

## **TOWN OF WINDSOR AGENDA REPORT**

**Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date:** April 17, 2024

**To:** Mayor and Town Council  
**From:** Veronica Siwy, Deputy Director of Water & Environmental Management  
**Subject:** Professional Services Agreement with Hildebrand Consulting for a Water and Water Reclamation Rate Study

### **Recommendation to Council:**

Authorize the Town Manager to approve a Professional Services Agreement with Hildebrand Consulting to prepare a Water and Water Reclamation Rate Study and authorize the Town Manager to execute said agreement and approve contract documentation and amendments up to the authorized budget and scope of work on behalf of the Town, for a total amount not to exceed \$119,700.

### **Strategic Plan Element:**

The recommended action supports the goal of Fiscal Health. Goal Statement: Ensure the economic health and long-term financial viability of the Town.

### **Background:**

In 2020, Hildebrand Consulting, along with the Reed Group, Inc., completed a Water and Water Reclamation Rate Study (Rate Study) for the Town. Rate schedules for water and water reclamation were adopted and implemented in the spring of 2022. The adopted rate schedules were for 5 years, with the final rate increase scheduled to occur in July of 2024. Since the completion of the last Rate Study, both the water and water reclamation enterprises have evolved. An updated Rate Study is necessary to evaluate current financial conditions.

### **Discussion:**

The proposed Rate Study will use a financial planning model to update the Town's 10-year financial plans for both water and water reclamation and recommend a 5-year schedule of rate adjustments if they are determined to be necessary. The models will include capital spending data from the respective master plans, operating expenses, operating target reserves targets, debt service coverage ratios, and other financial policies/goals, and will evaluate the impacts of alternative projects, costs, timing, and funding sources to create a complete financial picture and provide for informed decision making. All financial scenarios will ensure that the Town will maintain a proper balance of debt coverage and reserves over the study period.

The Rate Study will account for the consolidation in progress between the Windsor Water District and Sonoma Water's Airport-Larkfield-Wikiup Sanitation Zone Treatment Plant. The scope of the rate study includes an assessment of how to address this change in relation to existing services and operations.

In addition to the standard Rate Study, the scope also includes a feasibility study to evaluate the legal and procedural elements of establishing a Utility Rate Assistance Program for utility ratepayers. This task will include an evaluation of legal constraints to establishing a rate assistance program in

California, and implementation requirements, such as qualifying customers for the program and identifying the level of assistance provided.

Hildebrand Consulting will present the Rate Study findings and recommendations to the Town Council, providing the preliminary financial strategy and discussing any proposed changes to the existing rate structures. An additional meeting with the Council will present the draft Final Study recommendations and seek the Council's direction. Hildebrand Consulting will assist with a Proposition 2018 Public Hearing to adopt the final Rate Study recommendations and five-year rate plans.

This agreement was approved by Town Council at the April 3, 2024 Town Council meeting; however, minor modifications to the agreement have required the revised Professional Services Agreement be approved by Town Council. The revised Professional Services Agreement has been reviewed and approved by the Town Attorney.

**Fiscal Impact:**

There are sufficient appropriations in the Council-approved Water and Wastewater Operating budget for Fiscal Year 2023-2024.

**Environmental Review:**

This action does not constitute approval of a "project" within the meaning of California Environmental Quality Act (CEQA) Guidelines Section 15378 because it does not have the potential to result in a direct or indirect physical change in the environment, therefore, no environmental review is required at this time.

**Attachment(s):**

[1. Modified PSA - Hildebrand Consulting - Water and WW Rate Study](#)

**Prepared by:**

Veronica Siwy  
Deputy Director of Water & Environmental  
Management

**Reviewed by:**

Shannon Cotulla  
Public Works Director/Town Engineer

**Reviewed by:**

Jeneen Peterson  
Administrative Services Director

**Recommended by:**

Jon Davis  
Town Manager