



CITY OF APPLETON

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MEMORANDUM

Date: December 18, 2024
To: Chairperson Vered Meltzer and Members of the Utilities Committee
From: Kelli Rindt, Enterprise Fund Accounting Manager
Subject: Approve consulting contract for Water Rate Study to Trilogy Consulting, LLC in the amount of \$22,400.

BACKGROUND:

The current water utility rates have been in effect since, December 30, 2010. This rate authorization approved a 7% return on rate base by the Public Service Commission of Wisconsin (PSC). The return on rate base reported for 2023 was 4.21% and has been on a decreasing trend. Since the last rate increase, utility plant assets increased over \$56M to a current value of \$212M. The increase in assets is a result of distribution system expansion and replacement, replacement of the metering system, installation of a new water tower, addition of a second supply main, upgrades to lake intake and the change to ultra-violet (UV) treatment. In addition, there continues to be decreasing water use by customers due to continuing developments of water conserving appliances and business processes and productions. The financial structure of the Water Utility must be prepared to support current operations, future capital improvements and debt service.

The total budget for this project is \$100,000, which includes funding for fees that will be charged by the Public Service Commission of Wisconsin to review the City's rate application.

PROPOSAL EVALUATION:

The intent of this RFP was to obtain a consultant to complete a full rate study and to provide assistance to the City to complete the required PSC conventional rate increase process. This includes: reviewing all rates and fees and determine needed changes; perform financial analysis, analyze and report on borrowing capacity and cash flow; and submit PSC conventional rate increase application and provide support during docket review. The following table identifies the invited firms along with their proposal scores and pricing.

COMPANY	PROPOSAL SCORE	TOTAL SCORE	COST QUOTE
Baker Tilly	65	71.8	\$39,758
CLA	33.8	58.8	\$12,957
Ehlers	39.6	56.7	\$14,000
Trilogy	60.1	73.9	\$22,400

The five-person evaluation team consisted of individuals from the Departments of Utilities, Public Works, Finance and Legal. After reviewing the proposals and speaking with references, the team found that Trilogy had the highest total score and best value that meets the City's needs for this project. The Trilogy team is experienced, has completed similar projects in size and complexity and their proposal demonstrated a comprehensive approach and was responsive to the services and needs required of this study. In addition, Trilogy successfully completed the Wastewater Rate Study in 2020 for the City.

RECOMMENDATION:

Approve Water Rate Study consulting contract to Trilogy in the amount of \$22,400.

If you have any questions or require additional information regarding this proposal, please contact me at 920-832-6316.