

REQUEST FOR PROPOSALS
WATER RATE COST OF SERVICE
AND
RATE STUDY CONSULTING SERVICES



DUE DATE: June 30, 2018

City of Selma
Engineering Department
9374 Valhalla Drive
Selma, Texas 78154

City of Selma

Water Cost of Service and Rate Study Consulting Services

Introduction

The City of Selma is seeking a response to this Request for Proposals (RFP) from qualified individuals, firms, or corporations (herein “Respondent”) to provide a comprehensive water cost of service and rate study (herein “Study”). The purpose of the study is to independently analyze and assess the City’s current water rate structures and impact fees, determine an updated cost of service and provide recommendations for equitable, sustainable cost recovery by customer class based on consumption, conservation incentives, and a computer model to generate future rates.

I. Terms and Conditions:

- a. Respondents should carefully read the information contained herein and submit a complete response to all requirements and questions as directed;
- b. Submissions and any other information submitted by Respondent(s) in response to this RFP shall become the property of the City;
- c. The City will not provide compensation to Respondent(s) for any expenses incurred by the Respondent(s) for submittal preparation or for any demonstrations that may be made, unless otherwise expressly stated or required by law. Respondent(s) make submissions at their own risk;
- d. Each submittal should be prepared simply and economically, providing a straightforward, concise description of the ability of the Respondent(s) to meet the requirements of the RFP. Emphasis should be on completeness, clarity of content, responsiveness to the requirements and an understanding of the City’s needs;
- e. The City makes no guarantee that an award will be made as a result of this RFP. The City reserves the right to accept or reject any or all submittals, with or without cause, waive any formalities or minor technical inconsistencies or delete any item/requirement from this RFP or contract when deemed to be in the City’s best interest. Representations made within the initial submittal and any subsequent submittal will be binding on the responding firms. The City will not be bound to act by any previous communication or submittal submitted by the firms other than this RFP; and
- f. Failure to comply with the requirements contained in this RFP may result in the rejection of the Respondent’s submittal.

II. Background:

The City of Selma is located approximately five miles North of San Antonio and has territory in Bexar, Comal and Guadalupe counties. Selma is readily available via Interstate 35 North, situated between Schertz to the North and Live Oak to the South. The City encompasses approximately five square miles and has an estimated population of 10,088 (2016).

The City is a General Law – Type A city operating under a Council-Administrator form of government. The City Council is comprised of a Mayor and five Council Members, who enact local laws, determine policies and adopt the annual budget. The City Administrator is appointed by the City Council and is responsible for the management of the daily operations of the City.

The City provides water services to the citizens of Selma. Currently, the City services 3,446 water accounts. Of these accounts, 3,175 are residential accounts and 271 are commercial or other non-residential water accounts.

III. Requirements of the Study:

a. Scope

The City desires a comprehensive water rate study, which will require a qualified consultant or consulting firm. The purpose of the study is to provide sufficient information to support a recommendation to the City Council for adjustments to residential and commercial water rates. The study will also determine an appropriate and adequate rate structure for water service provided by the City, considering such issues as conservation, consumption characteristics of various customer classes, deviation from cost of service principles and fairness and equity implications, and customer understanding. The Study should review and determine appropriate adjustments to the water impact fees assessed by the City. The City expects that any rate or fee adjustments developed by the study will be adequate for a minimum of three years.

b. Analyze Water Fund Finances

Successful respondent will be expected to analyze and ascertain a thorough understanding of the financial position of the City's water fund. The analysis shall contain, but is not limited to:

- i.** Analysis of historical operating expenses, including cost of water operations;
- ii.** Analysis of continued growth projections and evaluation of the City's Capital Improvement Plan (CIP) and determination of funds needed to support such plan;
- iii.** Analysis of historic demand and consumption characteristics in order to properly classify and segregate the costs associated with the different functions and customer classes of the City's water system;
- iv.** Analysis of existing water fund financial condition and planned infrastructure improvement projects;
- v.** Analysis of debt structure and obligations; and
- vi.** Analysis of the impact of peak demands on the cost of providing services.

c. Rate Schedule Development

Successful respondent will be expected to develop a recommended schedule of water rates. The proposed rate schedule must meet the following criteria:

- i.** Develop water rates based on the respective cost of services;
- ii.** Provide analysis and recommendations for fixed vs. variable elements of the rate(s);
- iii.** Identify the relative costs of serving different classes of customer based on consumption
- iv.** Be compatible with existing utility billing software (Incode); and
- v.** Be easily explained to customers and other interested parties.

d. **Benchmark to Area Cities**

The successful respondent is expected to compare and contrast the City's existing water rates, as well as the new rates developed by the study, with the rates of neighboring communities and those comparable in population, number of customers based on classification, or any other similar characteristics. This aspect of the study should include comment or opinion as to whether or not proposed rate structure will impact economic development and the ability to attract commercial customers.

e. **Computerized Model**

The successful respondent will develop a computerized rate model to be provided to the City at the conclusion of the study. The respondent will also be expected to train City staff to update model cost factors and develop scenarios by rate and customer class, as needed. Computerized model should be developed with, but not limited to, the following features:

