



AGENDA ITEM EXECUTIVE SUMMARY

Agenda Item:	Water & Sewer Rate Study Update		
Presenter & Title:	Bob Van Gyseghem, Superintendent of Water & Wastewater		
Date:	October 3, 2022		
Please Check Appropriate Box:			
<input checked="" type="checkbox"/>	Committee of the Whole Meeting	<input type="checkbox"/>	Special Committee of the Whole Meeting
<input checked="" type="checkbox"/>	City Council Meeting	<input type="checkbox"/>	Special City Council Meeting
<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Other -
Associated Strategic Plan Goal/Objective: EMSII, ESIII			
Estimated Cost: \$37,679.00	Budgeted?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Other Funding? <input type="checkbox"/> Yes <input type="checkbox"/> No
Executive Summary:			
<p>The city has consulted with Dave Hyder, now with Stantec, to provide water & sewer rate studies since 2009. The last update was performed in 2015. The Geneva City Council approved water & sewer rate adjustments based on the 2015 report with the last rate adjustment occurring in 2020. With previous Illinois Environment Protection Agency, IEPA, loans retiring, and future IEPA loans on the horizon for the new sanitary sewer river crossing, solids handling improvements at the wastewater Plant, and lead water service replacements, staff is recommending that a water & sewer rate study update be performed. The goal is to provide staff and the City Council with recommendations in preparation for the fiscal year 2024 budget and beyond.</p>			
Attachments: <i>(please list)</i>			
<ul style="list-style-type: none"> • Resolution • Proposal 			
Voting Requirements:			
<p><i>This motion requires a simple majority of affirmative votes for passage.</i></p> <p><i>The Mayor may vote on three occasions: (a) when the vote of the aldermen or trustees has resulted in a tie; (b) when one half of the aldermen or trustees elected have voted in favor of an ordinance, resolution, or motion even though there is no tie vote; or (c) when a vote greater than a majority of the corporate authorities is required by state statute or local ordinance to adopt an ordinance, resolution, or motion.</i></p>			
Recommendation / Suggested Action: <i>(how the item should be listed on agenda)</i>			
<p>Recommend approval of a Resolution authorizing the City Administrator to approve a Professional Services agreement with Stantec in the amount of \$37,679.00 for a water and sewer rate study update.</p>			

RESOLUTION NO. 2022-89
RESOLUTION AUTHORIZING EXECUTION OF
Professional Services Agreement

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GENEVA, KANE COUNTY, ILLINOIS, as follows:

SECTION 1: That the City Administrator is hereby authorized to execute, on behalf of the City of Geneva, a Professional Service Agreement with Stantec, relating to an update to the water & sewer rate study.

SECTION 2: This Resolution shall become effective from and after its passage as in accordance with law.

PASSED by the City Council of the City of Geneva, Kane County, Illinois, this ____ day of _____, 2022

AYES: __ NAYS: __ ABSENT: __ ABSTAINING: __ HOLDING OFFICE: __

Approved by me this ____ day of _____, 2022.

Mayor

ATTEST:

City Clerk



August 31, 2022

Bob VanGyseghem
 Superintendent of Water & Sewer
 City of Geneva
 22 S. First Street
 Geneva, IL 60134

Re: FY23 Water & Sewer Rate
 Study Update

Dear Mr. VanGyseghem,

As requested, Stantec Consulting Services Inc. (Stantec) is pleased to present this proposal to complete a rate study update for the City's water and sewer systems. Our proposal includes a detailed work plan based on our experience with the City and our understanding of the City's current approach in billing for each of these utility services.

Our proposed scope of work and a detailed work plan are enclosed for your review. The scope of work includes an update to the financial model based on the latest actual and budget for the water and sewer fund and study documentation summarizing our analysis. The work plan shows that the project can be completed for a fee of \$37,679. Based on the scope of service, we propose to complete the project for a lump sum cost of \$37,679, that would be invoiced monthly based upon the percentage of each task completed.

I have also included our standard terms and conditions for the City's review as Attachment A. We can begin work on this study immediately and will be able to complete the project within three months from notice to proceed.

We appreciate the opportunity to present this proposal and look forward to working with you on this study. If you have any questions, please do not hesitate to call me at (443) 538-1175.

