

RESOLUTION 2013 - 14



**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF SUNNYSIDE, WASHINGTON, APPROVING
AGREEMENT FOR PROFESSIONAL ENGINEERING SERVICES
WITH HUIBREGTSE, LOUMAN ASSOCIATES, INC.
(Preparation of Municipal Utility Rate Study)**

WHEREAS, pursuant to resolution 2012-25, approved on April 2, 2012, the City of Sunnyside approved an Agreement for Professional Engineering Services with Huibregtse, Louman Associates, Inc.(HLA); and

WHEREAS, the City Council finds and determines that HLA, Inc., being the City's engineer of record, is the most qualified professional engineering firm to provide such services; and

WHEREAS, the City Council finds and determines that a task order to analyze and update the City's water and sewer rates as set forth in the scope and specifications for such project, should be approved; and

WHEREAS, the City Council finds and determines that such approval is in the best interests of residents of the City of Sunnyside and will promote the general health, safety and welfare.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYSIDE, WASHINGTON, as follows:

SECTION 1. That Task Order 2013-1 for professional engineering and consulting services for the preparation of the Water and Sewer Rate Study with HLA, Inc., which Task Order is attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby approved; and the Interim City Manager is hereby authorized to execute and administer such agreement for and on behalf of the City of Sunnyside.

SECTION 2. This Resolution shall be effective upon passage, approval and signatures hereon in accordance with law.

PASSED this 11th day of February, 2013.



MIKE FARMER, MAYOR

ATTEST:



DELILAH SAENZ, CMC, CITY CLERK

APPROVED AS TO FORM:



KERR LAW GROUP, LLP
Attorneys for the City of Sunnyside

EXHIBIT "A"

TASK ORDER NO. 2013-1

REGARDING GENERAL AGREEMENT BETWEEN THE CITY OF SUNNYSIDE

AND

HUIBREGTSE, LOUMAN ASSOCIATES, INC.

PROJECT DESCRIPTION:

**Water and Sewer Rate Update
HLA Project No. 13021E**

The City of Sunnyside contracted with CH2M Hill to provide an updated analysis of the City's water and sewer rates. Preliminary rate study information was presented to the City in May 2012, but study was not completed. The City of Sunnyside then contracted with Huibregtse, Louman Associates to complete the water and sewer rate update. The short- and long-term financial needs of the water and sewer funds will be examined and recommendations will be made for utility rates. Information collected or developed by CH2M Hill will be used to the maximum extent possible in the completion of the water and sewer rate update.

SCOPE OF SERVICES:

Water and Sewer Rate Update

At the direction of the City of Sunnyside (CITY), Huibregtse, Louman Associates, Inc. (HLA), shall provide professional planning and engineering services as needed to analyze and update the CITY's water and sewer rates (PROJECT). HLA agrees to perform the following services:

Phase 1 – Water and Sewer Rate Update

- A. Meet with the CITY to develop a thorough understanding of their budgeting process, financing objectives, rate strategies (e.g., fixed versus usage based rates), and considerations for equitable distribution of costs (e.g., residential users subsidizing commercial users).
- B. Review historical fund performance, including both operating and reserve funds. Summarize fund performance by examining beginning and ending fund balances and the net increase or decrease in the balance for each year.
- C. Examine capital improvement needs, estimate future costs including inflation, determine methods of financing improvements (reserves, grants or loans), and estimate future debt service costs.
- D. Review the long-term financial plan spreadsheet developed by CH2M Hill and confirm/update the revenues and expenditures for use in determining rate revenue needs.
- E. Meet with the CITY to discuss revenue needs and rate increases needed to meet revenue demands using the existing rate structure.
- F. Meet with CITY to confirm or revise the following top four rate study objectives presented by CH2M Hill:
 1. Revenue stability: Effective in providing a stable revenue stream to recover revenue requirements in the face of variable external factors such as weather.
 2. Cost of Service Equity: Developing rates so that each customer's water bill equals the cost borne by the CITY in providing that service.
 3. Growth pays for growth: Supports new housing, commercial, and industrial development; allows the CITY to be rate competitive with adjacent and similar communities.

