



City of Sacramento City Council

2

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 11/8/2011

Report Type: Consent

Title: Supplemental Agreement: Community Engagement Strategy

Report ID: 2011-00904

Location: Citywide

Recommendation: Adopt a Resolution authorizing the City Manager or his designee to execute Supplemental Agreement No. 2 with Crocker and Crocker, for continued implementation of Phases 2 and 3 of the Department's community engagement program, for an amount not-to-exceed \$61,000, bringing the total contract amount to \$160,395.

Contact: Dave Brent, Engineering Manager, (916) 808-1420, Department of Utilities

Presenter: None

Department: Department Of Utilities

Division: Department Administration

Dept ID: 14001011

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Resolution
- 4- Exhibit A

City Attorney Review

Approved as to Form
Joe Robinson
11/3/2011 4:11:40 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
11/2/2011 4:04:39 PM

Approvals/Acknowledgements

Department Director or Designee: Dave Brent - 11/3/2011 9:23:23 AM



Description/Analysis

Issue: The Department of Utilities has contracted with Crocker and Crocker to assist with the Department's community engagement process to obtain community input and help develop a better understanding in the community regarding the challenges of aging infrastructure and increasing regulatory requirements and mandates, which will be addressed through the Department's proposed finance plan and Water/Wastewater Program. The proposed supplemental agreement will continue the services of Crocker and Crocker in support of community engagement as the Department proceeds with its proposed finance plan and rate adjustment proposals.

Policy Considerations: This recommendation in this report is in accordance with City Code Chapter 3.64, pertaining to the approval of supplemental agreements.

Environmental Considerations: The California Environmental Quality Act (CEQA) does not apply because the approval of this supplemental agreement is an administrative action that involves no physical construction and has no potential to cause significant impact to the environment (CEQA Guidelines Sections 15061(b)(3), 15378(b)(2)), .

Sustainability: There are no sustainability impacts with this community engagement process.

Commission/Committee Action: No

Rationale for Recommendation: The Department is requesting approval of this supplemental agreement to continue the work completed in Phase 1 (Guiding Principles) of this community engagement process and the beginning of Phase 2 (Infrastructure and Regulatory Education). Approval of the supplemental agreement will allow for the continued services of Crocker and Crocker during the Department's finance plan and rate adjustment proposals.

Financial Considerations: The original agreement for Crocker and Crocker totaled \$67,195. Supplemental Agreement No. 1 increased the agreement amount by \$32,200. This supplemental agreement for \$61,000 will bring the total contract to \$160,395. All contract costs will be paid using professional services funds from 14001061 and from 14001011. There are sufficient funds available for this contract.

Emerging Small Business Development (ESBD): Crocker and Crocker is a certified ESBD by the City of Sacramento.



Background

The City of Sacramento Department of Utilities (DOU) is engaging the community and seeking insights into the Department's water, wastewater and solid waste utilities to help prepare a finance plan and eventually a potential rate adjustment to address its biggest challenges: aging infrastructure and increasing regulations and mandates. This effort is being called Your Utilities. Your Voice.

In recent years, DOU has undergone several audits and efficiency reviews resulting in cost savings, which has helped the Department stave off rate increases this past year. However, some costs, such as state and federal mandates, are out of the Department's control. The results from this community engagement effort will be used in a process to analyze utility rates in light of budgetary needs from higher costs, mandatory regulations and needed replacement of pipes, facilities and equipment.

The Department has identified two **goals** as outcomes of the effort:

- community engagement and understanding regarding the Department's aging infrastructure and increasing regulations and mandates and the need for rate adjustments
- council support for a finance plan and rate adjustment proposal

The Department is implementing this community engagement process in three phases and has contracted with Crocker and Crocker, a local public relations and communications firm to assist the Department's public information officer with this program. Crocker and Crocker was selected from a list of qualified, on-call community outreach consultants after interviews were conducted with the two firms on the on-call list deemed to be "most qualified," based on their submittals during the qualification process for projects similar in nature to the Department's proposed community engagement process.

The Department entered into a professional services agreement with Crocker and Crocker in the amount of \$67,195 for Phase 1 of the Department's community engagement process. The Department recently approved Supplemental Agreement No. 1, in the amount of \$32,200, to assist with the first portion of Phase 2 implementation. Supplemental Agreement No. 2, in the amount of \$61,000, will allow Crocker and Crocker to continue to assist the Department's public information officer with implementation of Phase 2 and 3, through the anticipated water and wastewater rate hearing in February 2012.

Phase 1 consisted of research (phone survey, web survey and written survey) to gauge customer support of guiding principles to be used for the Water Wastewater Plan and

Department Finance plan. Additionally, during Phase 1, DOU began to outreach to the community and start a dialogue about the Department's challenges. The Department met with neighborhood associations, cultural organizations and business groups. In addition, the Department developed a website, YourUtilitiesYourVoice.com, which houses all materials created for this effort, additional background materials and videos produced to explain the challenge facing the Department and how funds are spent today.