- i. Must use Microsoft Excel application;
- ii. Must allow updating of consumption patterns by customer classification;
- iii. Must allow for updating of operating, debt service and capital costs;
- iv. Must include pre-defined graphical presentation of consumption, revenue and expense data; and
- v. Must integrate the revenue produced by rates with the water fund financial plan.

f. **Findings and Final Report Presentation**

Respondent will be expected to present all findings and analysis to the City Administrator and staff, address questions and/or concerns and incorporate management/staff comments into final recommendations. Upon final approval by the City Administrator, the Respondent is expected to present all findings and recommendations to the City Council.

g. **Pricing**

The City seeks price proposal(s) for services described herein. The City also seeks hourly pricing for on-going, as-needed services that may be required in maintaining the rate calculations and Study integrity.

IV. Submission Requirements:

To achieve a uniform review process, the responses shall be organized in the manner specified below. The Respondent shall submit one original signed paper copy and three copies of the Response. In addition, the Respondent shall submit one flash drive, each containing a complete copy of the Response in PDF format. A complete copy of the Response includes all documents required by this Request, as well as any supplemental materials. The Response and accompanying documentation are the property of the City and will not be returned. **Failure to provide a flash drive will result in disqualification of award.**

Responses shall be organized in the following manner:

1. Title Page (1 page) – Show the title of the Request, the name of your firm, address, telephone number(s), name of contact person, and date.

2. Transmittal Letter (1 page) – Identify the services for which the Response has been prepared. **(TAB #1)**
 - a. Briefly state your firm’s understanding of the services to be performed and make a positive commitment to provide the services as specified.
 - b. Provide the name(s) of the person(s) authorized to make representations for your firm, their title(s), address, telephone number(s) and e-mail addresses.
 - c. The letter of transmittal shall be signed in permanent ink by a corporate officer or other individual who has the authority to bind the firm. The name and title of the individual(s) signing the solicitation shall be clearly shown immediately below the signature.
3. Table of Contents (1 page) – Clearly identify the materials by Tab and Page Number. **(TAB #2)**
4. Firm Qualifications and Experience – Provide detailed information on the firm and proposed project team. **(TAB #3)**
 - a. Respondent shall provide a statement of qualifications for the firm and for those individuals that will conduct the Study which includes education, licenses, professional registrations, certifications, area of expertise and years of service in the respective field.
 - b. Provide the name, address, telephone number and e-mail address of a primary contact for at least three municipalities or organizations of similar size that have utilized similar services from your organization, within the last three years. Include a brief overview of the work performed with associated fees charged. City of Selma references are not applicable. References may be checked prior to award. Any negative feedback received may result in disqualification of submittal.
5. Available Resources and Consultant Location – Respondent shall provide information on size, resources, number of employees and business history of the firm, including the number of years in business. **(TAB #4)**
6. Methodology and Approach – Respondent shall provide detailed information on the methods and approach used to conduct the study and create recommendations. Information shall include tasks to be performed, software to be used and techniques to be used. **(TAB #5)**
7. Fee Proposal – Respondent shall provide proposed fee for work described herein. Fee shall be supplied for two service levels **(TAB #6)**:
 - a. Initial study and scope of work as described herein for the Study;
 - b. Hourly consulting rate for additional services required beyond the initial Study.

V. Evaluation Criteria & Factors:

All submittals received may be evaluated based on the best value for the City. In determining best value, the City may consider:

- a. Overall presentation of the submittal;

- b. Reputation of Respondent and Respondent's services;
- c. Ability and willingness of Respondent to meet the requirements and needs of the City with respect to the study as outlined in this RFP and as demonstrated in the submittal;
- d. The extent to which the services meet the City's needs;
- e. Proven ability of the Respondent to meet work schedules, as well as existing future time commitments of individuals assigned to the study and ability to communicate effectively with City staff;
- f. Evaluation of other rate studies completed that are of a similar nature based on information and references; and
- g. Cost of services described in submittal, as well as cost for on-going, as needed services that may be required in maintaining the rate calculation and Study integrity.

Respondents may be required to make an oral presentation to the City Council or City staff to further present their qualifications. These presentations will provide the Respondent the opportunity to clarify their submittal and ensure mutual understanding of the services to be provided, the approach to be used and fees to be administered.

If the City is unable to negotiate a satisfactory submittal, it may commence negotiations with another selected Respondent. Once a Respondent has been selected, the selected Respondent may be asked to enter into a Professional Services Agreement with the City, the terms of which will be negotiated at that time.

The award of any contract will be made to the Respondent, which in the opinion of the City Council and City staff is best qualified, based on the criteria and expectations outlined herein.

VI. Clarification

All questions or requests for clarification to this RFP must be submitted to no later than 5:00 PM CDT on June 8, 2018. Any responses to written questions will be distributed as an addendum by 5:00 PM CDT on June 15, 2018. The deadline for submissions to this RFP is 5:00 PM CDT on June 30, 2018.

For questions or clarifications related to this RFP, you may contact:

Larry Verner
City Engineer
City of Selma
210.651.7828
lverner@ci.selma.tx.us

VII. Attachments

- a. Current Utility Rate Information

