



3.17

DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

1391-35TH AVENUE
SACRAMENTO, CA
95822-2911

DIVISION OF
FLOOD CONTROL AND SEWERS

916-449-5271

January 8, 1991

APPROVED
BY THE CITY COUNCIL

City Council
Sacramento, California

JAN 8 1991

OFFICE OF THE
CITY CLERK

Honorable Members in Session:

SUBJECT: AUTHORIZING AMENDMENT #1 TO CITY COUNCIL AGREEMENT #90003 FOR THE STORM DRAINAGE RATE RESTRUCTURING AND SEWER RATE REVISION STUDY AND INCREASING THE EXISTING CONTRACT IN THE AMOUNT OF \$80,257

SUMMARY

This report recommends that the City Council approve the attached resolution which authorizes the City Manager to sign and the City Clerk to execute an amendment to City Council Agreement #90003 with CH2M HILL California, Incorporated, consulting engineers, to provide additional services within the Storm Drainage and Sewer Rates Study.

BACKGROUND INFORMATION

Staff recommends that the scope of financial and engineering services provided by the Rates Study consultant be expanded to:

- 1) Identify, evaluate, and recommend a comprehensive set of rates, fees and assessments which would equitably allocate to users the costs of anticipated capital improvements to the Combined Storm and Sanitary Sewer System and other drainage systems, and
- 2) Expand the scope of coordination of the City's sewer rate study with the concurrent study by the Sacramento Regional Sanitation District.

In response to requirements of the Central Valley Regional Water Quality Control Board (RWQCB), the Flood Control and Sewers Division is developing a comprehensive plan for improvements to the Combined Sewer System. The estimated scope and cost of the proposed

improvements must be submitted to the RWQCB by July 1991, and this plan must also demonstrate the associated funding program. There are several potential revenue sources for the City of Sacramento to consider for funding of Combined Sewer System improvements and other capital improvement projects. These alternatives include sewer and storm drainage user charges, user surcharges, capital equalization and/or connection fees, assessments, and developer exactions.

User charges are now used to collect operating costs and capital improvements to serve existing customers. User surcharges could be imposed to reflect the higher costs of a special condition of the system, and a surcharge may be appropriate for the Combined Sewer System service area. User charges and surcharges will be explored in the existing rate study. Also included within the existing rate study scope of work was an investigation of the feasibility of developing capital equalization fees for raising additional capital. That effort includes an examination of the existing cost accounting systems for recovering the costs of current assets.

The proposed additional scope items will include both development and recommendations of the actual methodology and formulas for calculating the recommended connection fee, other fees and assessments. The connection fee study will identify those improvements that developers should pay for, and will include a cursory evaluation of the potential of using assessment district bonds to pay for improvements.

The study consultant has provided the Division with a revised scope of work and maximum increase in study fee for the additional efforts. The additional services to be provided are detailed in Amendment #1 to City Manager's Agreement #90003 (which incorporates an attached letter proposal), and are summarized below:

- Amendments to Tasks 7, 8, and 9 would expand the scope of sewer rate customer classes studied to include residential. This effort would calculate the residential rate and compare this rate with the rates being charged customers of the Sacramento County Regional Sanitation District outside the City service area.
- Amendment to Task 11 would better inform concerned groups and provide for earlier Council input about the revised drainage rate structure. Three additional meetings are proposed, one each with the Chamber of Commerce, senior citizens' group(s), and the City's Budget and Finance Committee.

- Addition of Task 12 (the Development Impact Fee Study) expands the earlier tasks to include additional alternative funding mechanisms and will develop the methodology and formulas to calculate drainage and sanitary sewer development fees. These charges will take into account the equity and effectiveness of development charges in the Natomas and Combined Sewer System service areas. The rationale and methodology established by this task will be suitable for updating in the future by City staff. Results of this task will be reported in a separate document from the Storm Drainage and Sewer Rate Study report.
- Addition of Task 13 (a comparison of storm drainage rates) will provide the City with results of a survey of the drainage user charges (and sewer user charges where they relate to providing combined sanitary and storm sewer service) in effect and planned by other communities with operation and capital improvement funding requirements which are similar to those facing the City of Sacramento. This data will be included in the study report, for general information to the public and City Council.

FINANCIAL DATA

The expanded scope proposed for the Phase 1 Rates Study will increase the estimated cost to \$300,982. The existing consultant contract was approved on March 13, 1990, for the amount of \$220,725. Sufficient funds are available in the Flood Control and Sewer Division operating budget, organization 3165, to cover this contract amendment.

POLICY CONSIDERATIONS

The action requested conforms to Article VI, Section 58.6 of the Sacramento City Code concerning change orders and supplemental agreements.

MBE/WBE EFFORTS

The consultant team includes the Minority Business Enterprise of Kato & Warren, which will perform approximately 40 percent of the expanded Phase 1 effort, the same percentage as under the original contract.