Phase 2 of Your Utilities. Your Voice. Is taking place in October and November 2011, and will provide additional information about the Departments capital needs and regulatory requirements. It will feature tours of facilities, highlighting the Sacramento River Water Treatment Plant (in operation since 1924) and Sump 2 (in operation since 1927), online video tours, development of fact sheets, and continued meetings with the community and key business leaders and stakeholders.

Phase 3 of Your Utilities. Your Voice. will take place from December through the rate hearings anticipated in January and February of next year. The program will feature additional community rate workshops, community meetings with neighborhood and business leaders and the development of a fact sheet regarding proposed rate adjustments. Two additional videos will be developed, including a video that explains the proposed rate adjustments, and the Department's CIP program and the financing strategy.



RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING SUPPLEMENTAL AGREEMENT NO. 2 WITH CROCKER AND CROCKER FOR IMPLEMENTATION OF COMMUNITY ENGAGEMENT PROGRAM FOR THE DEPARTMENT OF UTILITIES

BACKGROUND

- A. The Department of Utilities began implementation of a community engagement program in September 2011. This effort has encouraged community input on Guiding Principles for the Department's Water/Wastewater program and its Finance Plan, and has begun educating community members and business leaders regarding the challenges the Department faces with aging infrastructure and increasing regulations.
- B. Crocker and Crocker was selected to assist the Department in this process from a list of pre-qualified public relations and community outreach firms. The Department entered into a professional services agreement with Crocker and Crocker in the amount of \$67,195 for Phase 1 of the process, and approved Supplemental Agreement No. 1, in the amount of \$32,200, to assist with the first portion of Phase 2 implementation.
- C. The Department needs continued outside support to continue this community engagement process. Approval of Supplemental Agreement No. 2, in the amount of \$61,000, will allow Crocker and Crocker to continue providing this assistance through the completion of Phases 2 and 3 of the Department's community engagement program.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager or his designee is authorized to execute Supplemental Agreement No. 2 with Crocker and Crocker, for continued implementation of Phases 2 and 3 of the Department's community engagement program, for an amount not-to-exceed \$61,000, bringing the total contract amount to \$160,395.

Section 2. Exhibit A is made a part of this Resolution.

Exhibit A - Supplemental Agreement No. 2



SUPPLEMENTAL AGREEMENT

Project Title and Job Number: Community Engagement Re: Rate Strategy
Purchase Order #:

Date: November 1, 2011
Supplemental Agreement No.: 2

The City of Sacramento ("City") and (**Crocker & Crocker**) ("Contractor"), as parties to that certain Professional Services Agreement designated as Agreement Number **CA 2011-1081-1**, including any and all prior supplemental agreements modifying said agreement (said agreement and supplemental agreements are hereafter collectively referred to as the "Agreement"), hereby supplement and modify the Agreement as follows:

1. The scope of Services specified in Exhibit A of the Agreement is amended to add the following tasks:
See Attachment 2 to Exhibit A, attached hereto and incorporated herein.
2. Payment for the additional services described in section 1, above, shall be as specified in "Attachment 2 to Exhibit A" attached hereto and incorporated by this reference.
3. In consideration of the additional services described above, the maximum not-to-exceed amount that is specified in Exhibit B of the Agreement for payment of Contractor's fees and expenses, is **increased** by **\$61,000.00**, and said maximum not-to-exceed amount is amended as follows:

Agreement's original not-to-exceed amount:	\$67,195.00
Net change by previous supplemental agreements:	\$32,200.00
Not-to-exceed amount prior to this supplemental agreement:	\$99,395.00
Increase by this supplemental agreement:	\$61,000.00
New not-to exceed amount including all supplemental agreements:	\$160,395.00

4. Contractor agrees that the amount of increase in the not-to-exceed amount specified above, shall constitute full compensation for the additional services specified above, and shall fully compensate Contractor for any and all direct and indirect costs that may be incurred by Contractor in connection with such additional services, including costs associated with any changes and/or delays in work schedules or in the performance of other services or work by Contractor.
5. Contractor warrants and represents that the person or persons executing this supplemental agreement on behalf of Contractor has or have been duly authorized by Contractor to sign this supplemental agreement and bind Contractor to the terms hereof.
6. Except as specifically revised herein, all terms and conditions of the Agreement shall remain in full force and effect, and Contractor shall perform all of the services, duties, obligations, and conditions required under the Agreement, as supplemented and modified by this supplemental agreement.

Approval Recommended By:

Approved As to Form By:

Project Manager

City Attorney

Approved By:

Contractor

Approved By:

Attest To By:

City of Sacramento

City Clerk

ATTACHMENT 2 TO EXHIBIT A
PROFESSIONAL SERVICES AGREEMENT
SCOPE OF SERVICES

Budget -

The City of Sacramento Department of Utilities is contracting with Crocker & Crocker for **Community Engagement Re: Rate Strategy.**

Additional Tasks:

Phase 2: Rate Development, October-December 1, 2011

The second phase will educate business and residential customers and stakeholders about the guiding principles research outcomes, continue an educational effort so they know how their Utilities department operates, current and future challenges with a focus on the department's capital improvement programming guide, budget and finances. Crocker & Crocker will work with the city to ensure customers and stakeholders have a better understanding of the rate development process and their input will be used in the rate adjustment process.

