



AGENDA REPORT

Meeting Date: January 6, 2015
Item Number: D-13
To: Honorable Mayor & City Council
From: Daniel E. Cartagena, Senior Management Analyst
Subject: AMENDMENT NO.1 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND RAFTELIS FINANCIAL CONSULTANTS, INC. FOR CONSULTING SERVICES RELATED TO WATER AND WASTEWATER CONNECTION FEES STUDY

AND, APPROVAL TO OBTAIN A CHANGE PURCHASE ORDER IN THE AMOUNT OF \$35,836.00 FOR A NOT TO EXCEED AMOUNT OF \$65,000

Attachments: 1. Agreement

RECOMMENDATION

Staff recommends that the City Council move to approve Amendment No. 1 to the agreement between the City of Beverly Hills and Raftelis Financial Consultants, Inc. ("Raftelis") to provide ongoing Consulting Services to the Public Works Services Department, and approve a Change Purchase Order for these services in the amount of \$65,000.

INTRODUCTION

At the request of the Public Works Commission ("Commission"), The Public Works Services Department engaged the services of Raftelis to conduct a fee study and report to the Commission the potential impacts in establishing Water and Wastewater Connection Fees. The original agreement was for a not-to-exceed amount of \$29,164 and was executed under the City Manager signature authority.

DISCUSSION

In April 2014, Raftelis presented its Water and Wastewater fee study findings to the Commission. Based on the study's findings the Commission unanimously

recommended to the City Council the establishment of these fees. Raftelis performed this work under the original agreement with the City.

In subsequent presentations to the Public Works Liaison Committee and the City Council, staff received additional direction on the structure and application of Water Capacity Fees. As a result, staff requested Raftelis to concentrate additional work on the water fee. Work related to Wastewater fee was deferred to a later time.

Staff is now requesting Raftelis incorporate the City Council's comments into the Wastewater fees and prepare a proposal to present for consideration by the Commission and the City Council in February and March 2015, respectively.

The additional costs associated with Amendment No. 1 include:

• Water	\$18,580.00
• Wastewater	\$15,640.00
• Contingency	<u>\$ 1,616.00</u>
	\$35,836.00

This will bring the total cost of the agreement to \$65,000.

This amendment will fund the additional work related to both the Water and Wastewater Fee structures and applications for City Council consideration.

The additional work involves the development a hybrid fee structure to be assessed on both new construction and substantial remodels to offset the anticipated increase in water demand on the existing water system. This includes residential, commercial mixed-use, new and remodel projects

FISCAL IMPACT

Funding for this Amendment No. 1 is available in the department budget and will be allocated from contractual services from the fiscal year 2014/15 Water Enterprise and Wastewater Enterprise Funds. The cost will shared between these two programs.


George Chavez
Approved By

Attachment 1

AMENDMENT NO. 1 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND RAFTELIS FINANCIAL CONSULTANTS, INC. FOR CONSULTING SERVICES RELATED TO WATER AND WASTEWATER CONNECTION FEES STUDY

NAME OF CONTRACTOR: Raftelis Financial Consultants, Inc.

RESPONSIBLE PRINCIPAL OF CONTRACTOR: SUDHIR PARDIWALA, P.E.,
Executive Vice President

CONTRACTOR'S ADDRESS: Raftelis Financial Consultants, Inc.
201 S. Lake Blvd., Suite 301
Pasadena, CA 91101
Attention: SUDHIR PARDIWALA, P.E.,
Executive Vice President

CITY'S ADDRESS: City of Beverly Hills
345 Foothill Road
Beverly Hills, CA 90210
Attention: GEORGE CHAVEZ,
Director of Public Works Services

COMMENCEMENT DATE: March 3, 2014

TERMINATION DATE: June 30, 2015

CONSIDERATION: Original Agreement: Not to exceed
\$29,164.00

Amendment No. 1: Not to exceed
\$35,836.00

Contingency: Not to exceed \$1,616,00

Total Not to exceed: \$65,000.00

AMENDMENT NO. 1 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND RAFTELIS FINANCIAL CONSULTANTS, INC. FOR CONSULTING SERVICES RELATED TO WATER AND WASTEWATER CONNECTION FEES STUDY

This Amendment No. 1 is to that certain Agreement between the City of Beverly Hills (hereinafter called "CITY"), and RAFTELIS FINANCIAL CONSULTANTS, INC. (hereinafter called "CONTRACTOR") dated April 4, 2014 and identified as Contract No. 128-14 "Agreement".

