



Legislation Text

File #: 14-0712, **Version:** 2

Resolution to Approve Professional Services Agreement with Black & Veatch Ltd. for the Water & Wastewater System Capital Cost Recovery Study (RFP No. 885, \$62,800.00)

Attached for your review and approval, please find a resolution approving a professional services agreement for consulting services in the amount of \$62,800.00 with Black & Veatch Ltd. of Michigan (Black & Veatch) for the Water & Wastewater System Capital Cost Recovery Study. The resolution also provides a ten percent project contingency in the amount of \$6,280.00.

On June 3, 2013, City Council adopted an amendment to Chapter 12 (ORD-13-06) which amended the calculation of the water and sanitary improvement charges for properties connecting to City water mains or sanitary sewers during the period July 1, 2013, through June 30, 2015. The code amendment for this two-year period was intended to be for an interim basis to allow time for the City to retain a consultant to review the City's fees and charges for connections to the water and sanitary sewer systems and make recommendations for revision.

The proposed agreement between Black & Veatch and the City of Ann Arbor includes all the required professional services to perform this study. Funding for this project is available in the approved FY 2015 water fund and sanitary fund operations and maintenance budgets.

The reason for the two-year period code amendment stemmed from concern over the improvement charges which were then being charged under Chapter 12 for new connections to the water and sanitary sewer systems. Although the principle underlying the calculation of those charges, to make sure appropriate costs are recovered from new customers so that current rate payers are not improperly burdened, appears to be sound, the formula in effect at that time raised concerns about the dollar amounts calculated for these improvement charges.

When making future changes to improvement charges and connection fees, it is important that various competing elements are satisfied. The fees must be easy to explain and easy to understand to be accepted by the users. The fees must recover costs equitably. The fees must not result in either an undue burden on existing rate payers of the systems or an undue burden on new customers connecting to the systems. The fees must be easily understood and neither over recover costs nor under recover costs. Any under recovery of costs would place undue and inequitable financial burdens on current rate payers. To meet these goals and gain the experiences of other utilities, it is desirable to contract with a consulting firm that has nationwide experience in this area.

The City issued a Request for Proposals (RFP 885) for professional services to perform a water and wastewater system capital cost recovery study. Black & Veatch was selected from a pool of five prospective consultant teams that responded to RFP 885. A selection committee comprised of City staff reviewed all of the proposals. The top three consultant teams were selected for follow-up presentations and interviews. The selection committee chose Black & Veatch for this study based on their proposal, industry-leading utility capital fee expertise, national experience with capital cost recovery solutions, and their competitive fee schedule.

Black & Veatch received Human Rights approval on April 30, 2014 and Living Wage approval on April 29, 2014. All personnel involved with this project will receive a “living” wage.

Prepared by: Troy Baughman, P.E., Project Manager, Systems Planning

Reviewed by: Craig Hupy, Public Services Area Administrator

Approved by: Steven D. Powers, City Administrator

Whereas, Professional consulting services are needed for the Water & Wastewater System Capital Cost Recovery Study to examine the City’s fees and charges for connections to the water and sanitary sewer systems and make recommendations for revision;

Whereas, It is now necessary to enter into an agreement with Black & Veatch Ltd. of Michigan for the professional services associated with the study;

Whereas, Funding for this study is available in the approved FY 2015 water fund and sanitary fund operation and maintenance budgets; and

Whereas, Black & Veatch Ltd. of Michigan received Human Rights approval on April 30, 2014 and Living Wage approval on April 29, 2014;

RESOLVED, That Council approve a Professional Services Agreement with Black & Veatch Ltd. of Michigan in the amount of \$62,800.00 for the Water & Wastewater System Capital Cost Recovery Study;

RESOLVED, That the City Administrator be authorized to approve amendments to the professional services agreement up to \$6,280.00, in order to satisfactorily complete the study;

RESOLVED, That the approved funds be made available without regard to fiscal year;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute said agreement after approval as to form by the City Attorney and approval as to substance by the Public Services Administrator and the City Administrator; and

RESOLVED, The City Administrator be authorized and directed to take the necessary administrative actions to implement this resolution.