



Meeting Date: 06/21/11

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Anthony Emmert, Water Resources Manager Agenda Item No. **I-14**

Reviewed By: City Manager City Attorney SMF Finance Public Works

DATE: June 9, 2011

TO: City Council

FROM: Rob Roshanian, Interim Public Works Director
Public Works

SUBJECT: Fourth Amendment to Agreement 4218-07-PW with Black & Veatch Corporation for Utilities Rate Studies

RECOMMENDATION

That City Council approve and authorize the Mayor to execute the Fourth Amendment to the Agreement with Black & Veatch Corporation for the Utilities Rate Studies to increase the amount from \$274,825 by \$74,100 for a total of \$348,925 (Agreement No. 4218-07-PW).

DISCUSSION

On July 28, 2009, the City Council approved the implementation of a rate plan based upon a two (2) year Comprehensive Utilities Rate Study (Rate Study) completed by Black & Veatch. Subsequently, the City implemented the Proposition 218-compliant rate process for a two-step revenue increase for the Water, Wastewater and Environmental Resources Enterprises. After the Proposition 218 process was completed, the first of these increases became effective on December 1, 2009 and the second increase became effective July 1, 2010.

During the rate planning process, City staff became aware of refinements that should be made to its Utility Billing System to better define its customer classes and to the Utilities Rate Model to more accurately reflect the cost of providing utilities services to the City's customers. Additionally, members of the City Council, business community and residents requested staff to research various options that could also improve the equitability and accuracy of utilities bills. Finally, the City's new Recycled Water Program needed to be incorporated into the Rate Model.

The Third Amendment to the Agreement with Black & Veatch, approved by City Council in September 2010, included refining customer rate categories, reevaluating capital improvement projects, and the inclusion of new operations and maintenance budgetary items.

The Fourth Amendment includes the: analysis of four additional years of customer usage data, incorporation of the most recent Capital Improvement Program data, analysis of Capital Improvement Program financing options, incorporation of the new Recycled Water Program, incorporation of the projects recommended in the recently-adopted Water Conservation Master Plan, an extended schedule that incorporates expanded communications and meetings with representatives of key customer classes, development of a Rate Model User Manual, training for City staff members who will be responsible for the Rate Model, and support for City Council and staff during the implementation of the rate plan. The Fourth Amendment would extend the contract expiration date to June 30, 2012.

FINANCIAL IMPACT

The estimated cost for services in the Fourth Amendment is not to exceed \$74,100 and will increase the total cost of the Agreement from \$274,825 to \$348,925. There are sufficient funds for the cost of these services in the FY 2010-2011 budgets of the Water Resources Division to cover the costs of this amendment and will be encumbered as follows:

- 601-6010-842-8209 \$25,750
- 611-6103-821-8209 \$24,175
- 621-6205-821-8209 \$24,175
- \$74,100

Attachment #1 - Fourth Amendment to Agreement No. 4218-07-PW

FOURTH AMENDMENT TO AGREEMENT FOR CONSULTING SERVICES

This Fourth Amendment ("Fourth Amendment") to the Agreement for Consulting Services ("Agreement") is made and entered into in the County of Ventura, State of California, this 21st day of June, 2011, by and between the City of Oxnard, a municipal corporation ("City"), and Black & Veatch Corporation ("Consultant"). This Fourth Amendment amends the Agreement entered into on September 5, 2007, by City and Consultant. The Agreement previously has been amended on December 14, 2008, by a First Amendment, on April 14, 2009, by a Second Amendment and on September 14, 2010, by a Third Amendment.

City and Consultant agree as follows:

1. In Section 12 of the Agreement, the expiration date "June 30, 2011" is deleted and replaced with the date "June 30, 2012."
2. In Section 14a of the Agreement, the figure "\$274,825" is deleted and replaced with the figure "\$348,925."
3. Exhibit A, A-2 and A-3 of the Agreement are supplemented by Exhibit A-4, attached hereto and incorporated herein by reference.
4. Exhibit B, B-2 and B-3 of the Agreement are supplemented by Exhibit B-4, attached hereto and incorporated herein by reference.
5. Exhibit C, C-2 and C-3 of the Agreement are supplemented by Exhibit C-4, attached hereto and incorporated herein by reference.
6. As so amended, the Agreement remains in full force and effect.

CITY OF OXNARD

CONSULTANT

Dr. Thomas E. Holden, Mayor


Thomas R. Peterson, Vice President
Black & Veatch Corporation

ATTEST:

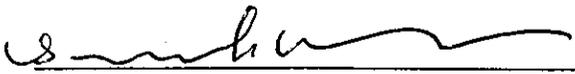
APPROVED AS TO INSURANCE:

Daniel Martinez, City Clerk


James Cameron, Risk Manager

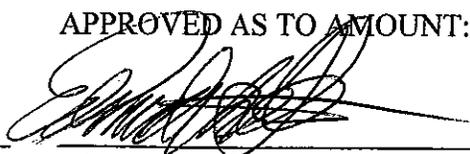
APPROVED AS TO CONTENT:

APPROVED AS TO FORM:


Rob Roshanian, Interim Public Works Director


Alan Holmberg, City Attorney

Anthony Emmert, Project Manager

APPROVED AS TO AMOUNT:

Edmund F. Sotelo, City Manager

**EXHIBIT A-4
SCOPE OF WORK**

Consultant proposes the following specific tasks to support the City's move towards establishing a long-term financial plan for its utilities. The tasks described herein reflect Consultant's understanding of tasks requested by City Council as well as City Staff for incorporation into the study update.