Phase 3: Continued Communication Regarding Utilities Funds/Prop 218 Process

As the Prop 218 notice is being mailed, it is important that one final communications and outreach strategy be undertaken, this time to educate customers about the proposed rate increase, inform them they should be looking for information in the mail and continue meeting with business and community groups. It will also provide information about URAC and the City Council's decisions and outcomes.

Phase 2 & 3 Tasks

Website

The "Your Utilities. Your Voice." brand has taken root and continues to stress the importance of positioning that Utilities infrastructure belongs to customers. The website will be continually updated and modified to be an educational portal for customers and reflect questions they are asking as presentations and inquiries are made.

The revised website will include an expanded FAQ section, ongoing updates about community meetings, unveiling of the proposed rates and what goes into the rate adjustments/why they are important and city council/URAC meetings. In addition, information will be included about challenges facing the department and how funds are allocated.

Web components will include adding and updating information about:

- Questions asked and answered--FAQs.
- Information about the financial plan, CIP programming guide and rate information.
- Ensuring city council reports and other information is included.
- City council, URAC, community and business meetings, public workshops and other meetings scheduled and held.
- PowerPoint presentations, videos, Facebook API, govdelivery API, etc.
- Updating the process section when new phases are complete.

Fees: \$8,000

Outreach Materials

Additional outreach materials will be developed to educate customers more specifically about Utilities challenges and their coming plans. Separate fact sheets will be developed about the topics that have been asked about during Phase 1 and the plans for Phase 2. The fact sheets will be distributed through city channels, at presentations, workshops and sent to stakeholders. The fast facts sheets from Phase 2 and the Finance Plan will be translated into Hmong, Spanish and Russian. Additional Phase 2 and Phase 3 fact sheets will address the following:

1. Capital Improvement Projects
2. Regulatory Compliance and How that Affects Rates
3. Finance Plan/How you Pay for Program (summary of challenges and how to meet them)
4. Prop 218 Notice
5. Business Coalition Handout(s)
6. PowerPoint Consultation and Slide Development

Fees: \$12,000

Direct costs: \$3,500

Total: \$15,500

Stakeholder Outreach/Public Meetings

The Phase 1 stakeholder outreach demonstrated the need for ongoing outreach and opportunities for engagement. Key stakeholder groups want involvement in the process and relevant involvement requires they know more about the department itself, its challenges and the alternative solutions being discussed.

The department needs to continue outreach, inform groups and ensure their thoughts are documented and answered. In addition, meetings with homeowners associations, community groups, ethnic groups, outreach at community events and other community outreach will also take place.

Crocker & Crocker will continue to assist the department in reaching out to the community by conducting two to three additional e-blasts to homeowners associations, ethnic groups, community associations and other groups. The e-blasts will include new fact sheets, video links, invitations for department staff to speak about the rate adjustment process and other pertinent information.

With the Sacramento Business Coalition, Crocker & Crocker will manage the Coalition process and arrange follow up meetings with the group as whole as well as individual meetings with each business group. Between now and when the rate increase goes before council for the formal vote, it is anticipated that two meetings with the Sacramento Business Coalition will take place as well as many meetings with the organizations of various business groups. The outcomes of the outreach will be provided in a report for city staff.

Crocker & Crocker will also participate in management meetings with DOU staff to develop communication strategies and outline the communications process. The stakeholder outreach will be tracked to include the outreach activities with each group and the database will be continually updated.

Fees: \$19,000

Direct costs: \$500

Total: \$19,500

Videos

The initial video has been a powerful tool to educate customers, stakeholders and the public. It is a mix of objective and subjective content, telling the Utilities story in a powerful way. Three new videos will be developed. The first video will “take a tour of the Sacramento River Water Treatment Plant and SUMP 2” to relay information about the processes involved with treating water, how the combined sewer system works and the history of each facility and how its age is affecting the system.

A second video will focus more directly on infrastructure issues, long-term needs and challenges facing the department. The video will be punctuated by interviews with business owners and residential customers and show how Utilities assists customers to solve problems, helping them save time and money. A third video will be developed that explains the capital improvement programming guide, finance plan and proposed rate adjustment in lay terms. Each video will be 2-3 minutes long. They will be distributed through e-blasts, shown at community meetings, showcased on the city’s social media channels, websites and through other public information.

Fees: \$10,000

Project Management

This includes coordination of project management tasks, reviewing city staff background reports and information, updating Phase 2 and 3 timelines and schedules, meeting with department staff, etc. Incidentals include copies, postage, mileage, incidental graphics, etc.

Fees: \$6,500

Direct costs/incidentals: \$1,500

Total Not to Exceed: \$61,000

Contract Total Not to Exceed: 160,395.00

Incidentals will be charged as needed and are subject to approval by the City Representative.