



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
August 1, 2023

TOPIC: Award Agreement to Conduct Cost of Service Study

AGENDA TITLE

Approve Agreement with Stearns, Conrad & Schmidt, Consulting Engineers, Inc. to Conduct a Cost of Service Study for the Sanitation Services User Charge, in an Amount Not to Exceed \$82,875 (Specification No. 23-029) (Non-General Fund)

RECOMMENDED ACTION

Authorize the City Manager to execute a consultant agreement with Stearns, Conrad & Schmidt, Consulting Engineers, Inc. to conduct a cost of service study in an amount not to exceed \$82,875, including a contingency of \$16,575, for a three-year term beginning on August 1, 2023 and expiring July 31, 2026, with provision for one, two-year extension, subject to non-substantive changes approved by the City Manager and City Attorney.

DISCUSSION

The Public Works Agency maintains 400 miles of public right-of-way and provides maintenance services that include roadway maintenance, tree services, roadway cleaning, and sanitation services. Roadway cleaning and sanitation related services are funded through the Sanitation Services Users Charge (Sanitation Fee) and is collected on a bi-monthly basis along with other charges in the City's municipal utility services bill.

The Sanitation Fee was established in 1991 by Ordinance NS-2129 and provides street cleaning services and environmental sanitation services that include street sweeping, street cleaning, removal of illegal deposits such as trash and bulky items, weed abatement, and inspections in the City's right-of-way. Over 35,000 public roadway cleaning and sanitation service requests are completed, and over 50,000 miles of streets are swept annually. As a best practice, the City periodically reviews enterprise operations; the last comprehensive evaluation of the Sanitation Fee was performed in 2019.

At that time, the Tree Services Program expenses were transferred from the Sanitation Fee program to the General Fund. Correspondingly, the monthly Sanitation Fee was reduced from \$6.47 monthly to \$5.35 monthly (Resolution 2019-039). Due to increases in cost due to inflation, contractual increases, increasing prevailing wage requirements, and the need to keep pace with the increased demand in public service levels, it is

necessary to perform a cost-of-service study to ensure the sustainability and improvement of the Sanitation Fee funded programs and long term financial stability.

The Public Works Agency issued Request for Proposals (RFP) No. 23-029 on March 1, 2023, inviting qualified consulting firms with relevant experience to submit their proposals to the City. The RFP was advertised on PlanetBids, the City's online bid and management publication system. A summary of the RFP and proposals received is as follows:

211	Vendors notified
7	Santa Ana Vendors notified
16	Vendors Downloaded RFP Packet
2	Proposals Received
0	Proposals Received from Santa Ana Vendors

Two proposals were received by the RFP deadline on March 20, 2023, and both were deemed to be responsive. The selection committee with experience in the financial and related program services evaluated both proposals. The recommended firm will perform a cost of service study for the City, involving an evaluation of Sanitation Fee programs, financial statements, reserve policies, establishing a cost recovery plan, financing, compliance with California Proposition 218 requirements, and developing a rate plan for the next five years. The goal of the study is to provide the City with an affordable and equitable rate that supports quality service delivery objectives, and ensures continued services for years to come. Based on criteria outlined in the RFP, the following summarizes the responding firms and their rankings:

Firm	City	Rank
Stearns, Conrad & Schmidt, Consulting Engineers, Inc.	Pleasanton, CA	1
MGT Consulting	Sacramento, CA	2

Staff recommends awarding an agreement to the highest-ranked firm, Stearns, Conrad & Schmidt, Consulting Engineers, Inc. (SCS Engineers, Inc.), to conduct the cost of service study (Exhibit 1). Their proposal demonstrated the firm has the necessary capacity and expertise to complete the required services as specified in the RFP. Additionally, the firm's rates are reasonable and within industry standard, the project team qualifications are relevant and appropriate, and the proposal was determined to provide the best overall value for the City.

ENVIRONMENTAL IMPACT

There is no environmental impact associated with the action.

FISCAL IMPACT

Funding is available in the FY 23-24 budget and funding for subsequent fiscal years and optional renewal term, if exercised, will be included in the proposed budgets for City Council consideration. The following is an estimate of expenditures by fiscal year for the initial three-year term:

Fiscal Year	Accounting Unit - Account #	Fund Description	Accounting Unit, Account Description	Amount
2023-24	06817641-62300	Sanitation Fund	Public Works-Roadway Cleaning, Contract Services-Professional	\$53,225
2024-25	06817641-62300	Sanitation Fund	Public Works-Roadway Cleaning, Contract Services-Professional	\$8,025
2025-26 (August – May)	06817641-62300	Sanitation Fund	Public Works-Roadway Cleaning, Contract Services-Professional	\$21,625
Total:				\$82,875

EXHIBIT(S)

1. Agreement with SCS Engineers, Inc.
2. Request for Proposal – Cost of Service Study
3. SCS Engineers, Inc. Proposal Response

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

Approved By: Kristine Ridge, City Manager