Water Resources Division – Water Section – \$25,750

Task 1 – Attend Additional Weekly Work Session Meetings

Under this task, Consultant will meet with City Staff on a weekly basis at work sessions intended to share information, progress, and work through policy issues. Senior management will communicate updates on policy issues during the first portion of the meeting. The latter portion of the work will be limited to City staff to focus on specific requirements for the three utilities. Consultant anticipates that meeting durations will vary from 3 hours to 6 hours. Six (6) additional meetings are included under this task.

Task 2 – Meet with Customer Group

Under this task, Consultant will work with City staff and meet with one customer group (for example, home owners association) to help educate and address concerns that this particular group may have regarding the existing rate structure. Consultant proposes to facilitate up to a 2 hour meeting with the customer group.

Task 3 – Rate Model Training

Consultant will work with City staff to provide training on the water rate model developed for the study. Consultant will provide up to 40 hours of model training and a user's manual submitted to the City.

Task 4 – Additional Support Services

As City staff implements the new rate structure over the course of the year, questions regarding rates and customer classifications may arise. Consultant will provide the City with up to 22 hours of support in addressing these questions.

Water Resources Division – Wastewater Section - \$48,350

Task 1 – Update Rate Model

The original intent of the Wastewater Rate Study was focused on potentially changing the residential rate structure from a flat rate to a volumetric rate. Under this amendment, Consultant will update the existing rate model to incorporate refinements to the volumetric rate structure. Specifically, Consultant will use data gathered from the Water Rate Study analysis to evaluate the impact on the wastewater revenues. Expanding the commercial class to provide for greater flexibility will be examined. For example, Consultant will look at developing wastewater rates that mirror the new water customer classes as appropriate. The intent of this additional analysis is

to examine whether changes in commercial business practices are adequately reflected in the City's current customer classifications. Recommendations on possible new customer classifications and the associated impacts of such recommendations will be provided to the City for consideration.

As requested by City Council, Consultant will examine and update the wastewater rate model to address the following specific elements:

1. Verify return factors for residential, multi-family, and non-residential customer classifications;
2. Expand existing customer classes to more accurately reflect wastewater system uses;
3. Add a large lot customer sub classification under single family residential; and
4. Re-assess formula user loading patterns to help minimize monthly impacts.

Task 2 – Attend Additional Weekly Work Session Meetings

Under this task, Consultant will meet with City Staff on a weekly basis at work sessions intended to share information, progress, and work through policy issues. Senior management will communicate updates on policy issues during the first portion of the meeting. The latter portion of the work will be limited to City staff to focus on specific requirements for the three utilities. Consultant anticipates that meeting durations will vary from 3 hours to 6 hours. Six (6) additional meetings are included under this task.

Task 3 – Meet with Customer Group

Under this task, Consultant will work with City staff and meet with one customer group (for example, the formula users) to help educate and address concerns that this particular group may have regarding the existing rate structure. Consultant proposes to facilitate up to a 2 hour meeting with the customer group.

Task 4 – Rate Model Training

Consultant will work with City staff to provide training on the wastewater rate model developed for the study. Consultant will provide up to 40 hours of model training and a user's manual submitted to the City.

Task 5 – Additional Support Services

As City staff implements the new rate structure over the course of the year, questions regarding rates and customer classifications may arise. Consultant will provide the City with up to 42 hours of support in addressing these questions.

EXHIBIT B-4

TIME FOR PERFORMANCE PROJECT SCHEDULE

The Consultant shall strive to complete the project within the term of the Agreement as follows:

Task Name	Projected Task Completion
Water Resources Division Water Section Task Nos. 1 through 4	July 1, 2011 through June 30, 2012
Water Resources Division Wastewater Section Task Nos. 1 through 5	July 1, 2011 through June 30, 2012

**EXHIBIT C-4
SCHEDULE OF FEES**

**City of Oxnard
Water, Wastewater, and Solid Waste Studies
Amendment No. 4 REVISED
Work Effort and Cost Detail**

<u>Task Description</u>	<u>Engagement Manager</u>	<u>QA/QC Sr. Advisors</u>	<u>Project Staff</u>	<u>Total Cost</u>
Water Division				
Attend Monthly Meetings - Additional Mtgs (6 more)	20		28	10,280
1 Meeting with Customer Groups	4		6	2,130
Rate Model Training		2	40	8,000
Additional Support Services	8		14	4,630
Expenses				710
Total Water Division Study Fee				\$25,750
Wastewater Division				
Update Rate Model, Evaluate Return Factors and Address Specific City Council Requests	12	2	80	18,460
Attend Monthly Meetings - Additional Mtgs (6 more)	20		28	10,280
1 Meeting with Customer Groups	4		6	2,130
Rate Model Training		2	40	8,000
Additional Support Services	14		28	8,750
Expenses				730
Total Wastewater Division Rate Study Fee				\$48,350
GRAND TOTAL				\$74,100
Hourly Rates	\$255	\$300	\$185	

