

TO: James L. App, City Manager  
FROM: Doug Monn, Public Works Director  
SUBJECT: Wastewater Facility Charges Review  
DATE: May 15, 2012

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NEEDS: For the City Council to consider hiring Bartle Wells Associates to review wastewater facility charges and defer the review for one year.

- FACTS:
1. In November 2011, City Council adopted new wastewater facility charges (i.e., sewer connection fees). City Council also requested a review of the charges and method of calculation be completed by October 2013.
  2. City Council subsequently approved two scopes of work for this review:
    - a. A third-party peer review of the Kennedy/Jenks reports which formed the basis of the adopted facility charges; and
    - b. A full reevaluation of the facility charges, including calculation of any necessary changes to user rates.
  3. Staff incorporated these scopes of work into a Request for Proposal and sent it to several professional engineering and/or financial consulting firms that are well known to perform this specialized work in California.
  4. Four firms submitted proposals: Bartle Wells Associates, Black & Veatch, Carollo, and Tuckfield Associates/CDM.
  5. City Council formed an Ad Hoc Committee to participate in consultant selection. The Ad Hoc Committee members independently reviewed the written proposals and met with City staff on April 26, 2012. The meeting minutes are attached.

ANALYSIS &

CONCLUSION: Bartle Wells Associates (BWA) is a small municipal financial planning firm in Berkeley that has completed hundreds of sewer rates and facility charges studies. BWA has a strong reputation and many repeat clients. BWA proposed a unique approach of completing the third-party review of Kennedy/Jenks' work first, for a fee of \$8,400, before proceeding with a full reevaluation of the facility charges and user rates, for an additional fee of \$31,600. The Ad Hoc Committee and City staff agreed BWA is the best fit for this work.

The City's wastewater facility charges depend on a complete inventory of the City's sewer system assets and the cost of the pending wastewater treatment plant (WWTP) upgrade. Staff is presently updating the City's inventory of sewer system assets, to account for developer-contributed assets (i.e., sections of the sewer system installed and paid for by private developers). Staff is pursuing a low interest State Revolving Fund loan for construction of the WWTP upgrade, but does not yet know what the

financing terms will be. After the loan is secure, the City will then take the project out to bid for construction, in October 2012. The actual project costs will then be better defined.

Considering this, the Ad Hoc Committee recommended the City hire BWA, but wait one year to proceed with the review, until the City may complete its update of sewer system assets and learn the actual costs of the WWTP upgrade project.

BWA said deferral of the work would result in better information on which to base its review. BWA is willing defer the work and maintain its cost at today's prices.

POLICY

REFERENCE: General Plan, Economic Strategy, Integrated Water Resource Plan, 2007 Sewer Collection System Master Plan

FISCAL IMPACT: BWA's proposed fee of \$40,000 would not have a significant impact on the Sewer Enterprise Fund.

- OPTIONS:
- a. Adopt Resolution No. 12-XXX, to hire Bartle Wells Associates to review wastewater facility charges for an amount up to \$40,000, but also defer the work for one year, or
  - b. Amend, modify, or reject the above option.

ATTACHMENTS:

- 1. Minutes of April 26, 2012 Ad Hoc Committee meeting.
- 2. Resolution No. 12-XXX

**Minutes**

Ad Hoc Committee Meeting  
Review of Wastewater Facility Charges

Thursday, April 26, 2012  
Paso Robles City Hall

**Attendees:**

Nick Gilman, City Council  
John Hamon, City Council  
Doug Monn, Public Works Director  
Matt Thompson, Wastewater Manager (scribe)

**Minutes:**

Prior to the meeting, the City received written proposals for review of wastewater facility charges from Carollo, Black & Veatch, Tuckfield Associates & CDM, and Bartle Wells Associates. All attendees independently rated the proposals, based on the criteria described in the City's request for proposals.

At the beginning of the meeting, Matt compiled each rater's scores into a matrix and normalized the scores. Bartle Wells Associates had the highest cumulative score. The group preferred Bartle Wells approach of completing the peer review first, before proceeding with the full review of facility charges and sewer rates. The group reached consensus that Bartle Wells Associates was the best choice for the work.

The value of proceeding with the work now was discussed. John preferred not to spend additional money on the review at this time, considering that the City must likely revisit both sewer rates and facility charges within the next 3 to 4 years. Nick preferred to proceed with at least the peer review. Matt stated that City staff was in the process of updating its inventory of sewer system assets to account for developer-contributed assets, and that in the coming year the City would learn the actual costs for financing and construction of the pending WWTP upgrade. Having this information would likely lead to a better review of the facility charges.

In the end, the group decided to recommend to the full City Council that the City hire Bartle Wells Associates, but wait approximately one year to proceed with the review, until the City may complete its update of sewer system assets and learn the actual costs of the wastewater treatment plant upgrade.

RESOLUTION NO. 12-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
TO HIRE BARTLE WELLS ASSOCIATES TO REVIEW WASTEWATER FACILITY CHARGES

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WHEREAS, City Council adopted new wastewater facility charges (i.e., sewer connection fees) in November 2011 through adoption of Resolution No. 11-133. City Council requested a review of wastewater facility charges (i.e., sewer connection fees) be completed by October 2013.

WHEREAS, City Council subsequently approved two scopes of work for this review. The City then solicited proposals from professional engineering and/or financial consulting firms that are known to perform this specialized work in California.

WHEREAS, the City received proposals from four firms in April 2012: Bartle Wells Associates, Black & Veatch, Carollo, and Tuckfield Associates/CDM.

WHEREAS, City Council formed an Ad Hoc Committee to participate in consultant selection. The Ad Hoc Committee members independently reviewed the proposals and met with City staff.

WHEREAS, the Ad Hoc Committee and City staff determined Bartle Wells Associates is well qualified and recommended it be selected for the work.

WHEREAS, the City's wastewater facility charges depend on a complete inventory of sewer system assets and the cost of the City's pending wastewater treatment plant (WWTP) upgrade. The City is currently updating its inventory of sewer system assets and the financing and construction costs of the WWTP upgrade are not well defined.

WHEREAS, the costs of the WWTP will be defined in the coming year, after the City secures a State Revolving Fund loan and advertises the WWTP upgrade for construction bids.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Manager is authorized to contract with Bartle Wells Associates for an amount up to \$40,000 to review the City's wastewater facility charges. This work will be funded by the Sewer Enterprise Fund.

Section 2. The City Manager may defer proceeding with the review for one year, until the City may complete its update of sewer system assets and learn the actual costs for financing and construction of the wastewater treatment plant upgrade.

PASSED AND ADOPTED by the City Council of the City of El Paso de Robles this 15th day of May 2012.

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Duane Picanco, Mayor

ATTEST

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Caryn Jackson, Deputy City Clerk