Very truly yours,

A handwritten signature in black ink, appearing to read "David Hyder".

David A. Hyder,
 Senior Principal

SCOPE OF WORK

The primary tasks associated with the enterprise funds rate study update will include the following activities.

- **Task 1 - Financial Model Update** - The City's water and sewer model will be updated with the actual operating results and the water and sewer fund budgets. The updates will be completed in support of the City's annual budget process. The financial model will be used to evaluate any necessary adjustments to water and sewer rates, to ensure the ongoing sustainability of each utility including the ability to maintain/meet key performance indicators (debt service coverage, cash reserves). The update will also evaluate how the City funds the capital improvement plans with cash or issuance of debt and include the addition of two new loans for the sewer system and potentially a new loan for the water system to address lead service line replacement and aging distribution system assets.
- **Task 2 - Evaluation of Water and Sewer Rate Structure** - Our project team will assist in the evaluation of the City's current water and sewer rate structures to identify potential modifications to ensure consistency with industry standards and best practices. The evaluation will include developing water and sewer rates that eliminate the minimum equivalent usage and other necessary adjustments.
- **Task 3 - City Staff and Management Work Sessions** - Our project team will meet virtually with the City staff during work sessions to review the results of the model updates and the recommended future rate adjustments and rate structure modifications.
- **Task 4 - Documentation** - The results of the water and sewer rate study update will be documented in a concise report outlining our finding, conclusions, and recommendations.
- **Task 5 - City Council Presentation** - Our project team will participate in one onsite work session with the City Council to review the results of the study and to provide our recommendations for the Council's consideration.

SCHEDULE

Our project team can began work on the study for the City within a week of notice to proceed. We can provide a draft report for the water and sewer rate update within 90 days of notice to proceed. This schedule is dependent on the City providing data necessary for the analysis within one week of notice to proceed.

DETAILED WORKPLAN AND FEE ESTIMATE

Based on our proposed scope of work, we have developed the following detailed workplan and estimated level of effort for the study.



City of Geneva, Illinois
Water and Sewer Rate Study Update
Project Work Plan and Cost Estimate Schedule

Project Tasks	Estimated Labor-Hours				Total Project
	Director	Managing Consultant	Senior Analyst	Admin	
Hourly Rates →	\$283	\$232	\$155	\$113	
Work Element 1: Water and Sewer Enterprise Fund					
Task 1 Water and Sewer Model Update					
1.1 Prepare initial data request list and submit to City staff.	0	2	0	2	4
1.2 Analyze customer billing data from prior year and populate the financial model with actuals.	1	4	10	0	15
1.3 Update financial model with actual and budgeted revenues and expenses.	2	6	12	0	20
1.4 Analyze funding of capital improvement plan based on rate impacts.	2	6	10	0	18
1.5 Review revenue sufficiency of existing rate plan and adjust to develop recommended rate plan.	4	4	6	0	14
Task 2 Rate Structure Analysis					
2.1 Evaluate changes to current water and sewer rate structure and complete detailed consumer usage analysis	4	6	8	0	18
2.2 Model changes to rate structure and calculate updated rates	2	4	4	0	10
2.3 Document range of customer impacts based on alternative rate structure	4	6	6	0	16
Task 3 City Staff Work Sessions					
3.1 Conduct work sessions with City staff to review results of the model update and recommended plan	6	6	0	0	12
3.2 Conduct work session with City Management to review recommendations	2	2	0	0	4
Task 4 Study Documentation					
4.1 Develop water and sewer rate study updated draft report and submit to City staff for review	4	8	10	2	24
4.2 Address City Staff comments and edits and submit final report	2	2	4	0	8
Task 5 Council Presentation					
5.1 Prepare for and attend a work session with the City Council to review the study	6	4	4	0	14
Total Estimated Labor Hours	39	60	74	4	177
Total Estimated Fee					\$36,879
Total Estimated Expenses					\$800
Total Estimated Project Cost					\$37,679

This work will be completed under the terms and conditions as outlined in the Attachment A. If this proposal is acceptable please execute a copy and email it to my attention.

CITY OF GENEVA, IL

STANTEC CONSULTING SERVICES INC.



