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**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

25

2. Council Meeting Date:

October 13, 2016

TO: MAYOR AND COUNCIL

3. Date Prepared: September 22, 2016

THROUGH: CITY MANAGER

4. Requesting Department: Management Services

5. SUBJECT: Amendment No. 1 to Agreement No. MS6-919-3636 for a 2016 Water, Wastewater and Reclaimed Water Cost of Service Study.

6. RECOMMENDATION: Staff recommends City Council approve Amendment No. 1 to Agreement No. MS6-919-3636, with Raftelis Financial Consultants, Inc., for a 2016 Water, Wastewater and Reclaimed Water Cost of Service Study, in the amount of \$13,373, for a revised total of \$128,825.

7. BACKGROUND/DISCUSSION: The 2016 Water, Wastewater and Reclaimed Water Cost of Service Study has been in process since December 11, 2015. The purpose of this study is three fold. First, it evaluates the cost of delivery for water, reclaimed water, and wastewater services provided to all customer categories (single-family, multi-family, non-residential, industrial, and landscape) to ensure that the cost of providing service to each particular customer class is appropriate based on services received. Second, it evaluates if the flat monthly fee for single-family and multi-family wastewater service is still the best way of billing, versus a fee based on the amount of water used each month (volumetric rate calculation). Third, it reviewed the customer categories to determine whether or not large industrial should be a separate rate.

During the study, two requests were made that required Raftelis to invest additional time. The requests were necessary as cost of service options were modified to ensure the most cost effective, sustainable recommendation for Chandler Utility Customers.

8. EVALUATION: On December 10, 2015, Council approved an agreement with Raftelis Financial Consultants, Inc., to perform a 2016 Water, Wastewater and Reclaimed Water Cost of Service Study, in an amount not to exceed \$115,452. Additional work is needed to conclude the rate study and the additional amount of \$13,373 requires Council approval.

9. FINANCIAL IMPLICATIONS:

Additional Cost: \$13,373, for a revised not to exceed of \$128,825.

<u>Acct. No.:</u>	<u>Fund:</u>	<u>Program Name:</u>	<u>CIP Funded:</u>	<u>Funds:</u>
605.3050.5219	Water Operating	Other Professional Contracts	No	\$6,686.50
615.3050.5219	Wastewater Operating	Other Professional Contracts	No	<u>6,686.50</u>
TOTAL:				\$13,373.00

10. PROPOSED MOTION: Move City Council approve Amendment No. 1 to Agreement No. MS6-919-3636, with Raftelis Financial Consultants, Inc., for a 2016 Water, Wastewater and Reclaimed Water Cost of Service Study, in the amount of \$13,373, for a revised total of \$128,825.

ATTACHMENTS: Amendment

APPROVALS

11. Requesting Department

Dawn Lang

Dawn Lang, Management Services Director

13. Department Head

Dawn Lang

Dawn Lang, Management Services Director

12. Procurement Officer

Carolee Stees

Carolee Stees, CPPB

14. City Manager

Marsha Reed

Marsha Reed

