



Monterey Regional Water Pollution Control Agency

*"Dedicated to meeting the wastewater and reclamation needs
of our member agencies, while protecting the environment."*

Administration Office:
5 Harris Court, Bldg. D, Monterey, CA 93940-5756
(831) 372-3367 or 422-1001, FAX: (831) 372-6178
Website: www.mrwPCA.org

AGENDA PROJECTS AND PLANNING COMMITTEE

Rudy Fischer, Chair
Dennis Allion, Dave Pendergrass, Linda Grier

DATE:	Tuesday, October 25, 2016
TIME:	11:00 am
LOCATION:	Admin Conference Room 5 Harris Court, Building D Monterey, CA 93940

PUBLIC COMMENTS

Anyone wishing to address the Committee on matters not appearing on the Agenda may do so now. Comments on any other matter listed on the Agenda are welcome at the time the matter is being considered by the Committee.

1. CONSIDER RECOMMENDING APPROVAL OF A CONTRACT FOR A FEE STUDY AND BUDGET AMENDMENT

2. STAFF REPORTS

3. COMMITTEE MEMBER COMMENTS/REPORTS

Committee Members may ask a question for clarification, make a brief announcement or make a brief comment or report on his or her own activities within the jurisdiction of the committee. No discussion or action is appropriate other than referral to staff for consideration or setting a matter as a future agenda item

4. ADJOURNMENT

Joint Powers Authority Member Entities:

Boronda County Sanitation District, Castroville Community Services Water District, County of Monterey, Del Rey Oaks, Fort Ord, Marina Coast Water District, Monterey, Moss Landing County Sanitation District, Pacific Grove, Salinas, Sand City, and Seaside.

* * * * *

This Committee Meeting Notice and Agenda was hereby posted at:

MRWPCA
5 Harris Court, Building D,
Monterey, California 93940

POSTED: Friday, October 21, 2016

By: /s/ *Chayito Barra*
**Executive Assistant/Clerk to
the Board of Directors**



Monterey Regional Water Pollution Control Agency

*"Dedicated to meeting the wastewater and recycled water needs
of our member agencies, while protecting the environment."*

PROJECTS AND PLANNING COMMITTEE

OCTOBER 25, 2016

CONSIDER RECOMMENDING APPROVAL OF A CONTRACT FOR A FEE STUDY AND BUDGET AMENDMENT

From: Tori Hannah, Chief Financial Officer

Approval: GM Legal CFO

Wastewater Rate Study and Optional Cost Allocation Plan

The Agency is in the last year of a three-year Proposition 218 rate increase. To prepare for forthcoming years, a rate study is needed to determine the amount of revenues needed to fund operational costs, capital improvements; and meet debt covenant and reserve requirements. In August, the Agency issued a Request for Proposals (RFP) for a Wastewater Rate Study and a Comprehensive Fee Study with an Optional Cost Allocation Plan. The intent of the Study is to not only evaluate the wastewater user fees, but review the existing fee structure for equitableness, compliance with any related legislations, and evaluate other charges billed by the Agency. This proposal also includes the development of a ten-year rate model, which evaluates the impact of different levels of operating costs, capital improvement investments, and reserve levels on user rates. Financial benchmarks, along with a regional and similar Agency comparison will also be provided to assist the Board with decision-making.

As part of this RFP, the Agency also asked vendors to provide an "optional" proposal to develop a Cost Allocation Plan that is compliant with Code of Federal Regulations (CFR), Title 2, Part 200, Subpart E - Cost Principles, Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Agency has implemented an internal cost allocation plan which was evaluated by an independent consultant to assure an equitable distribution of indirect costs; however it is not as complex as a CFR compliant plan. While the Agency can use a federally established indirect cost percentage, this may not maximize the amount of funds that could be received from grants. In addition, the CFR compliant plan, would provide a consistent method for allocating indirect costs to grants, partner agencies, and billable programs. Due to timing constraints associated with rate development and the Proposition 218 notification process, staff plans to request approval of a Wastewater Rate Study contract and

Joint Powers Authority Member Entities:

Boronda County Sanitation District, Castroville Community Services District, County of Monterey, Del Rey Oaks, Fort Ord, Marina Coast Water District, Monterey, Moss Landing County Sanitation District, Pacific Grove, Salinas, Sand City, and Seaside.

further evaluate the need for a Cost Allocation Plan based on federal funding opportunities and use of any standard Federal percentages.

Request for Proposals were sent to over 35 consultants, with proposals due on October 4, 2016 and interviews scheduled the week of October 17, 2016. The Agency received five proposals, with only one firm submitting a proposal for a cost allocation plan. All five firms were interviewed by a panel staffed with the General Manager, Chief Financial Officer, Principal Engineer, and Customer Service Supervisor. Three firms were identified to participate in the final selection process. Staff is currently conducting reference checks on the top three firms, as well as reviewing contract expectations with the final candidates. Staff intends to provide a preliminary or final recommendation to the Projects and Planning Committee, with a final recommendation at the October Board Meeting.

Fiscal Impact:

The Agency has included \$25,000 in the Fiscal Year 15/16 Budget; however this amount was based on previous rate update costs of approximately \$10,000. Due to the comprehensiveness of the study, proposals ranged from \$67,000 to \$118,700; with the average proposal amount of \$82,200. The firm with the highest proposal indicated that the proposal may have been overstated based on the erroneous inclusion of recycled water rates associated with the Monterey County Water Resources Agency (MWRA). The MCWRA charges are charged directly through a separate agreement, rather than a rate. The firm indicated that they would update their proposal based on the new information. Staff plans to negotiate with the top firm; however it is anticipated that a budget adjustment of approximately \$57,000 will be needed. These funds would come from working capital funds that are in excess of reserve levels.

Recommendation:

Staff recommends the Projects and Planning Committee recommend the Board approve a contract with one of the top three firms, along with a budget amendment for the proposal. The budget amendment with the final amount, estimated not to exceed \$57,000 will be presented to the Board for approval.