RECITALS

A. CITY entered into w written agreement with CONTRACTOR for consulting services related to the water and wastewater connection fees study.

B. CITY and CONTRACTOR desire to amend the Agreement to perform additional services and to compensate CONTRACTOR for these services.

NOW, THEREFORE, the parties agree as follows:

Section 1. The TERMINATION DATE shall be amended as set forth above.

Section 2. The CONSIDERATION shall be amended as set forth above.

Section 3. Exhibit A, Scope of Work shall be amended as attached hereto and incorporated herein.

Section 4. Exhibit B, Schedule of Payment and Rates shall be amended as attached hereto and incorporation herein.

Section 5. Except as specifically amended by this Amendment No. 1, the remaining provisions of the Agreement shall remain in full force and effect.

EXECUTED the ____ day of _____ 20 ____, at Beverly Hills, California.

CITY OF BEVERLY HILLS
A Municipal Corporation

LILI BOSSE
Mayor of the City of
Beverly Hills, California

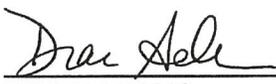
ATTEST:

_____(SEAL)
BYRON POPE
City Clerk

CONTRACTOR: RAFTELIS FINANCIAL
CONSULTANTS, INC.



SUDHIR PARDIWALA
Executive Vice President



DIANE ADAMS
Chief Financial Officer

[Signatures continue]

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

JEFFREY KOLIN
City Manager



GEORGE CHAVEZ
Director of Public Works Services



KARL KIRKMAN
Risk Manager

EXHIBIT A

SCOPE OF WORK

CONTRACTOR shall perform the water system capacity fee analysis for the water and wastewater systems for CITY as set forth below:

ORIGINAL AGREEMENT

WATER AND WASTEWATER CAPACITY FEES

Scope of Services

TASK 1: PROJECT MANAGEMENT AND FRAMEWORK DEVELOPMENT

CONTRACTOR shall work with CITY staff on an ongoing basis and via scheduled on-site meetings and web conferences in order to transfer information and to assure that CITY staff retains ownership over the final work product.

There are several methodologies for calculating connection fees. The various approaches have largely evolved on the basis of changing public policy, legal requirements, and the unique and special circumstances of each agency. However, there are two general approaches that are widely accepted and appropriate for water and wastewater connection fees. The first general approach is the "buy-in approach" which rests on the premise that new customers are entitled to service at the same price as existing customers. However, existing customers have already developed the facilities that shall serve new customers, including the costs associated with financing those services. Under this approach, new customers pay only the amount equal to the net investment already made by existing users, based on replacement cost less depreciation. The second general approach is the "incremental cost approach" where new customers pay for additional capacity requirements, irrespective of the value of past investments made by existing customers.

Based on CONTRACTOR's analysis of CITY's assets, CONTRACTOR shall evaluate CITY's connection fees based on the buy-in and incremental methodologies or a hybrid methodology that is most applicable to CITY. The calculation of the fees will depend on fixed assets, planned capital improvements, capital financing assumptions, system capacities, and the level of service or demand required to serve new customers. Proposed fees shall meet applicable regulatory requirements (Government Code 66000) in developing rates and impact fees. CONTRACTOR shall meet with CITY staff to develop the connection fees framework most appropriate for CITY.

Meetings: One (1) meeting with CITY staff to develop connection fees framework

Deliverables: Meeting agenda and materials

TASK 2: DETAILED REVIEW OF MASTER PLANS AND ASSET LISTING DATA

CONTRACTOR shall review CITY's current water and wastewater enterprise asset listings and current demand and future potential demand of CITY based on existing master and strategic

plan documents and CITY's most recent Urban Water Management Plan, as provided to CONTRACTOR by CITY. CONTRACTOR shall also utilize any recent modifications made by CITY to project future demand data. The goal of this task is to ensure that total demand at build-out is considered for purposes of developing the connection fees. Given CITY's recent expansion of CITY's service area, total future demand may need to be updated to account for the expanded service area.

