



Legislation Details (With Text)

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**File created:** 2/4/2019      **In control:** City Council

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**Title:** Resolution to Approve Amendment No. 1 to the Professional Services Agreement with Stantec Consulting Services for Cost of Services for Water and Wastewater and to Appropriate Funds from the Water Supply System (\$27,495.00) (8 Votes Required)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. AlternativesResolution.pdf, 2. Stantec Amendment 1.pdf

Date	Ver.	Action By	Action	Result
2/4/2019	2	City Council	Approved	Pass

Resolution to Approve Amendment No. 1 to the Professional Services Agreement with Stantec Consulting Services for Cost of Services for Water and Wastewater and to Appropriate Funds from the Water Supply System (\$27,495.00) **(8 Votes Required)**

On March 20, 2017, City Council awarded Stantec Consulting Services (Stantec) a Professional Services Agreement to conduct a cost of service study including rate design, public evaluation, and evaluation and recommendations. Among the deliverables from this agreement, Stantec’s proposed rate design was enacted on June 18, 2018.

Subsequent to the rate implementation, City Council approved “Resolution Directing the City Administrator to Develop and Present to Council by March 31, 2019 a List of Feasible Alternatives to Revise the Recently-Adopted Water Rate Restructuring Ordinance to Mitigate the Adverse Impacts of the Ordinance of Single-Family Residential Customers” (R-18-499). To implement this Council directive, Stantec will be transferring data to Arcadis of Michigan LLC for the purposes of rate design review and presentation of alternatives including advantages and disadvantages of each. This scope entails data transfer from Stantec’s study and adjustment of the cost-of-service and rate structure models to model feasible alternatives for residential water rate design impacts.

As directed by Council, Stantec/Arcadis/City Staff will generate a report expected to include pros/cons of lawful and feasible alternatives. Such alternatives could include things like eliminating the 4th Tier in single-family residential, adopting volume-based pricing tiers in the commercial customer class and establishing potential other customer classes. Any such alternatives presented will be revenue neutral to the City and will not adversely affect the City’s ability to re-invest in our aging water utility infrastructure

**Fiscal/Budget Impact:** No funds were budgeted for further study related to the Cost of Service Study. Staff is requesting appropriations from the Water Supply System Operations in the amount of \$27,495.00 to fund the Amendment. The deliverables for the original scope of services were

delivered in June 2018, and no further funds were budgeted for Stantec's agreement, therefore, Staff is requesting additional appropriations for this funding.

Stantec's agreement was executed in the amount of \$256,975.00, this Amendment would bring the agreement to \$281,970.00, an addition of \$24,995.00. Staff is also requesting contingency funds be authorized and appropriated in the amount of \$2,500.00 for any change orders that may arise.

Stantec Consulting Services complies with the City of Ann Arbor's Living Wage and Non-Discrimination Ordinances.

Prepared by: Marti Praschan, Public Services Area Chief of Staff

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Howard S. Lazarus, City Administrator

Whereas, Stantec was awarded a professional services agreement to conduct a cost of services study for water and wastewater;

Whereas, Subsequent to completion of the cost of service study for water and wastewater services, rates were enacted in July 2018 based on said Study;

Whereas, December 17, 2018, City Council directed the City to re-visit the rates designed in the study to present feasible alternatives for residential customers;

Whereas, Stantec is the possessor of data, models, and information and are uniquely qualified to transfer said information to a peer Consulting firm in order to complete alternatives analysis; and

Whereas, Stantec complies with the City of Ann Arbor's Living Wage and Non-Discrimination Ordinances,

Whereas, Funds from the Water Supply System were not foreseen in the FY2019 budgeting process.

RESOLVED, City Council approves appropriations in the amount of \$27,495.00, which includes \$24,995.00 for the identified scope of services as well as \$2,500.00 for contingency, should additional level of effort be required;

RESOLVED, City Council approves Amendment No.1 Stantec Consulting Services Professional Services Agreement for the Cost of Service Study for Water and Wastewater first executed March 2017;

RESOLVED, Funds be available without regard to fiscal year; and

RESOLVED, The City Administrator be authorized to take necessary actions to implement this resolution.