Authorized Signature

Authorized Signature

David Hyder

Name

Name

Senior Principal

Title

Title

8/31/2022

Date

Date

The following Terms and Conditions are attached to and form part of a proposal for services to be performed by Consultant and together, when the CLIENT authorizes Consultant to proceed with the services, constitute the AGREEMENT. Consultant means the Stantec entity issuing the Proposal.

DESCRIPTION OF WORK: Consultant shall render the services described in the Proposal (hereinafter called the "SERVICES") to the CLIENT.

DESCRIPTION OF CLIENT: The CLIENT confirms and agrees that the CLIENT has authority to enter into this AGREEMENT on its own behalf and on behalf of all parties related to the CLIENT who may have an interest in the PROJECT.

TERMS AND CONDITIONS: No terms, conditions, understandings, or agreements purporting to modify or vary these Terms and Conditions shall be binding unless hereafter made in writing and signed by the CLIENT and Consultant. In the event of any conflict between the Proposal and these Terms and Conditions, these Terms and Conditions shall take precedence. This AGREEMENT supercedes all previous agreements, arrangements or understandings between the parties whether written or oral in connection with or incidental to the PROJECT

COMPENSATION: Payment is due to Consultant upon receipt of invoice. Failure to make any payment when due is a material breach of this AGREEMENT and will entitle Consultant, at its option, to suspend or terminate this AGREEMENT and the provision of the SERVICES. Interest will accrue on accounts overdue by 30 days at the lesser of 1.5 percent per month (18 percent per annum) or the maximum legal rate of interest. Unless otherwise noted, the fees in this agreement do not include any value added, sales, or other taxes that may be applied by Government on fees for services. Such taxes will be added to all invoices as required.

NOTICES: Each party shall designate a representative who is authorized to act on behalf of that party. All notices, consents, and approvals required to be given hereunder shall be in writing and shall be given to the representatives of each party.

TERMINATION: Either party may terminate the AGREEMENT without cause upon thirty (30) days notice in writing. If either party breaches the AGREEMENT and fails to remedy such breach within seven (7) days of notice to do so by the non-defaulting party, the non-defaulting party may immediately terminate the Agreement. Non-payment by the CLIENT of Consultant's invoices within 30 days of Consultant rendering same is agreed to constitute a material breach and, upon written notice as prescribed above, the duties, obligations and responsibilities of Consultant are terminated. On termination by either party, the CLIENT shall forthwith pay Consultant all fees and charges for the SERVICES provided to the effective date of termination.

ENVIRONMENTAL: Except as specifically described in this AGREEMENT, Consultant's field investigation, laboratory testing and engineering recommendations will not address or evaluate pollution of soil or pollution of groundwater.

PROFESSIONAL RESPONSIBILITY: In performing the SERVICES, Consultant will provide and exercise the standard of care, skill and diligence required by customarily accepted professional practices normally provided in the performance of the SERVICES at the time and the location in which the SERVICES were performed.

LIMITATION OF LIABILITY: The CLIENT releases Consultant from any liability and agrees to defend, indemnify and hold Consultant harmless from any and all claims, damages, losses, and/or expenses, direct and indirect, or consequential damages, including but not limited to attorney's fees and charges and court and arbitration costs, arising out of, or claimed to arise out of, the performance of the SERVICES, excepting liability arising from the sole negligence of Consultant. It is further agreed that the total amount of all claims the CLIENT may have against Consultant under this AGREEMENT, including but not limited to claims for negligence, negligent misrepresentation and/or breach of contract, shall be strictly limited to the lesser of professional fees paid to Consultant for the SERVICES or \$50,000.00. No claim may be brought against Consultant more than two (2) years after the cause of action arose. As the CLIENT's sole and exclusive remedy under this AGREEMENT any claim, demand or suit shall be directed and/or asserted only against Consultant and not against any of Consultant's employees, officers or directors.

Consultant's liability with respect to any claims arising out of this AGREEMENT shall be absolutely limited to direct damages arising out of the SERVICES and Consultant shall bear no liability whatsoever for any consequential loss, injury or damage incurred by the CLIENT, including but not limited to claims for loss of use, loss of profits and/or loss of markets.

