



BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB24-010
January 8, 2024
Committee Report

AGENDA BILL INFORMATION

TITLE:	2025-2030 Utility Rate Study Consultant Contract	<input type="checkbox"/> Discussion Only
PROPOSED ACTION:	Move to approve Resolution XXXX awarding contract with Financial Consulting Solutions (FCS) Group for The City of Snoqualmie's Utility Rate Study 2025-2030	<input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution

REVIEW:	Department Director	Jeff Hamlin	12/21/2023
	Finance	Janna Walker	12/21/2023
	Legal	David Linehan	12/21/2023
	City Administrator	Mike Chambless	12/26/2023

DEPARTMENT:	Parks & Public Works		
	STAFF: Dylan Gamble, CIP Manager		
	COMMITTEE: Parks & Public Works		COMMITTEE DATE: January 3, 2024
	EXHIBITS: 1. Resolution XXXX 2. FCS Group Contract Routing Sheet 3. FCS Group Contract 4. 2023-28 CIP Excerpt		

AMOUNT OF EXPENDITURE	\$ 127,970
AMOUNT BUDGETED	\$ 100,000
APPROPRIATION REQUESTED	\$ 0

SUMMARY

INTRODUCTION

The proposed Agenda Bill and Resolution seeks to authorize the Mayor to contract with FCS Group to conduct the City of Snoqualmie's Utility Rate Study for 2025-2030.

LEGISLATIVE HISTORY

In June of 2020, City of Snoqualmie Council approved an agreement with Financial Consulting Solutions (FCS) Group to conduct a Utility Rate Study and General Facilities Charges Update for the City's combined utility. Since the adoption of Ordinance 1248, the product of the 2021 Rate study effort, the City maintained the Utility Rates until December 31, 2023.

On December 11th, 2023 Snoqualmie City Council approved Ordinance 1284 amending Snoqualmie Municipal Code to increase the City's utility rates for Water, Storm water, and Waste water. This utility rate increase was approved to reduce the impacts that increased inflation and decreased rate revenue across all three utilities. Financial Consulting Solutions (FCS) Group was contracted to prepare a 2024 Fiscal Health Review on the City's utility rates and make a recommended rate change recommendation to address inflation and revenue impacts.

BACKGROUND

Staff conducted a request for proposal (RFP) for a consultant contract to review, analyses, and design a rate model for the City of Snoqualmie's utilities (Water, Stormwater, and Wastewater) as well as update the City's General Facility Charges (GFCs). The proposed work would review the years 2025-2030 for rate table review, but would conduct longer ranged reviews to capture accurate revenue and expense forecasts.

Two RFP proposals were received by the City and ranked by a City Staff review panel. After review and scoring, FCS Group was selected as the most appropriate and qualified candidate proposal. Snoqualmie City Council requested that a more immediate '2024' fiscal health review be conducted before a larger more comprehensive rate study. At this time the rate study was paused to conduct the '2024 Fiscal Health Review'. As a result of the approval of Ordinance 1248, this work was completed and the 2025-2030 Utility Rate Study Contract is being resumed.

ANALYSIS

A 2025-2023 Utility Rate study is encouraged to accurately capture future revenue and expenses related to the City's utilities. The existing utility rate study, and subsequent utility rates, do not capture an accurate forecast for the City's future growth goals, expected revenue sources, or forecasted expenditures. Staff recommends beginning the Utility rate study in 2024, for adoption and codification for the beginning of 2025.

BUDGET

Administration recommends approval of the contract with FCS Group in the amount of \$127,970 to complete the Utility Rate Study for 2025-2030. The City budgeted \$40,000 for the rate study in both Water Utility (#401) and Sewer Utility (#402), and \$20,000 within Stormwater Utility (#403), for a total of \$100,000, in the 2023-24 Biennial Budget. The three funds are currently encumbered by a contract of \$16,070, with \$6,428 applying to Water and Sewer Utilities, and \$3,214 applying to Stormwater Utility. When accounting for the value of this contract and the outstanding contract value for work performed for the 2024 utility rate study update, the FCS Group contract will exceed the appropriation level across the three funds by a combined total of \$44,040.

Utility Operations Services - Utility Rate Study

2023-2024 Amended Biennial Budget		
Beginning Budget	\$	100,000
Expenditures	\$	-
Outstanding Contract Value	\$	(16,070)
Current Available Budget	\$	83,930
Cost of FCS Contract	\$	(127,970)
Available Budget after Election Costs	\$	(44,040)

The 2023-24 Biennial Budget includes transfers from the Utility Operating funds (Water, Sewer, and Stormwater Utility) into the Utility Capital Fund (#417) totaling \$13,217,438. Administration proposes

decreasing these transfers out from each Utility Operating Fund in the amounts shown in the table below to fund the gap between the amounts budgeted and the expected cost of the contract. According to the 2023-28 Capital Improvement Plan (CIP) cash balance forecast, this decrease in transfers is not anticipated to slow project completion for the duration of the six-year CIP.

	2023-2024
	Biennial Budget
Available Budget / (Shortfall) after AB24-010	\$ (44,040)
Water Utility (#401)	\$ (15,626)
Sewer Utility (#402)	\$ (20,601)
Stormwater Utility (#403)	\$ (7,813)
Available Budget after AB24-010	\$ -

NEXT STEPS

If awarded, Staff will finalize the contract with FCS Group. The 2025-2030 Utility Rate Study work will begin with of data collection, analysis modeling. Expected Council review of proposed rate study materials in late Spring/Early Summer 2024.

PROPOSED ACTION

Motion to approve Resolution XXXX awarding contract with Financial Consulting Solutions (FCS) Group for The City of Snoqualmie's Utility Rate Study 2025-2030.