



**City of Missoula, Montana**  
**Item to be Referred to City Council Committee**

**Committee:** Public Works

**Item:** Amendment No. 2 with FCS Group, Inc. for the Utility Financial Plan and Rate Study

**Date:** February 9, 2021

**Sponsor(s):** Allison Segal

**Prepared by:** Katie Emery

**Ward(s) Affected:**

<input type="checkbox"/> Ward 1	<input type="checkbox"/> Ward 4
<input type="checkbox"/> Ward 2	<input type="checkbox"/> Ward 5
<input type="checkbox"/> Ward 3	<input type="checkbox"/> Ward 6
<input checked="" type="checkbox"/> All Wards	<input type="checkbox"/> N/A

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**Action Required:**

Approve a Professional Services Agreement Amendment No. 2 with FCS Group, Inc. for the Utility Financial Plan and Rate Study.

**Recommended Motion(s):**

I move the City Council: Approve and authorize the Mayor to sign a Professional Services Agreement Amendment No. 2 with Financial Consulting Solutions Group, Inc. for the Utility Financial Plan and Rate Study at a cost not to exceed \$24,241.00.

**Timeline:**

Referral to committee:	March 1, 2021
Committee discussion:	March 3, 2021
Council action (or sets hearing):	March 8, 2021
Public Hearing:	N/A
Deadline:	N/A

**Background and Alternatives Explored:**

The original agreement with FCS Group was executed on July 5, 2017. This contract allowed FCS Group to study the City's current utility rate-setting methodologies and recommend alternative rate structures. This work involved collaborating with the facility and operations planning efforts for Storm Water, Wastewater, and Water utilities.

The first amendment was executed on March 2, 2020. The expanded scope of the work covered the following:

- finalize the Wastewater Utility analysis, present these findings, and complete documentation;
- update Missoula Water's revenue requirement, perform cost-of-service analysis, complete system development charge analysis, and complete documentation; and
- complete Storm Water Utility system development charge analysis and complete documentation.

Now, the Public Works & Mobility Department would like to finalize this study by updating the wastewater cash-flow analysis and complete the water rate design for \$24,241.00. This will bring the total cost of the study to \$225,986.00.

**Financial Implications:**

The \$24,241.00 will be split evenly between the Water Enterprise Fund and Wastewater Enterprise Fund.

**Links to external websites:**

N/A