Meetings: Conference calls as needed to confirm data

Deliverables: None

TASK 3: CALCULATE WATER AND WASTEWATER CAPACITY FEES

Based on the previous tasks, CONTRACTOR shall develop a connection fees model for CITY that shall reflect future demand and associated water and wastewater facility costs that benefit new development. CONTRACTOR shall assist with the development of a draft report by summarizing all findings, assumptions, methodologies and results of the analysis in compliance with AB 1600.

Meetings: One (1) meeting with CITY staff to review connection fees model inputs and findings

Deliverables: Connection fees model, meeting agenda and materials

TASK 4: REPORT DEVELOPMENT

The methodology and overall approach in developing CITY's connection fees shall be described in a Draft Report. This draft report shall include an executive summary highlighting the methodology and primary components of the study, assumptions used for projecting growth, and other critical issues of the study. Comments from CITY staff shall be incorporated into the Final Report as appropriate, and the model shall be refined to reflect appropriate issues or concerns raised by stakeholders. The final report shall be submitted to CITY and shall include appropriate supporting data from the model.

Meetings: Up to two (2) conference calls with CITY staff to review draft report

Deliverables: Draft Report, Final Report

TASK 5: CAPACITY FEES WORKSHOP WITH WATER COMMISSION

At the option of CITY, CONTRACTOR shall present the findings of the study, which shall include assumptions and recommendation, at workshop with the Water Commission. The presentation shall reflect the discussions from the series of meetings and workshops with CITY staff.

Meetings: One (1) meeting with the CITY Public Works Commission

Deliverables: Presentation materials

Schedule

CONTRACTOR proposes to complete this study within 5 weeks of the date of the written notice to proceed assuming that the data for the study shall be provided by CITY in a timely manner.

AMENDMENT NO. 1

WATER CAPACITY FEES

Scope of Services

TASK 1: REVISED CAPACITY FEES ANALYSIS

As part of this task, CONTRACTOR shall revise its prior analysis of CITY's water and wastewater capacity fees. Fees shall now be determined on the basis of meters and square footage (area).

Meetings: Up to two (2) Web Meetings as required by CITY

Deliverables: Revised capacity fees analysis

TASK 2: MEETINGS

Once the revised calculations outlined in Task 1 are completed, CONTRACTOR will assist the CITY with presenting the new results to City Council as well as the Public Works Liaison Committee.

Meetings: Up to three (3) meetings with City Council and the Public Works Liaison Committee

Deliverables: Presentation materials

TASK 3: LETTER REPORT

CONTRACTOR shall prepare a brief letter report documenting the calculation of capacity fees.

AMENDMENT NO. 1

WASTEWATER CAPACITY FEES

Scope of Services

TASK 1: REVISED CAPACITY FEES ANALYSIS

As part of this task, CONTRACTOR shall revise its prior analysis of CITY's wastewater capacity fees. CONTRACTOR shall review the methodology with CITY staff in up to two web meetings.

Meetings: Up to two (2) Web Meetings as required by CITY

Deliverables: Revised capacity fees analysis

TASK 2: MEETINGS

Once the revised calculations outlined in Task 1 are completed, CONTRACTOR shall assist the CITY with presenting the new results to senior CITY managers and City Council. CONTRACTOR shall review any presentation materials prepared by CITY staff.

Meetings: Up to two (2) meetings with senior CITY managers and the City Council

Deliverables: Presentation materials

TASK 3: LETTER REPORT

CONTRACTOR shall prepare a brief letter report documenting the calculation of wastewater capacity fees.

Deliverables: Letter report

EXHIBIT B

COMPENSATION AND SCHEDULE OF PAYMENT

CITY shall compensate CONTRACTOR for the satisfactory performance of the work described in this Agreement in an amount not to exceed \$65,000.00 based on the hourly rates set forth in Attachment 1 to this Exhibit for the term of the Agreement. This consideration shall include a not to exceed amount of \$47,744.00 for Water Connection Fees (Phases I and II), a not to exceed amount of \$15,640.00 for Wastewater Connection Fees, and a Contingency amount not to exceed \$1,616.00. The contingency amount of \$1,616.00 is for services outside the scope of Exhibit A. The Public Works Services Department on behalf of CITY must approve any contingency services and the compensation in writing.

SCHEDULE OF PAYMENT

CONTRACTOR shall submit an itemized statement to CITY for its services performed for each Task, which shall include documentation setting forth in detail a description of the services rendered and the hours of service. CITY shall pay CONTRACTOR the amount of such undisputed billing within thirty (30) days of receipt of same.

