



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Professional Services Agreement with Raftelis Financial Consultants, Inc. to Conduct a Cost-of-Service Analysis (COSA) and Rate Study for the Water Division of City of Glendale Water & Power (GWP).

1. Motion authorizing the City Manager, or his designee, to enter into and execute a Professional Services Agreement with Raftelis Financial Consultants, Inc. to conduct a Cost-of-Service Analysis and Rate Study for the Water Division of GWP, in the not-to-exceed amount of \$235,006.

COUNCIL ACTION

Item Type: Consent

Approved for December 3, 2024 **calendar**

EXECUTIVE SUMMARY

Glendale Water & Power (GWP), through a Request for Proposal (RFP) process, invited qualified consulting firms to conduct Cost-of-Service Analysis (COSA) and Rate Study for the City's water utility. Proposals were received from five qualified consulting firms. The proposals were evaluated based on responsiveness, firm experience and technical abilities, project team experience, design approach, cost and results from a presentation and oral interview. Based on the evaluation, Raftelis Financial Consultants, Inc. (Raftelis) was selected with the highest scoring.

The proposed PSA with Raftelis is for a total not-to-exceed cost of \$235,006.

RECOMMENDATION

Authorize the City Manager to enter into a PSA with Raftelis for professional services in conducting a COSA and Rate Study for the City's water utility, in the not-to-exceed amount of \$235,006.

ANALYSIS

In 2016 the City retained the services of Raftelis to conduct the COSA and Rate Study for the water utility. The analysis was successfully completed in May 2018 and the new five-year water rate schedule was adopted by City Council on June 12, 2018. The last water rate adjustment was implemented on July 1, 2022 for the Fiscal Year 2022-2023.

The increase in energy prices and material price spikes due to supply-chain issue during COVID and post-pandemic era has created a financial imbalance for the funds. In addition to this, the existing water distribution system continues to age. The decades-old water pipelines and outdated pumping and electrical equipment jeopardize the reliability of the water system. It is critical that GWP continues to invest into its aging water infrastructure to prevent catastrophic failures and service disruptions. To maintain a high-quality and reliable service to its customers and meet the financial obligations and requirements, GWP Water will be conducting a COSA to review and update the financial outlook for the water utility along with proposed rate corrections.

The COSA will identify all the costs required to operate the water system, including the Capital Improvement Projects (CIP) developed under the Water Master Plan. The analysis results will be used to design the new water rate structure to ensure the costs of providing quality water services and the essential infrastructure improvements are fully recovered equitably from customers.

The scope of the COSA includes water rate structure analysis; development of new water rate structure and regulations; connection fee study; updating the water master plan and CIP schedule; Proposition 218 compliance, and extensive effort in public outreach and engagement to help the Glendale community understand and stay involved throughout the rate structure development process.

On July 29, 2024, staff issued an RFP for the Water COSA. The RFP was posted on the public bidding platform - BidNet Direct. S conducted a pre-proposal meeting on August 19, 2024, and two consulting firms participated.

On September 6, 2024, proposals were submitted by five consulting firms as outlined below:

Firm	Location	Amount
NBS	Temecula, CA	\$180,480
NewGen Strategies	Annapolis, MD	\$198,660
Raftelis	Los Angeles, CA	\$235,006
Black & Veatch	Los Angeles, CA	\$425,046
RDN	Santa Barbara, CA	\$450,540

The proposals were evaluated and ranked by a three-member review panel composed of staff from the GWP Administration and Water Engineering Divisions. Evaluation criteria included completeness of proposal, firm experience and professional qualifications, project team experience, technical approach and methodology, cost, and results from a presentation/interview. It was determined that two proposals ranked outstanding to warrant being invited to make an oral presentation and respond to questions from the four-member interview panel composed of staff from the GWP Administration, Finance, and Water Engineering Divisions. After conducting the interviews, the panel completed the ranking process and concluded that Raftelis had the best approach to the COSA and provided the best overall value to the City.

A summary of the complete evaluation is shown below:

Criteria	Max Pts	Black & Veatch	NBS	NewGen Strategies	Raftelis	RDN
Completeness of Proposal	5.0	5.0	4.3	4.2	4.8	4.8
Professional Qualifications and Experience of Firm	25.0	24.2	19.2	20.0	25.0	21.7
Project Team Experience	25.0	24.2	19.2	20.0	23.3	21.7
Technical Approach and Methodology	25.0	23.3	15.8	19.2	20.7	20.0
Cost	20.0	10.7	20.0	18.0	18.0	9.3
Total Score	100.0	87.3	78.5	81.3	91.8	77.5

Raftelis is a California firm with a local office in Los Angeles and has extensive experience in utility financial services and rate consulting across California. Raftelis has performed these services for utilities for the past 30 years including a vast résumé of water agencies. Raftelis has conducted numerous COSA studies and is well versed in the requirements of Proposition 218. GWP staff feels very confident in the abilities of Raftelis to meet its needs and to prepare the high caliber of analysis that GWP is seeking in the COSA.

STAKEHOLDERS/OUTREACH

Not applicable.

FISCAL IMPACT

The 2024 Water Cost-of-Service Analysis will cost \$235,006, which was approved as a part of the FY 2024-25 budget. No new appropriation is being requested at this time. The City Council approved funding is outlined below:

Existing Appropriation		
Amount	Account String	Funding Source
\$235,006	43110-5920-GWP-4700	Water Works Revenue Fund

ENVIRONMENTAL REVIEW (CEQA/NEPA)

This item is not a project for the purposes of the California Environmental Quality Act (CEQA) and thus is not subject to CEQA review.

CAMPAIGN DISCLOSURE

In accordance with the City Campaign Finance Ordinance No. 5744, the attached Exhibit A lists the names and business addresses of the members of the board of directors, the chairperson, CEO, COO, CFO, Subcontractors and any person or entity with more than ten percent interest in the company proposed for contract in this agenda item report.

ALTERNATIVES TO STAFF RECOMMENDATION

Alternative 1: Choose not to award the PSA as recommended herein. This will result in delay of the completion of the COSA and the development of the new water rate structure to meet the financial requirements for funding current and future operation and infrastructure maintenance and improvements.

Alternative 2: Consider any other alternative not proposed by staff.

ADMINISTRATIVE ACTION

Submitted by:

Manuel Robledo, Interim General Manager - Glendale Water & Power

Prepared by:

Chisom Obegolu, Assistant General Manager - Water

Approved by:

Roubik R. Golanian, P.E., City Manager

EXHIBITS/ATTACHMENTS

Exhibit A: Campaign Finance Disclosure form for Raftelis Financial Consultants, Inc.