



Legislation Text

File #: 2487-2016, Version: 1

1. BACKGROUND: This legislation authorizes the Director of Public Utilities to enter into a professional services agreement with Arcadis, Inc. in the amount of \$165,000.00 for the development and update of cost of service studies; comprehensive rates, fee, and charge analysis; and general financial analysis services for the Director's Office - Fiscal Section of the Department of Public Utilities.

The Department of Public Utilities has contracted with professional services firms over the years to perform independent cost of service studies and to perform a variety of financial analysis studies. As utility services expand so does the cost of these services. Cost of Service studies, fee analysis, and general financial analysis services assist the Department in generating sufficient revenues to pay for water, sewer, storm, and power capital improvement projects and operating and maintenance expenses in an equitable manner. The Department strives to maintain pricing objectives that maintain customer class equity, low income affordability, revenue stability, business retention, and public understanding and acceptance.

Specific services under this contract consist of: 1) reviewing existing cost of service studies and rate models currently in place; 2) recommending and implementing changes to the structures of the rate models, updating the models with current data, and developing new financial rate models and cost of service studies as needed; 3) providing comparative data regarding current rate model structures, and rates and fees for a minimum of 10 other communities and utilities of similar size and complexity; 4) analyzing all current and existing fees and charges for services, and analyzing the need for new fees and charges for services and recommending appropriate changes and comparisons of charges in other utilities; 5) reviewing the Power Cost Reserve Adjustment including the power cost base and the operating reserve allocation component and making recommendations for formula adjustments; 6) analyzing annual revenue and expense data and providing input and analysis on financial ratios, including debt service coverage ratios, developing models for tracking ratios, and performing detailed revenue and expense forecasts (short-term and long-term). Forecasting may also include utility consumption and use, as well as long-term capital plan/project forecasts; 7) providing assistance in developing, updating, and advising on Affordability Models and Measures of Success associated with the Department's Consent Degree and Integrated Plan; 8) analyzing current inventory levels and the department's current inventory management system and providing recommendations on improvements regarding purchasing practices, stocking levels, obsolete items, internal controls, capital equipment inventory management, and recommending best management practices; 9) providing assistance in categorizing and implementing FERC codes (FERC - Federal Energy Regulatory Commission) with the accounting/ordering/receiving process and for financial ratio reports for the Division of Power; and 10) preparing financial technical memorandum and performing other financial analysis, financial training, and reports as needed.

2. ECONOMIC IMPACT/ADVANTAGES; COMMUNITY OUTREACH; PROJECT DEVELOPMENT; ENVIRONMENTAL FACTORS/ADVANTAGES OF PROJECT: This contract is needed to provide expertise with technical cost of service studies and other in-depth financial analysis studies. The economic impact from these services will result in equitable fees, charges, and rates charged to our customers. Community outreach may needed through expert testimony on rate structures, models, and analysis as presented to the Sewer and Water Advisory Board, City Council, and at neighborhood community meetings.

3. BID INFORMATION: The selection of the firm providing the professional engineering services has been performed

in accordance with the procedures set forth in Columbus City Code 329 regarding awarding professional service contracts through requests for proposals. Requests for Proposals (RFP's) were received on August 12, 2016 from Arcadis U.S., Inc. and Black & Veatch Management Consulting, LLC.

An evaluation committee reviewed the proposals and scored them based on the criteria stated in the City Code, as well as: Proposal Quality, including Environmental Considerations; Qualifications and Experience of Team Members; Ability to Perform Required Service Expeditiously; Past Performance on Similar Projects including Demonstrated Abilities to Meet Schedules and Budgets; and Local Workforce. Based on the evaluation of the proposals submitted, the Director of Public Utilities requests award of the project to Arcadis U.S. Inc.

The Contract Compliance Number for Arcadis U.S., Inc. is 57-0373224, certification number (CC73224-122749) (expires 5/14/17, Majority).

Searches in the Excluded Party List System (Federal) and the Findings for Recovery list (State) produced no findings against Arcadis U.S., Inc.

4. FUTURE MODIFICATIONS: This project will receive annual modifications in the future and financial services will be provided on an "as-needed" basis. The amount of this initial contract will be \$165,000.00. These contracts will be funded for a minimum one year period (or until all funds are expended), with renewal options for two additional contract modifications in an amount up to \$165,000.00 each, for a total contract value up to \$495,000.00.

5. FISCAL IMPACT: Funds for this expenditure are budgeted within the Division of Water Operating Fund, Sanitary Sewer Operating Fund, Stormwater Operating Fund, and Power Operating Fund.

To authorize the Director of Public Utilities to enter into a professional services agreement with Arcadis U.S., Inc. for cost of service studies and general financial analysis services, to authorize the expenditure of \$10,065.00 from the Power Operating Fund, \$64,020.00 from the Water Operating Fund, \$71,775.00 from the Sewer Operating Fund, and \$19,140.00 from the Stormwater Operating Fund. (\$165,000.00)

WHEREAS, two professional services proposals for the development and update of cost of service studies; comprehensive rates, fee, and charge analysis; and general financial analysis services were received on August 12, 2016; and

WHEREAS, Arcadis U.S. Inc., was the firm selected to perform these professional services based on criteria set forth in City Code Chapter 329; and

WHEREAS, it has become necessary in the usual daily operation of the Department of Public Utilities to authorize the Director of Public Utilities to enter into a professional services agreement for cost of service studies and general financial analysis services with Arcadis US, Inc. for the preservation of the public health, peace, property and safety; now, therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of Public Utilities be and hereby is authorized to enter into a professional services agreement for Cost of Service studies and general financial services, with Arcadis U.S., Inc. 100 E Campus View Blvd Suite 200, Columbus, OH 43235-1447; in the amount of \$165,000.00; in accordance with the terms and conditions of the contract on file in the Director's Office.

SECTION 2. The said firm shall conduct the work to the satisfaction of the Director of Public Utilities.

SECTION 3. That the expenditure of \$165,000.00 or so much thereof as may be needed, is hereby authorized per the accounting codes in the attachment to this ordinance.

SECTION 4. That the funds necessary to carry out the purpose of this ordinance are hereby deemed appropriated, and the City Auditor shall establish such accounting codes as necessary.

SECTION 5. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.