

**THIRD AMENDMENT
TO PROFESSIONAL SERVICES AGREEMENT
WITH HANSFORD ECONOMIC CONSULTING**

This Third Amendment to Professional Services Agreement ("Agreement") dated November 10, 2015 ("Agreement") is made as of this 12th day of September, 2017 by and between the City of St. Helena, a municipal corporation ("City"), and Hansford Economic Consulting. ("Consultant").

RECITALS

- A. On November 10, 2015 the City and Consultant entered into the Agreement for Consultant to provide a Utility Rate Study for a total amount not to exceed \$48,350 per Resolution No. 2015-136; and
- B. The data and pertinent information from the City's customer and water use data base information was difficult to extract in a usable format and it took the consultant a significant amount of time to clean-up the data provided from staff; and
- C. As the consultant became more familiar with the circumstances in St. Helena both staff and the consultant determined that additional review and modeling work would need to be done; and
- D. On September 13, 2016 the First Amendment to the Consultants Contract was approved per Resolution No. 2016-125 authorizing additional work in a not exceed amount of \$13,020, and the total to be paid to the Consultant shall not exceed \$61,370; and
- E. The Contract period shall extend until the time new rates are implemented, and the rate study is complete.
- F. On February 14, 2017, the Second Amendment to the Consultants Contract was approved per Resolution 2017-26 authorizing additional services as it relates to the utility rates adopted on November 29, 2016 in a not to exceed amount of \$32,792, and the total to be paid to the Consultant shall not exceed \$94,162; and
- G. The City Council approved at its September 12, 2017 meeting to continue to retain Consultant for services as it relates to the utility rates adopted on November 29, 2016; and
- H. The Third Amendment shall not exceed \$18,235, and the total to be paid to the Consultant shall not exceed \$112,397.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and of the mutual covenants

agreements herein contained, for good and valuable consideration, the adequacy of which is hereby acknowledged, the parties agree to amend the Agreement to include Scope of Services which are included as Attachment A to the Second Amendment.

All other terms of the Agreement shall remain in full force and effect.

Entered as of the day and year first above stated.

CONSULTANT:

Hansford Economic Consulting
PO Box 10384
Truckee, CA 96162

Signatures of Authorized Persons:

By: *C. Hansford*

Print Name: CATHERINE HANSFORD

Title: PRINCIPAL

CITY OF ST. HELENA
a Municipal Corporation

By: *M. Prestwich*

Print Name: Mark Prestwich

Director, _____ Department

Title: City Manager

APPROVED AS TO FORM:

Thomas B. Brown
City Attorney Thomas B. Brown

ATTEST:

Cindy Tzafopoulos
City Clerk Cindy Tzafopoulos

Attachments:

Exhibit A, "Scope of Services"

September 6, 2017

April Mitts
Finance Director
City of St. Helena
1480 Main St.
St. Helena, CA 94574

Subject: City of St. Helena Water and Wastewater Rate Study Review

Dear April:

It has been a great privilege to work on the City of St. Helena (City) water and wastewater rate study review (the Project).

Hansford Economic Consulting (HEC) has been working with the ad hoc committee, City Council, City staff and other consultants to ensure that the updated rate schedules meet the City's short and long term financial goals, while equitably sharing costs to customers.

The City Council originally approved a budget of \$32,792 for HEC's services in February 2017 to work on the utility rates review. At the time that the City asked HEC for a proposal to conduct the utility rates review, it was unknown how many meetings would be held, and what recommendations the ad hoc committee would give to Council, and ultimately what HEC would be modeling and preparing as a result of City Council direction. HEC provided a best estimate of cost at that time; however, as of September 3, 2017, the budget has been exhausted and there is still work to do to adopt revised rates in November 2017.

