

Resolution No.

# STOCKTON CITY COUNCIL

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## **RESOLUTION APPROVING FINDINGS AND AWARDING A PROFESSIONAL SERVICES AGREEMENT TO HDR ENGINEERING, INC. TO DEVELOP A WATER RATE STUDY**

The Municipal Utilities Department (MUD) provides potable water to more than 50,000 residential and commercial connections in north and south Stockton; and

The cost to provide high-quality drinking water that meets all State and Federal regulations is paid for by water utility customers in accordance with rates adopted by the City Council; and

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

It is considered a best practice and an industry standard to conduct a water rate study every five years to ensure rates remain sufficient to cover the projected costs of operating and maintaining the Water Utility; and

Water rates must comply with the requirements of California Constitution article XIII D, Section 6, commonly referred to as Proposition 218; and

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 \$209,957 for the professional services agreement; now, therefore,

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

1. The City Council approves the following findings pursuant to Stockton Municipal Code section 3.68.070 to support and justify 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 Proposition 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 2026.
- 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 noted criteria helps ensure selection of a vendor that will provide the highest quality professional service, which is in the interest of the public.
- 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 paying appropriate rates for the service provided.

2. The Professional Services Agreement for the Water Rate Study, in the not-to-exceed amount of \$209,957, 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 August 12, 2025.

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CHRISTINA FUGAZI  
Mayor of the City of Stockton

ATTEST:

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KATHERINE ROLAND, CMC, CPMC  
City Clerk of the City of Stockton