

**CITY OF CLOVERDALE
CITY COUNCIL**

RESOLUTION NO. 107-2020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVERDALE AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT WITH THE HILDEBRAND CONSULTING LLC FOR ADDITIONAL WATER AND SEWER RATE STUDY UPDATES IN AN AMOUNT NOT TO EXCEED \$9,870.00 AND APPROVING A BUDGET AMENDMENT APPROPRIATING UNENCUMBERED FUND BALANCE FROM THE WATER AND SEWER FUNDS IN THE AMOUNT OF \$4,935 TO THE WATER FUND (FUND 600-40-800-42135) AND \$4,935 TO THE SEWER FUND (FUND 630-40-800-42150) IN THE FISCAL YEAR 2020/21 BUDGET

WHEREAS, on February 23, 2016, the City Council accepted a Water and Sewer Rate Study Final Draft Report, dated February 9, 2016, (the "Study") prepared by The Reed Group which revised the City's current water and sewer service rate structures; and

WHEREAS, it was necessary to prepare an updated study to incorporate current projections of factors that impact water and sewer rates including water demands and water and sewer operations and maintenance expenses and capital expenditures in order to continue to provide adequate and reliable services; and

WHEREAS, City staff requested a proposal from Hildebrand Consulting in partnership with The Reed Group to prepare a Water and Sewer Rate Study; and

WHEREAS, the City Council approved an agreement with Hildebrand Consulting LLC to prepare an updated City's Water and Sewer Rate Study in an amount not to exceed fifty-nine thousand one-hundred sixty dollars (\$59,160); and

WHEREAS, Hildebrand Consulting, LLC was retained by City to develop five-year financial plans and to update user rates for the City's water and sewer utilities; and

WHEREAS, the purpose of the 2020 Water and Sewer Rate Study is to ensure that each utility is meeting financial obligations for ongoing operation and maintenance, debt service, and capital improvements while maintaining prudent financial reserves; and

WHEREAS, Hildebrand Consulting updated the City's multi-year rate model and performed a cost of service analysis and rate design including a full report that describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations; and

WHEREAS, Hildebrand Consulting updated the rate models and completed a 2020 Water and Sewer Rate Study Final Report, dated September 28, 2020, ("Study") which concludes that there is a need for water rate revenue increases to meet service and financial requirements of the water enterprises; and

WHEREAS, the City Council Held a Proposition 218 Public hearing on November 11, 2020 to receive protests on proposed updates to water and sewer rates; and

WHEREAS, the City Council chose to discontinue the Proposition 218 process in order to reengage the community and provide additional opportunity for review of the 2020 Water and Wastewater Rate Study; and.

WHEREAS, the City Council directed the City Manager to begin preparation for a Public Workshop to obtain further public input on the 10-year Financial Plan; and

WHEREAS, it is necessary to amend the scope of work of Hildebrand Consulting LLC to conduct additional tasks including providing assistance with public workshops, presentations to the City Council, Proposition 218 Notification Assistance and update of the financial model and report; and

WHEREAS, the public workshop intended to allow the community to provide input and comments on the study and rate adjustments necessary to fund ongoing operations and capital improvement projects to support water and sewer services for our residents; and

WHEREAS, the Hildebrand Consulting LLC is uniquely qualified to support the public workshop and complete the update of the water and sewer rate financial plan because of the experience working on the recent 2020 water and sewer Rate Study; and

WHEREAS, City Staff reviewed Amendment No. 1 to the Scope of Work dated November 17th prepared by Hildebrand Consulting, LLC attached hereto as Exhibit A and finds it to be fair and reasonable.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CLOVERDALE AS FOLLOWS:

1. The above recitals are true and correct and are hereby incorporated into this Resolution as findings of the City Council of the City of Cloverdale.
2. Approves the budget amendment and authorizes the Finance Director to amend the FY 2020/21 budget by appropriating funding from the unencumbered fund balances of the sewer and water funds in the total amount of \$9,870 split (50%/50%) between the water and sewer funds (Water Fund 600-40-800-42135 and Sewer Fund 630-40-800-42150) to fund Amendment No. 1.
3. The City Manager is hereby authorized and directed to execute Amendment No. 1 to the Professional Services Agreement with Hildebrand Consulting, LLC in a final form approved by the City Attorney for preparation of the Water and Sewer Rate Study, for a maximum amount not to exceed \$9,870.
4. This Resolution shall become effective immediately.