INDEMNITY FOR MOLD CLAIMS: It is understood by the parties that existing or constructed buildings may contain mold substances that can present health hazards and result in bodily injury, property damage and/or necessary remedial measures. If, during performance of the SERVICES, Consultant knowingly encounters any such substances, Consultant shall notify the CLIENT and, without liability for consequential or any other damages, suspend performance of services until the CLIENT retains a qualified specialist to abate and/or remove the mold substances. The CLIENT agrees to release and waive all claims, including consequential damages, against Consultant, its subconsultants and their officers, directors and employees arising from or in any way connected with the existence of mold on or about the project site whether during or after completion of the SERVICES. The CLIENT further agrees to indemnify and hold Consultant harmless from and against all claims, costs, liabilities and damages, including reasonable attorneys' fees and costs, arising in any way from the existence of mold on the project site whether during or after completion of the SERVICES, except for those claims, liabilities, costs or damages caused by the sole gross negligence and/or knowing or willful misconduct of Consultant. Consultant and the CLIENT waive all rights against each other for mold damages to the extent that such damages sustained by either party are covered by insurance.

DOCUMENTS: All of the documents prepared by or on behalf of Consultant in connection with the PROJECT are instruments of service for the execution of the PROJECT. Consultant retains the property and copyright in these documents, whether the PROJECT is executed or not. These documents may not be used for any other purpose without the prior written consent of Consultant. In the event Consultant's documents are subsequently reused or modified in any material respect without the prior consent of Consultant, the CLIENT agrees to defend, hold harmless and indemnify Consultant from any claims advanced on account of said reuse or modification.

Any document produced by Consultant in relation to the Services is intended for the sole use of Client. The documents may not be relied upon by any other party without the express written consent of Consultant, which may be withheld at Consultant's discretion. Any such consent will provide no greater rights to the third party than those held by the Client under the contract, and will only be authorized pursuant to the conditions of Consultant's standard form reliance letter.

Consultant cannot guarantee the authenticity, integrity or completeness of data files supplied in electronic format ("Electronic Files"). CLIENT shall release, indemnify and hold Consultant, its officers, employees, Consultant's and agents harmless from any claims or damages arising from the use of Electronic Files. Electronic files will not contain stamps or seals, remain the property of Consultant, are not to be used for any purpose other than that for which they were transmitted, and are not to be retransmitted to a third party without Consultant's written consent.

FIELD SERVICES: Consultant shall not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions and programs in connection with work on the PROJECT, and shall not be responsible for any contractor's failure to carry out the work in accordance with the contract documents. Consultant shall not be responsible for the acts or omissions of any contractor, subcontractor, any of their agents or employees, or any other persons performing any of the work in connection with the PROJECT. Consultant shall not be the prime contractor or similar under any occupational health and safety legislation.

GOVERNING LAW/COMPLIANCE WITH LAWS: The AGREEMENT shall be governed, construed and enforced in accordance with the laws of the jurisdiction in which the majority of the SERVICES are performed. Consultant shall observe and comply with all applicable laws, continue to provide equal employment opportunity to all qualified persons, and to recruit, hire, train, promote and compensate persons in all jobs without regard to race, color, religion, sex, age, disability or national origin or any other basis prohibited by applicable laws.

DISPUTE RESOLUTION: If requested in writing by either the CLIENT or Consultant, the CLIENT and Consultant shall attempt to resolve any dispute between them arising out of or in connection with this AGREEMENT by entering into structured non-binding negotiations with the assistance of a mediator on a without prejudice basis. The mediator shall be appointed by agreement of the parties. If a dispute cannot be settled within a period of thirty (30) calendar days with the mediator, if mutually agreed, the dispute shall be referred to arbitration pursuant to laws of the jurisdiction in which the majority of the SERVICES are performed or elsewhere by mutual agreement.

ASSIGNMENT: The CLIENT and Consultant shall not, without the prior written consent of the other party, assign the benefit or in any way transfer the obligations under these Terms and Conditions or any part hereof.

SEVERABILITY: If any term, condition or covenant of the AGREEMENT is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of the AGREEMENT shall be binding on the CLIENT and Consultant.