

Resolution No.

# STOCKTON CITY COUNCIL

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## **RESOLUTION APPROVING THE AWARD OF A PROFESSIONAL SERVICES AGREEMENT TO HDR ENGINEERING, INC. FOR THE WATER COST OF SERVICE RATE STUDY**

The costs of providing residents in the City's service area with high-quality drinking water that meets all State and Federal regulations are paid for by water utility rates adopted by the City Council; and

Water rates fund costs to operate and maintain the production and distribution infrastructure; and

It is recommended that water utilities revisit water rates every five years to confirm water rates are appropriate and applicable to cover the future costs of the Water Enterprise; and

Should there be a determination that a proposed rate increase is necessary, any future rate proposal relating to any rate classes must comply with Proposition 218; and

A cost of service rate study proposal by HDR Engineering, Inc. was evaluated and recommended by staff to be the most qualified proposer; and

City staff negotiated a fee in an amount Not-to-Exceed \$99,965 for the professional service agreement; now, therefore,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:**

1. The City Council approves the findings pursuant to Stockton Municipal Code section 3.68.070 in support of an exception to the competitive bidding process.
  - a. Water Enterprise activities are supported by ratepayers, and rates must reflect the cost of operating the utility.
  - b. State statute and Prop 218 define requirements for conducting rate studies, including the amount of the fee or charged proposed to be imposed upon each parcel, and how the amount is calculated.
  - c. The City does not have the technical expertise to prepare the study in a timely and cost-effective manner for completion in 2021.

- d. Use of the RFP process is appropriate for this Professional Services Contract because it relies on the evaluation of professional qualifications and performance as the basis for selection of a vendor. Use of the criteria helps ensure selection of a vendor that will provide the highest quality professional service, which is in the public interest.
- e. It is also in the public interest to have well established rates to ensure proper funding for the operation of the water utility and that ratepayers are only paying the necessary amount.
- f. The City negotiated a contract following solicitation of competitive proposals in accordance with SMC section 3.68.070.A.3.

2. The Professional Service Agreement for the Water Cost of Service Rate Study, in the Not-To-Exceed amount of \$99,965, between the City of Stockton and HDR Engineering, Inc. is hereby awarded, and the City Manager is authorized and directed to execute same, a copy of which is attached as Exhibit 1 and incorporated by this reference.

3. The City Manager is hereby authorized to take whatever actions are necessary and appropriate to carry out the purpose and intent of this Resolution.

PASSED, APPROVED, and ADOPTED March 24, 2020.

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MICHAEL D. TUBBS  
Mayor of the City of Stockton

ATTEST:

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ELIZA R. GARZA, CMC  
City Clerk of the City of Stockton