City Council
January 8, 1991
Page 4

RECOMMENDATION

It is recommended that the City Council approve the attached resolution authorizing the City Manager to sign and the City Clerk to execute Amendment #1 to City ~~Manager's~~ Agreement #90003 with CH2M HILL California, Incorporated. *Council*

Respectfully submitted,

Craig E. Crouch for

Albert E. McCollam, Jr., Division Manager
Flood Control and Sewers Division

RECOMMENDATION APPROVED:

APPROVED:

Walter J. Sipe

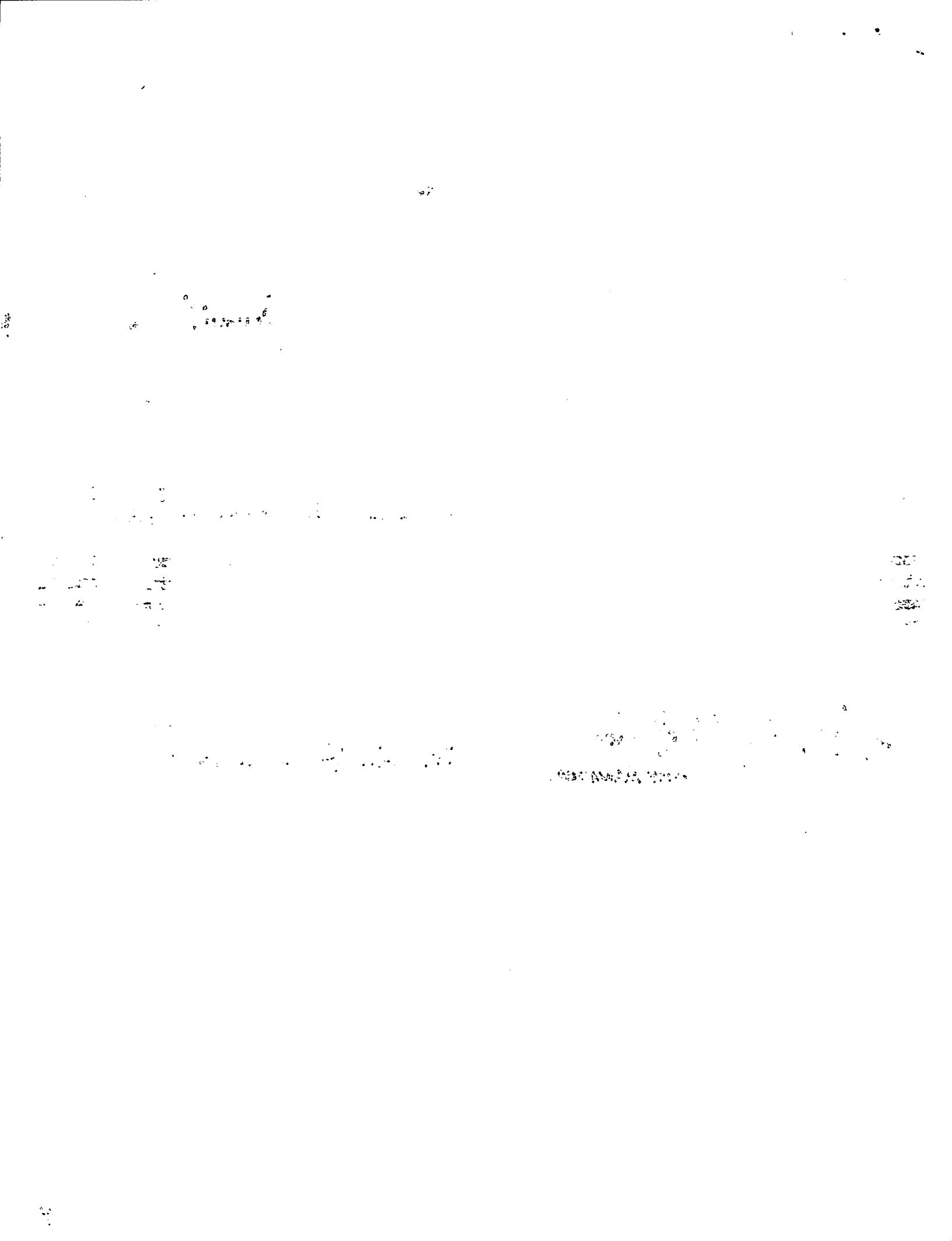
Jack R. Crist *CITY MANAGER*
Deputy City Manager

Melvin H. Johnson

Melvin H. Johnson
Director of Public Works

Contact Person:
Craig Crouch, Senior Engineer
449-8559

All Districts
January 8, 1991



RESOLUTION NO. 91-026

ADOPTED BY THE SACRAMENTO CITY COUNCIL

APPROVED
BY THE CITY COUNCIL

ON DATE OF _____

JAN 8 1991

OFFICE OF THE
CITY CLERK

RESOLUTION AUTHORIZING AMENDMENT #1 TO
CITY COUNCIL AGREEMENT #90003 FOR THE STORM
DRAINAGE RATE RESTRUCTURING AND SEWER
RATE REVISION STUDY AND INCREASING THE
EXISTING CONTRACT

BE IT RESOLVED BY THE COUNCIL OF CITY OF SACRAMENTO THAT:

- The City Manager is authorized to sign and the City Clerk is authorized to execute and record Amendment #1 to City Council Agreement #90003 with CH2M HILL California, Incorporated, to perform additional tasks as part of the Storm Drainage and Sewer Rates Study for a fee not to exceed \$300,982.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____



OFFICE OF THE
CITY CLERK

OPERATION SERVICES

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 304
915 I STREET
SACRAMENTO, CA
95814-2671

916-449-5426

January 18, 1991

CH2M Hill California, Inc.
3840 Rosin Court, Suite 110
Sacramento CA 95834

On January 8, 1991, the Sacramento City Council adopted Resolution No. 91-026 authorizing the execution of Agreement No. 90-003-1 regarding amendment number one for the storm drainage rate restructuring and sewer rate revision study and increasing the existing contract.

Enclosed, for your records, is one fully certified copy of said agreement and authorizing resolution.

Sincerely,

Valerie A. Burrowes
City Clerk

mls/3.17

Enclosures

cc: Public Works
Risk Management