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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

1391-35TH AVENUE
SACRAMENTO, CA
95822-2911

DIVISION OF
FLOOD CONTROL AND SEWERS

916-449-5271

March 6, 1990

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: APPROPRIATION OF FUNDS FOR PHASE 1 OF THE STORM DRAINAGE RATE RESTRUCTURING AND SEWER RATE REVISION STUDY, AND AUTHORIZATION TO EXECUTE AN AGREEMENT WITH CH2M HILL CONSULTING ENGINEERS

SUMMARY

This report recommends that the Budget and Finance Committee forward to the City Council for approval the attached resolution which amends the 1989-90 operating budget of the Flood Control and Sewers Division (425-310-3161-4252) by appropriating \$68,725 to it from the Drainage Fund Contingency Reserve and authorizes the City Manager and City Clerk to execute an agreement with CH2M HILL, consulting engineers, to perform a Storm Drainage and Sewer Rates Study.

BACKGROUND

Need for Study

The purpose of the proposed project is to restructure the storm drainage rates and to update the sewer rates for commercial and industrial users to properly reflect the costs for the service provided those customers. In addition, the study will include an initial assessment of the need for, and cost-effectiveness of, a capital equalization fee for new sewer services.

Storm Drainage Rates

In 1982, the City of Sacramento instituted a storm drainage fee on all parcels that were developed within the City. Vacant parcels were not included in the process. Because the existing water and sewer fees were based on number of rooms in a residential home, this same equation was used in the storm drainage fee. Commercial and industrial developed lands are charged on a square footage basis.

To more closely match revenue with cost, the Department of Public Works now wishes to implement fees that will bill all property for the cost of installing and maintaining the storm water collection infrastructure in each drainage basin. The underlying concept is that all real property within a drainage basin benefits by the installation of an adequate storm drainage system; therefore, all properties should be billed for services. These services involve not only major and minor flood control, but also keeping streets open to emergency response, eliminating health and safety hazards, and promoting the overall quality of life of the entire community.

Sewer Industrial and Commercial Rates

Presently there are numerous Industrial and Commercial categories for the sewer fees. However, the equity of these fees have not been reviewed in detail for a considerable number of years. There have been adjustments made to the fees, and presently it is felt a review of the fees is justified.

Capital Equalization Fee

The Department seeks to determine if a one-time buy-in fee is needed to equitably apportion depreciable costs among long-term rate payers and new users of sewer and storm drainage services.

Other Requirements

After the study examines each of the above rate and fee issues, the consultant and staff will recommend an alternative drainage rate structure and propose updated sewer rates. In addition to alleviating rate inequities in the current system and continuing to generate the revenue required to cover the costs, the new rates also must be understandable by the public, easy to interpret, and capable of being implemented by the City on its Utility Customer Information System (UCIS).

Project Schedule

The proposed restructuring of drainage rates and revision of sewer rates will be accomplished in two phases. Phase 1 will include a study of the existing and alternative rate structures, will assess the costs and other impacts of implementing new rates, and will make recommendations to City Council on rate restructuring. If restructuring is approved by City Council, implementation of the new rates would be accomplished in Phase 2.

Consultant Selection

The Department of Public Works formed a consultant selection panel to define selection criteria, screen consultants based upon review of statements of qualification, and interview the proposing consultant teams. The selection panel included:

- o Donald M. Dodge, Deputy Director of Public Works, City of Sacramento
- o Morris Allen, Director of Utilities, City of Stockton
- o Michael Medema, Assistant City Treasurer, City of Sacramento
- o Barbara Weaver, Director of Data Management, City of Sacramento
- o Craig Crouch, Senior Engineer, Flood Control and Sewer Division, City of Sacramento

On November 9, 1989, the Department of Public Works requested from consultants statements of qualification demonstrating their capability to evaluate and make recommendations on the City's storm drainage rate structure and sewer rates and fees. To solicit interest, the Department advertised in local newspapers and sent letters to local and regional consulting firms. The request for qualifications was distributed to more than twenty engineering firms, of which nine firms responded. On December 12, 1989, proposals were requested from the four firms judged by the panel to be best qualified. The panel members individually evaluated the submitted proposals and on January 11, 1990, the panel interviewed three firms:

- o CH2M HILL
- o James M. Montgomery Consulting Engineers
- o KPMG Peat Marwick, with Kennedy/Jenks/Chilton Engineers

The primary criteria used to evaluate each firm's qualifications included:

Proposal

- A. Project team (experience of the project manager, the team, and technical reviewers)
- B. Firm (experience with similar rate studies, references, past presentations to public bodies)
- C. Proposal (responsiveness to the RFP, scheduling and approach to meeting objectives, implementation plan and approach)

Interview

- A. Team availability for this project
- B. Quality and control of the presentation
- C. Team involvement in the presentation
- D. Overall interview and presentation
- E. MBE/WBE effort

Based on the review of the written qualifications and interviews, the selection panel recommends that CH2M HILL consulting engineers be selected for agreement negotiations.

FINANCIAL

Phase 1 of the project (study and recommendations) is estimated to cost \$220,725. The amount of \$152,000 has been previously budgeted for this phase in the 1989-90 operations budget (425-310-3161-4252). An additional \$68,725 will be appropriated from the Drainage Fund Contingency Reserve (425-710-7012-4999), which has a balance of \$909,842 on February 15, 1990.

POLICY CONSIDERATIONS

None.

MBE/WBE EFFORTS

All policy guidelines were followed and each proposer was aware of the City's procedures. Proposals were solicited from MBE/WBE firms, and all three proposers included MBE/WBE firms in their project teams. The recommended consultant team includes the MBE firm of Kato & Warren; this subconsultant will perform approximately 40 percent of the overall Phase 1 effort.

RECOMMENDATION

It is recommended that the Budget and Finance Committee forward to the City Council with a recommendation of approval the attached resolution to amend the 1989-90 by appropriating funds from the Drainage Fund Contingency Reserve, and to authorize the City Manager to execute a consultant services agreement with CH2M HILL.

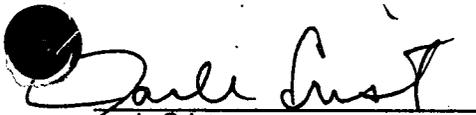
Respectfully submitted,



Albert E. McCollam, Jr.
Division Manager

Recommendation approved:

Approved:



Jack Crist
Deputy City Manager

Contact Person:
Craig Crouch, Senior Engineer
449-8559



Melvin H. Johnson
Director of Public Works

All Districts
March 6, 1990

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AMENDING 1989-90 FLOOD CONTROL AND SEWERS
OPERATING BUDGET BY \$68,725 FOR A STORM DRAINAGE AND
SEWER RATES STUDY AND EXECUTE AN AGREEMENT

BE IT RESOLVED BY THE COUNCIL OF CITY OF SACRAMENTO THAT:

1. The 1989-90 Flood Control and Sewers operating budget is hereby amended to add additional funding of \$68,725 for the Storm Drainage and Sewer Rates Restructuring Study;
2. Funds to be appropriated from the Drainage Fund Contingency Reserve 425-710-7012-4999 to Flood and Sewer Operating Budget 425-310-3161-4252;
3. The City Manager and the City Clerk are authorized to execute and record an agreement with CH2M HILL, consulting engineers, to perform a Storm Drainage and Sewer Rates Study for a fee not to exceed \$220,725.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____