EXHIBIT "A"

4. Fixed Income/Affordability: Having a rate structure that mitigates rates/cost to low income users.
- G. If the CITY determines the existing rate structure generally meets these objectives and the distribution of costs to system users is equitably represented by the existing rate structure, then HLA will assist with the development of ordinances which implement the recommended rate increases. If the CITY determines the distribution of costs to system users should be revised, then HLA will proceed with Phase 2.

Phase 2 – Cost of Service Analysis

- A. Gather additional background information needed to examine the equitable distribution of costs to system users including:
 1. Collect data on customer usage patterns.
 2. Collect water production data and wastewater collection data.
 3. Allocate costs to system functions.
 4. Allocated costs to user characteristics.
- B. Develop options for equitable rate structures that are appropriate to meet the revenue needs. Additional means of generating revenue, such as capital recovery charges, connection fee adjustments or benefit area fees, may also be considered.
- C. Meet with CITY to present and review rate structures. Make adjustments as necessary to address review comments and refine rates as needed.
- D. Assist with the development of ordinances which implement the recommended rate structure.

Items to be Furnished and Responsibility of the CITY

The CITY will provide or perform the following:

1. Provide full information as to the CITY's requirements of the PROJECT.
2. The CITY shall assist HLA by placing at their disposal all available information pertinent to the PROJECT including previous reports, 2010 through 2012 actual revenues and expenditures, 2013 water and sewer budgets, water and sewer capital improvement plans, and any other data relative to the PROJECT.
3. The CITY will examine all studies, reports, estimates, proposals, and other documents presented by the Engineer and render, in writing, decisions pertaining thereto within a reasonable time so as not to delay the work of the Engineer.
4. Obtain approval of all governmental authorities having jurisdiction over the PROJECT and such approvals and consents from such other individuals or bodies as may be necessary for completion of the PROJECT.

TIME OF PERFORMANCE:

Water and Sewer Rate Update

Phase 1 – Water and Sewer Rate Analysis

Professional engineering services shall begin immediately upon notice of authorization to proceed. Preliminary recommendations for water and sewer rates will be completed and presented to the CITY by April 30, 2013. Final recommended rates will be provided within 30 calendar days of receipt of CITY review comments on the preliminary recommendations. Ordinances will be prepared in a timely manner and in conjunction with Council meeting schedule.

EXHIBIT "A"

Phase 2 – Cost of Service Analysis

Professional engineering services shall begin immediately after the decision by the CITY that the cost of service analysis is needed. Preliminary options for equitable water and sewer rate structures will be completed and presented to the CITY within 60 calendar days of notice of authorization to proceed. Final recommended rate structures will be provided within 30 calendar days of receipt of CITY review comments on the preliminary options. Ordinances will be prepared in a timely manner and in conjunction with Council meeting schedule.

FEE FOR SERVICES:

For the services furnished by the Engineer as described in this Task Order, the CITY agrees to pay the Engineer the fees as set forth herein. The maximum amounts listed below may be revised only by written agreement of both parties.

Water and Sewer Rate Update

Phase 1 – Water and Sewer Rate Update

All work shall be performed on a time-spent basis in accordance with Exhibit A – Schedule of Hourly Rates attached to the General Services Agreement, plus reimbursement for direct non-salary expenses such as reproduction expenses, out of town travel costs, and subconsultants with an estimated maximum amount of \$15,000.00.

Phase 2 – Cost of Service Analysis

All work shall be performed on a time-spent basis in accordance with Exhibit A – Schedule of Hourly Rates attached to the General Services Agreement, plus reimbursement for direct non salary expenses such as reproduction expenses, out of town travel costs, and subconsultants, with an estimated maximum amount of \$18,000.00.

Additional Services

Any additional work requested by the CITY shall be performed on a time spent basis in accordance with Exhibit A - Schedule of Hourly Rates attached to the General Services Agreement, plus reimbursement for direct non-salary expenses

Proposed:

Huibregtse, Louman Associates, Inc.
Jeffrey T. Louman, PE, President

Date

Approved:

City of Sunnyside
Frank Sweet, Interim City Manager

Date