED:
Konradt Bartlam, City Manager

Task Order No. 4

City of Lodi
Wastewater Utility Financial Planning, Rate Setting Services
The Reed Group, Inc.

In accordance with the Task Order Agreement for Professional Services between the City of Lodi (Client) and The Reed Group, Inc. (Consultant), Consultant is authorized to complete the work scope defined in the Task Order according to the schedule and budget defined herein. The mutually agreeable terms and conditions for the above-referenced agreement shall prevail.

WORK SCOPE

The scope includes financial planning and rate setting for the City's wastewater utility, in accordance with the attached proposal dated August 12, 2013.

BUDGET

The costs for Consultants services as defined herein shall not exceed \$25,000.

COMPENSATION

Compensation shall be in accordance with the provisions of the Task Order Agreement between Client and Consultant and the billing rate schedule contained in the attached letter proposal.

SCHEDULE

The work will be completed in accordance with the attached letter proposal.

THE REED GROUP

CITY OF LODI

ROBERT REED
President

KONRADT BARTLAM
City Manager

Date

Date

APPROVED AS TO FORM:

ATTEST:

D. STEPHEN SCHWABAUER
City Attorney



RANDI JOHL-OLSON
City Clerk



THE REED GROUP, INC.

August 12, 2013

Wally Sandelin
City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910

Subject: Task Order No. 4 - Wastewater Utility Financial Planning and Rate Setting Assistance

Dear Wally,

In August 2008, the City of Lodi and The Reed Group, Inc. entered into a Task Order Agreement to provide services related to the City's water and wastewater financial plans and user rates. Since that time we have provided a variety of services related to both water and wastewater. At present, the budget for Task Order No. 2, related to wastewater financial planning and user rates, is nearing its limit. Current work to update the City's wastewater rates based on metered water usage is not yet complete, and it will be several more months before new rates will be adopted. To complete the current effort, as well as allow for additional assistance as the City continues with its metering program, we respectfully request approval of Task Order No. 4 to perform additional assistance with respect to the City's wastewater utility in the areas of financial planning and rate setting. Below is a list of the areas of additional assistance suggested for the City.

- Complete the current wastewater rate analyses, which will lead to usage-based wastewater rates for all customer classes
- Prepare and present wastewater rate recommendations to the City Council in both a shirt sleeve meeting and a public hearing to adopt to new wastewater rates
- Assist in preparing the required public hearing notice required by Proposition 218
- Assist staff in periodically updating and evaluating the multi-year financial plan for the wastewater utility
- Continue to monitor water usage characteristics and water meters are installed, and monitor the performance of new wastewater rates



- Assist staff with utility billing issues that may arise with the transition to new rate structures
- Other services related to the wastewater utility, as requested by the City.

It is proposed that these services be performed on a time and expense basis, subject to a not-to-exceed budget limit. Because of the ongoing nature of services being provided, it is not possible to provide a firm estimate of the total costs that might be involved. My best guess is that costs may range from \$10,000 to \$25,000 annually. At your suggestion, Task Order No. 4 includes a budget of \$25,000.

My 2013 hourly billing rate is \$275 and it is subject to change each January. Other expenses related to my work for the City are nominal.

As you know, it is our practice to bill clients no more frequently than monthly for actual time and expenses incurred since the prior invoice. Payment is due within 30 days.

If you have any questions regarding this Task Order No. 4, please call me at (916) 444-9622. I appreciate being of continued service to the City.

Sincerely,

Robert Reed
The Reed Group, Inc.

1. AA# _____
 2. JV# _____

**CITY OF LODI
 APPROPRIATION ADJUSTMENT REQUEST**

TO:	Internal Services Dept. - Budget Division		
3. FROM:	Rebecca Areida-Yadav	5. DATE:	8/19/2013
4. DEPARTMENT/DIVISION:	Public Works		

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW					
	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	170		3205	Fund Balance	\$ 35,000.00
B. USE OF FINANCING	170	170401	7323	Wastewater Admin - Prof.Services	\$ 35,000.00

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

Task Order No. 4 with The Reed Group for wastewater utility financial planning and rate setting services.

If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: _____ Res No: _____ Attach copy of resolution to this form.

Department Head Signature: Wally Jander

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager	Date
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Submit completed form to the Budget Division with any required documentation.
 Final approval will be provided in electronic copy format.

RESOLUTION NO. 2013-161

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE TASK ORDER NO. 4 WITH THE REED GROUP, INC., FOR WASTEWATER UTILITY FINANCIAL PLANNING AND RATE SETTING SERVICES AND FURTHER APPROPRIATING FUNDS

WHEREAS, staff and the City's consultants are continuing the financial planning and rate setting analyses for the wastewater utility related to the installation of residential meters and the conversion from flat rate to metered rate billing; and

WHEREAS, in August 2008, the City and The Reed Group, Inc., entered into a Task Order Agreement to provide services related to the City's water and wastewater financial plans and user rates; and

WHEREAS, on July 21, 2010, the City Council adopted the usage-based residential rate structure. An objective of that rate structure is that it be revenue neutral compared to the existing flat rate structure. It is a prerequisite that regular monitoring of revenues be performed to assure that revenues are kept in line with current and planned expenditures; and

WHEREAS, staff recommends The Reed Group continue its financial planning and rate setting services and assist City staff through the course of the Water Meter Program and the conversion from flat to usage-based billings.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve Task Order No. 4 with The Reed Group, Inc., of Sacramento, California, for wastewater utility financial planning and rate setting services in the amount of \$25,000; and

BE IT FURTHER RESOLVED that the City Council does hereby authorize the City Manager to execute Task Order No. 4; and

BE IT FURTHER RESOLVED that funds in the amount of \$35,000 be appropriated for the project from the Wastewater Operating account.

Dated: September 4, 2013

I hereby certify that Resolution No. 2013-161 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 4, 2013, by the following vote:

- AYES: COUNCIL MEMBERS – Hansen, Johnson, Katzakian, Mounce, and Mayor Nakanishi
- NOES: COUNCIL MEMBERS – None
- ABSENT: COUNCIL MEMBERS – None
- ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL-OLSON
City Clerk