ESTIMATED BUDGET TO COMPLETE

Table 1 on the following page provides the estimate of remaining cost to complete the scope of services. If Council does not want Catherine Hansford present or be available for questions at the public hearing (Task 5) then the Task 5 costs can be halved and only two-thirds of the estimated reimbursable costs would be included in the budget. In addition, Task 4 has not been expressly asked for by Council; HEC has included this to memorialize the changes made for the City. If Council does not want any write-up of the changes then the cost for Task 4 can be eliminated.

This letter respectfully requests an amendment to authorize up to a maximum of \$18,235 additional budget to complete the Project.

Table 1
Estimated Budget to Complete Project

Task	2017 billing rates	Hansford \$165	Gustafson \$95	Clerical \$75	Total Estimated Cost
Task 1 Complete Financial Scenarios		22.0	16.0	0.0	\$5,150
Task 2 Attend Council Meeting September 18th		10.0	10.0	0.0	\$2,600
Task 3 Revisions per Council Feedback		12.0	8.0	0.0	\$2,740
Task 4 Memorandums of Changes for Water and Wastewater		10.0	8.0	5.0	\$2,785
Task 5 Attend Two Additional Public Meetings		20.0	10.0	0.0	\$4,250
Total Estimated Staff Cost					\$17,525
Estimated Reimbursable Costs [1]					\$710
Total Estimated Cost					\$18,235

Note: HEC reserves the right to move budget between tasks as necessary to complete the scope of work up to the authorized budget amount.

[1] Includes 3 trips to St Helena:	
Mileage @ Fed. Reimbursement rate	\$590
Meals	\$120
Total Estimated Reimbursable Costs	\$710

Please review this request and call with any questions or comments. HEC looks forward to continuing work with the City to ensure that the Project is successful.

Sincerely,



Catherine R. Hansford
HANSFORD ECONOMIC CONSULTING

CITY OF ST. HELENA

RESOLUTION NO. 2017-125

RESOLUTION APPROVING THE THIRD AMENDMENT TO THE CONTRACT WITH HANSFORD ECONOMIC CONSULTING FOR AN AMOUNT NOT TO EXCEED \$18,235 TO COMPLETE THE REVISION OF THE UTILITY RATE STUDY DATED OCTOBER 31, 2016 AND ADOPTED ON NOVEMBER 29, 2016

RECITALS

WHEREAS, on February 28, 2017 City Council approved Resolution No 2017-26 approving the Second Amendment to the contract with Hansford Economic Consulting to provide additional analysis and revision of the Utility Rate Study dated October 31, 2016 and adopted on November 29, 2016; and

WHEREAS, analysis continues to be done and a Third Amendment to the contract with Hansford Economic Consulting is needed; and

WHEREAS, the City desires to employ Consultant to furnish additional services relating to the revision of the utility rate study dated October 31, 2016 and prepared by Hansford Economic Consulting.

RESOLUTION

The City Council of the City of St. Helena hereby resolves as follows:

1. The City approves the Third Amendment to the contract with Hansford Economic Consultant for an additional \$18,235; and
2. The City Council authorizes the City Manager to execute the agreement on behalf of the City.

Approved at a Special Meeting of the St. Helena City Council on September 18, 2017, by the following vote:

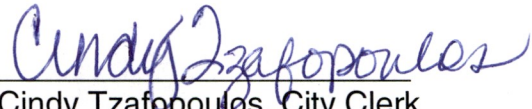
Mayor Galbraith: Yes
Vice Mayor White: Yes
Councilmember Dohring: Yes
Councilmember Koberstein: Yes
Councilmember Ellsworth: Yes

APPROVED:



Alan Galbraith, Mayor

ATTEST:



Cindy Tzafopoulos, City Clerk



February 21, 2017

April Mitts, Finance Director
1480 Main St.
St. Helena, CA

Subject: Water and Wastewater Rate Studies Review

Dear April:

It has been a great privilege to work on the City of St. Helena (City) water and wastewater rates update. New rates were adopted by City Council November 29, 2016.

As of January, 2017 the City has a new City Council (some continuing members and some new). The new City Council has approved further work to be undertaken on the rate studies. The additional work includes review of the studies, engaging a public financial consultant, forming a new ad hoc committee, and potentially revising rates prior to November 2017. HEC has prepared the following scope of services to assist the City with these efforts.

SCOPE OF SERVICES

The proposed scope of services includes the following tasks:

Task 1. Prepare Memorandum

As part of the review of the rate studies, HEC will provide further information and explanation of rate study elements that the City would like further clarification on. In particular, HEC will provide greater depth of explanation on the functional allocation used to allocate costs among customer groups so that it is clear that the rates adopted by City Council are defensible and upholdable. The memorandum may be prepared before or after Task 2 (meetings with City staff and City Council members).

Task 2: Attend Informational Meetings

HEC will meet with City staff and City Council members on an individual basis to review the rate studies; discussing all key elements. HEC anticipates conducting these meetings over the course of one day in St. Helena. These meetings may occur before or after tasks 3 and 4.

Task 3: Ad Hoc Committee Materials and Presentations

The City is forming a new ad hoc committee to review the water and wastewater rate study. The City is also engaging a public financial consultant to advise the ad hoc committee on available financing options for the capital improvement projects, and other key assumptions of the study.

In this task HEC will work with the City's financial consultant and the ad hoc committee and may make changes to the water and wastewater rate models based on their input and

direction. Presentation materials, communications, and other aspects necessary to coordinate efforts with the ad hoc committee and the financial consultant will be conducted under this task. HEC has included two trips to St. Helena for this task.

Task 4: Run Additional Financial Scenarios

Additional financial scenarios may be generated as a result of discussions under Task 3. Such scenarios may include more debt financing, for example. HEC will run additional scenarios as asked, and summarize findings in a Power Point format. Note that because it is unknown at this point how many scenarios need to be run, and the extent of the changes to the model, the budget associated with this task is difficult to estimate.

Task 5: City Council Presentation/Workshop

After discussing rate study key elements and assumptions with individuals, HEC will attend a council meeting, which will likely be in workshop format. At the workshop, HEC will review all of the rate study items that the City Council members requested clarification on, and answer any further questions.

Task 6: Contingency

It is difficult to know the extent of the work necessary for tasks 1 through 5 at this stage, and particularly Task 4. As ad hoc committee members and/or City Council members ask questions, the nature of work needed may change. HEC recommends providing a contingency of 15% in the scope of services for changing needs as they arise.

ESTIMATED BUDGET

Table 1 on the following page summarizes the estimated cost based on HEC's understanding of the work to be completed.

HEC looks forward to continuing to work with the City. Please review this proposal and call me with any questions or comments.

Sincerely,



Catherine R. Hansford
HANSFORD ECONOMIC CONSULTING

Table 1
Estimated Cost

Task	<i>2017 billing rates</i>	Hansford \$165	Kirkpatrick \$120	Gustafson \$95	Clerical \$75	Total Estimated Cost
Task 1 Prepare Memorandum		15.0	0.0	10.0	5.0	\$3,800
Task 2 Attend Informational Meetings		14.0	0.0	14.0	5.0	\$4,015
Task 3 Ad Hoc Committee Materials & Presentations		24.0	24.0	0.0	5.0	\$7,215
Task 4 Run Additional Financial Scenarios		20.0	20.0	20.0	5.0	\$7,975
Task 5 Conduct Public Presentation/Workshop		10.0	0.0	15.0	5.0	\$3,450
Task 6 Contingency (15%)						\$3,968
Total Estimated Staff Cost						\$30,423
Estimated Reimbursable Costs [1]						\$2,368
Total Estimated Cost						\$32,792

Note: HEC reserves the right to move budget between tasks as necessary to complete the scope of work up to the authorized budget amount.

[1] Includes 5 trips to St Helena:	
Mileage @ Fed. Reimbursement rate	\$968
Lodging (3 nights/2 persons)	\$1,200
Meals	\$200
Total Estimated Reimbursable	\$2,368