



Recommendation for Action

File #: 23-3040, **Agenda Item #:** 26.

10/19/2023

Posting Language

Authorize negotiation and execution of a contract for a residential rate advocate with Raftelis Financial Consultants, Inc. d/b/a Raftelis, for a term of two years in an amount not to exceed \$250,000.

[Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C (Minority Owned and Women Owned Business Enterprise Procurement Program). For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established].

Lead Department

Financial Services Department.

Client Department(s)

Austin Water.

Fiscal Note

Funding in the amount of \$125,000 is available in the Fiscal Year 2023-2024 Operating Budget of Austin Water. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Financial Services Department issued a Request for Qualification Statements (RFQS) 2200 EAD4010 for these services. The solicitation was issued on June 19, 2023, and closed on July 25, 2023. Of the four offers received, the recommended contractor submitted the best-evaluated responsive offer. A complete solicitation package, including a log of offers received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: [Solicitation Documents](#).

For More Information:

Direct questions regarding this Recommendation for Council Action to the Financial Services Department - Central Procurement at: FSDCentralProcurementRCAs@austintexas.gov or 512-974-2500. Respondents to the solicitation and their Agents should direct all questions to the Authorized Contact Person identified in the solicitation.

Council Committee, Boards and Commission Action:

October 11, 2023 - To be reviewed by the Water and Wastewater Commission.

Additional Backup Information:

Austin Water (AW) is conducting a comprehensive cost of service (COS) rate study to review the methods for determining fair and defensible rates for utility services. The process includes a COS consultant (NewGen Strategies and Solutions) and a residential rate advocate consultant. This contract will provide rate advocacy services for AW residential customer classes during the performance of the water, wastewater, and reclaimed water utility COS study. The rate advocate will participate in the COS study, review current COS and rate design methodologies, discuss and analyze alternative methodologies, and participate in the public

involvement and community engagement process. The rate advocate will also present to the Water and Wastewater Commission and Council as necessary and identify any conflicts of interest that may interfere with or call into question the ability to effectively represent the AW ratepayers.

The rate advocate will provide independent representation and utility rate setting expertise on behalf of AW's residential customers. Note that AW procured a residential rate advocate during the 2017 COS study and Austin Energy procured similar rate advocacy services for their 2016 and 2022 rate reviews. The rate advocate is an important part of the COS process since other customer class representatives, like the Austin Apartment Association and large industrial customers, have engaged similar utility rate consultants to review COS methodology and make recommendations on behalf of those customer groups during prior COS studies.

NewGen Strategies and Solutions, AW's cost of service rate consultant, began its work on the COS study in January 2023 and is expected to provide initial COS updates and recommendations in December 2023. NewGen's final COS study results and report is expected to be completed in April 2024. The rate advocate consultant will analyze and provide recommendations on adjustments or revisions on the COS revenue requirement, final COS study, and proposed adjustments to residential retail rates as offered by AW in the public involvement process to determine the potential impact on AW's residential customers.

An evaluation team with expertise in this area evaluated the offers and scored Raftelis Financial Consultants, Inc. d/b/a Raftelis as the best to provide these services based on personnel qualifications and demonstrated applicable experience, company experience, and references. This request allows for the development of a contract with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so Council may select another qualified offeror and authorize contract negotiations with this provider.

If the City is unable to enter into a contract, AW will not be able to perform outreach efforts and address customer concerns or incorporate customer feedback in the COS rate study.