The foregoing Resolution No. 107-2020 was duly introduced and adopted by the City Council of the City of Cloverdale at its regular meeting held on the 9th day of December 2020 by the following roll call vote:

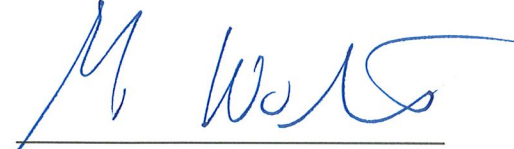
AYES: (5) Councilmembers Bagby, Brigham and Cruz, Vice Mayor Turner and Mayor Wolter

NOES: (0) None

ABSTAIN: (0) None

ABSENT: (0) None

APPROVED:



Gus Wolter, Mayor

ATTEST:



Irene Camacho-Werby, City Clerk

Attachment

Exhibit A – Amendment No. 1 to the Professional Services Agreement with Hildebrand Consulting, LLC

I, IRENE CAMACHO-WERBY, City Clerk of the City of Cloverdale, do hereby certify that the foregoing is a full, true, and correct copy of Resolution No. 107-2020 adopted by the City Council of the City of Cloverdale on the 9th day of December 2020.


Irene Camacho-Werby, City Clerk



David J. Kelley
City Manager
City of Cloverdale
124 N. Cloverdale Blvd.
Cloverdale, CA 95425

November 17, 2020

Subject: Amendment #1 to 2020 Water & Wastewater Financial Plan and Rate Update Study

Dear Mr. Kelley,

Hildebrand Consulting, LLC. is current engaged with the City of Cloverdale to conduct rate studies for the Water and Wastewater utility systems. In response to your request, we respectfully submit this proposed Amendment #1 to the scope of work and cost estimate. In response to the City Council's decision to defer to previously proposed increases to water and wastewater rates, we will provide additional staff meetings, public workshops and a facilitate a second public hearing process. The purpose of this additional effort is to obtain more feedback and a higher level of support from the community regarding the proposed rate adjustments.

The scope of work includes:

- **Up to 3 Meetings with City Staff** – Hildebrand Consulting will meet up to three times (to be determined) with City staff to discuss capital spending requirements, our outreach strategy and project schedule. These meetings will require preparation before and after in order to update the financial planning models with updated capital spending projections, as provided from City engineering staff.
- **2 Public Stakeholder Workshops** – Conduct two stakeholder workshops (to be assembled and scheduled by City staff) in order to present the financial drivers for the proposed rate increases and discuss the options for reprioritizing capital spending plans. It is assumed that the City's engineering staff will participate in the workshops and will assist with guiding the discussion regarding capital prioritization. Hildebrand Consulting will support the conversation by demonstrating the financial and rate impacts of the proposed strategies, including the changes to capital spending or the use of debt financing. We will use feedback from the stakeholders to develop final recommendations to the full City Council.
- **2 Presentations to the City Council** – Give two presentations to City Council with the revised study recommendations. The first presentation will offer final (revised) recommendations and a request for direction to send the revised Prop 218 notification. It is anticipated that this first meeting may offer the Council more than one option, depending on the feedback received from the stakeholder workshop. The second meeting will be the Public Hearing to adopt the new (revised) rates.

- **Prop 218 Notification Assistance** – Hildebrand Consulting will assist with providing updated information for the Prop 218 notification letter, as well as discuss strategies for facilitating the counting and validation of the protest letters.
- **Updated Model & Report** – Based on the revisions to the capital spending, financial strategy and recommended rate increases, Hildebrand Consulting will provide an updated Draft Report (for review) and Final Report.

Cost Proposal

The not to exceed amount for the above services is \$9,870. The services will be provided only as needed.

	Hildebrand Consulting	Cost by Task
	Hourly Rate: \$210	
Task 1 Three Staff Meetings (5 hours per meeting including preparation)	15	\$3,150
Task 2 Two Stakeholder Workshops (6 hours per meeting including preparation)	12	\$2,520
Task 3 Two City Council Meetings (5 hours per meeting including preparation)	10	\$2,100
Task 4 Prop 218 Assistance	2	\$420
Task 5 Update Models and Report	8	\$1,680
	Totals: 47	\$9,870

Schedule

Hildebrand Consulting understands that time is of the essence for this project and will work with City staff to develop a revised rate proposal for City Council as soon as possible.

Hildebrand Consulting is grateful for the opportunity to provide continued service to the City. Please let me know if you would like to discuss this proposed amendment in greater detail.

Sincerely,



Mark Hildebrand
Hildebrand Consulting, Inc.