



Agenda Item: 11.A
Date of Meeting: April 28, 2025
Department: Public Works

STAFF REPORT

To: City Council
From: Nora Gamino
Subject: **Approval of a Professional Services Agreement with Lechowicz & Tseng for a Water and Sewer Rate Study**
Prepared On: April 17, 2025
Attachments: L&T Proposal for Bishop Rate Study
Water_Sewer Rate Study PSA

Background/History:

The City's current water and sewer rate structure is a flat-rate system based on Equivalent Dwelling Units (EDUs) with 22 customer categories. Most water connections are unmetered, and rates have not been evaluated comprehensively since 2018. With the anticipated construction of a new regional wastewater treatment facility and the need to ensure compliance with Proposition 218, a professional review and update of our rates is necessary. In addition to ensuring legal compliance, a new rate study is also needed to account for rising operational costs and the City's extensive and costly list of planned capital projects.

To this end, the City issued a Request for Proposals (RFP) on February 18, 2025, to identify a qualified firm to conduct a comprehensive Water and Sewer Rate Study. Proposals were due on March 31, 2025, and five firms submitted timely responses.

Analysis/Discussion:

Proposals were evaluated by staff from both the Finance and Public Works Departments based on criteria outlined in the RFP: responsiveness, qualifications, technical competency, methodology, project schedule, and QA/QC planning. The evaluation scores were as follows:

Rank	Firm	Total Score
1	Lechowicz & Tseng (L&T)	56
2	Bartle Wells Associates	53
3	Raftelis	52
4	Robert D. Niehaus, Inc.	49
5	Hansford Economic Consulting	42

L&T stood out for their tailored approach to small agencies, comprehensive understanding of Proposition 218 requirements, and practical, easy-to-implement methodology. Their proposal includes:

- A detailed scope of work with tasks including financial planning, rate design, cost allocation, and public outreach.
- Two in-person meetings (including the Proposition 218 hearing) and full project management support.
- A proposed not-to-exceed fee of \$58,600, including mailing of Proposition 218 notices.

Economic Impacts:

There is no significant economic impact associated with this action beyond the study cost. Any future rate changes resulting from the study will undergo separate public review under Proposition 218.

Budget Impacts:

The study will be funded from existing Water and Sewer Fund budgets. This item is included in the Fiscal Year 2024–2025 budget within expense accounts 002-051-52015 (Sewer) and 004-050-52015 (Water). It will also be included in the Fiscal Year 2025–2026 budget to cover work continuing into the next fiscal year. No General Fund resources will be used. The professional services agreement is structured as a not-to-exceed contract with detailed billing by task.

Legal Review:

City Attorney Pucci has reviewed this item and finds that the recommended action complies with the law.

Recommended Action:

Staff recommends approval of a Professional Services Agreement with Lechowicz & Tseng Municipal Consultants in the not to exceed amount of \$58,600 for the completion of a Water and Sewer Rate Study, including Proposition 218 compliance support.

Approved By: Ethan Aukee 4/21/2025

Approved By: Robin Picken 4/21/2025

Approved By: Deston Dishion 4/23/25

Approved By: