



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**May 20, 2025**

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**TOPIC:** Agreement for Water and Sewer Long-term Financial Planning and Cost of Service Study

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**AGENDA TITLE**

Agreement with Robert D. Niehaus, Inc. for Long-Term Financial Planning and Water and Sewer Cost of Service Study (Specification No. 25-013) (Non-General Fund)

**RECOMMENDED ACTION**

Approve an agreement with Robert D. Niehaus, Inc. to conduct long-term financial planning and a water and sewer cost of service study for an amount not to exceed \$130,850, for a term beginning May 20, 2025 and expiring May 19, 2028, with a provision for two one-year extensions (Agreement No. A-2025-XXX).

**GOVERNMENT CODE §84308 APPLIES:** Yes

**DISCUSSION**

The Public Works Agency's (PWA) Water Resources Division oversees the daily operations and maintenance of the City's water and sanitary sewer systems. The water system is comprised of approximately 480 miles of water main, 21 groundwater wells, seven pump stations, 10 reservoirs with a storage capacity of 49 million gallons, four pressure regulating stations, and seven connection points to the Metropolitan Water District. The system has an average daily demand of 30 million gallons from its roughly 45,500 metered service connections.

On November 19, 2019, at the conclusion of a comprehensive rate study that developed multi-year financial forecasting models for the Water and Sewer Enterprises to determine the level of annual rate revenue required to satisfy projected annual operating costs and identified capital needs, the City Council adopted a five-year rate plan for the City's water and sewer services. The final rate adjustment of the current five-year plan took effect on July 1, 2023. To comply with California Proposition 218 requirements regarding the application of fair and equitable utility rates amongst ratepayers, it is necessary to perform a new cost of service and rate study to ensure Water Resources has the financial resources to continue the delivery of high-quality water and sewer services.

Since the adoption of the current rate plan, Water Resources has undertaken a number of major infrastructure projects recommended in its master plan documents, including the rehabilitation of several wells, replacement of water pipeline, the addition of a new well, and the implementation of a smart water meter program. However, additional capital improvements, including the emerging need of PFAS treatment facilities, as well as the increased costs of operations and maintenance, require a review of the current rate structure and enterprise finances to determine how to achieve these needs.

On January 30, 2025, the Public Works Agency released Request for Proposals (RFP) No. 25-013 (Exhibit 1) for qualified firms to provide long-term financial planning and water and sewer rate study services. The RFP was advertised on the City's online bid management and publication system, PlanetBids, with proposals due on February 27, 2025. A summary of system records of vendor participation and results is as follows:

- 1099 Vendors Notified
- 46 Santa Ana Vendors Notified
- 25 Vendors Downloaded the Bid Packet
- 4 Proposals Received
- 0 Proposals Received from Santa Ana Vendors

Staff recommends awarding an agreement (Exhibit 2) to Robert D. Niehaus, Inc. (RDN) to provide long-term financial planning and water and sewer rate study services. RDN's proposal demonstrates the firm has the necessary technical expertise and capacity to complete the scope of work identified in the RFP. RDN has developed financial plans and rate studies for myriad utilities, both locally and nationally, and is familiar with City operations, having previously worked with the Water Resources Division to review its financial plans.

### **ENVIRONMENTAL IMPACT**

There is no environmental impact associated with the action.

### **FISCAL IMPACT**

Funding is available in the FY 24-25 budget and funding for subsequent fiscal years will be included in the proposed budgets for City Council consideration.

<b>Fiscal Year</b>	<b>Accounting Unit – Account #</b>	<b>Fund Description</b>	<b>Accounting Unit, Account Description</b>	<b>Amount</b>
<b>Contract (3-Year Term)</b>				
2024-25	06017645-62300	Water	Water Admin/Engineering, Contract Services – Professional	\$20,000

<b>Fiscal Year</b>	<b>Accounting Unit – Account #</b>	<b>Fund Description</b>	<b>Accounting Unit, Account Description</b>	<b>Amount</b>
2025-26	06017645-62300	Water	Water Admin/Engineering, Contract Services – Professional	\$109,350
2026-27	06017645-62300	Water	Water Admin/Engineering, Contract Services – Professional	\$500
Optional Two-Year Extension				
2027-28	06017645-62300	Water	Water Admin/Engineering, Contract Services – Professional	\$500
2028-29	06017645-62300	Water	Water Admin/Engineering, Contract Services – Professional	\$500
<b>Total</b>				<b>\$130,850</b>

**EXHIBIT(S)**

1. RFP No. 25-013
2. Agreement with Robert D. Niehaus, Inc.

Submitted By: Nabil Saba, P.E., Executive Director – Public Works Agency

Approved By: Alvaro Nuñez, City Manager