ATTACHMENT 1 TO EXHIBIT B

RATES

ORIGINAL AGREEMENT

WATER CAPACITY FEES

Hourly Rates

CONTRACTOR proposes to complete the scope of work outlined in Exhibit A on a time-and-materials basis with a not-to-exceed cost of \$29,163. The following work plan provides a breakdown of the estimated level of effort required for completing each task described and the hourly billing rates for the personnel scheduled to complete the project.

Task No	Task Descriptions	No of Meetings					Total Fees
			SP	FC	Admin	Total	
1	<i>Project Management and Framework Development</i>	1	10	10	6	26	\$5,088
2	<i>Review of Master Plans and Asset Listing Data</i>		4	12		16	\$3,140
3	<i>Calculate Water and Wastewater Connection Fees</i>	1	10	40		50	\$9,618
4	<i>Report Development</i>		8	20		28	\$5,620
TOTAL ESTIMATED MEETINGS / HOURS		2	32	82	6	120	
HOURLY RATES			\$290	\$165	\$70		
Legend:	SP = Sudhir Pardiwala FC = Financial Consultant(s)		Total Professional Fees				\$23,466
			Total Expenses				\$1,433
			TOTAL FEES & EXPENSES				\$24,898

Task No	Task Descriptions	No of Meetings					Total Fees
			SP	FC	Admin	Total	
(Optional) 5	<i>Connection Fees Workshop with Water Commission</i>	1	8	10		18	\$4,088
TOTAL ESTIMATED MEETINGS / HOURS		1	8	10	0	18	
HOURLY RATES			\$290	\$165	\$70		
Legend:	SP = Sudhir Pardiwala FC = Financial Consultant(s)		Total Professional Fees				\$4,088
			Total Expenses				\$177
			TOTAL FEES & EXPENSES				\$4,265

ATTACHMENT 1 TO EXHIBIT B

RATES

AMENDMENT NO. 1

WATER CAPACITY FEES

CONTRACTOR proposes to complete the scope of services for a not-to-exceed fee of \$18,580. The estimated fees are based on the Scope of Work included in this proposal, and our understanding of the CITY's needs and objectives.

Proposed Hours & Fees

Task	Task Descriptions	No of Meetings	Hours Requirements				Total Fees & Expenses
			SP	FC	Admin	Total	
	HOURLY RATES		\$290	\$190	\$70		
1	Revised Capacity Fee Analysis		8	16	1	25	\$5,680
2	Meetings	3	24	12	1	37	\$10,100
3	Letter Report		4	8		12	\$2,800
TOTAL ESTIMATED MEETINGS / HOURS		3	36	36	2	74	
PROFESSIONAL FEES			\$10,440	\$6,840	\$140	\$17,420	
						Total Fees	\$17,420
						Total Expenses	\$1,160
						TOTAL FEES & EXPENSES	\$18,580

ATTACHMENT 1 TO EXHIBIT B

RATES

AMENDMENT NO. 1

WASTEWATER CAPACITY FEES

Fees and Hours

CONTRACTOR proposes to complete the scope of services for a not-to-exceed fee as shown below for are based on the Scope of Work included in this proposal, and our understanding of CITY's needs and objectives.

Proposed Hours & Fees

Task	Task Descriptions	No of Meetings	Hours Requirements				Total Fees & Expenses
			SP	FC	Admin	Total	
	HOURLY RATES		\$290	\$190	\$70		
1	Revised Capacity Fee Analysis		8	16	1	25	\$5,680
2	Meetings	2	16	8	1	25	\$6,760
3	Letter Report		4	10		14	\$3,200
TOTAL ESTIMATED MEETINGS / HOURS		2	28	34	2	64	
PROFESSIONAL FEES			\$8,120	\$6,460	\$140	\$14,720	
						Total Fees	\$14,720
						Total Expenses	\$920
						TOTAL FEES & EXPENSES	\$15,640

SUMMARY	NOT TO EXCEED
WATER AND WASTEWATER CAPACITY FEES	\$29,164
WATER CAPACITY FEES - AMENDMENT NO. 1	\$18,580
WASTEWATER CAPACITY FEES - AMENDMENT NO. 1	\$15,640
CONTINGENCY - AMENDMENT NO. 1	\$ 1,616
TOTAL CAPACITY FEES	\$65,000