



**CITY OF SISTERS
Public Works Department**

October 13, 2016

REQUEST FOR PROPOSALS

PROJECT: Analyze Water and Wastewater Utility Rates

PROPOSAL DUE DATE: No later than November 15, 2016 at 4:00 PM.

City of Sisters

Public Works Department
520 E Cascade Avenue
PO Box 39
Sisters, OR 97759

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Contact Person

Director of Public Works

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PUBLIC NOTICE

Request for Proposals for Professional Services to:

Perform a Utility Rate Study for Water and Wastewater Services

GENERAL INFORMATION

The City of Sisters is a community of approximately 2,250 people. The purpose of the proposed study is to evaluate the fiscal policies, revenue requirements, cost of service and rate design. The following is an estimate of the sizes of the City's various systems to be studied:

Water System – The City operates a municipal water system that dates back to the 1930's. Initial distribution upgrades took place in the 1960's and the City's first well was brought on line in 1975. The majority of the City's existing waterlines have been upgraded since 1980, including major distribution system improvements completed in 1995. The water system now includes three supply wells, one 1,600,000 gallon reservoir, and approximately 30 miles of transmission and distribution mains. There are approximately 1,700 water meters connected to the system.

Wastewater System – The City's wastewater system was initially constructed from 2000 to 2002. The current system consists of a gravity sewer system with over 25 miles of gravity wastewater mains, four wastewater pump stations and force mains, and a three-cell aerated lagoon treatment system with winter holding capacity. Land reuse is provided on 11.8 acres of dike and pasture grass, and on 88.5 acres of natural forest land.

The project proposes to perform a study that evaluates and proposes the establishment of revised utility rate schedules for its water and wastewater utilities that will generate sufficient revenue to finance the costs of routine utility operations, capital and operational equipment replacement and debt service for each system.

Services for this project will be funded in their entirety with water/sewer operating funds.

SCOPE OF WORK

BACKGROUND

The City proposes to have a utility rate study prepared by a consultant whose deliverables will include a written report documenting the need for and results of the studies; the studies shall provide a general discussion of the statutory requirements for the updated utility rates. At the consultant's option this may be done in separate reports or in distinctly separate sections of a single report. Each study shall address known systems deficiencies, needs and governing regulations of each system including but not limited to the following:

- a. Statement of purpose and need for each study
- b. Capital and operational needs and associated costs of each system
- c. Population and needs projections for a 20-year planning period presented in 5-year increments
- d. Consultant's recommendations for each study

Each study shall establish the current system needs and incorporate the 20-year capital facility needs of each system as specified in the most current master plan. For purposes of determining utility rates, the consultant shall also project the 20-year revenue requirement needs of each utility presented in 5-year increments. The needs of each system shall include but not be limited to current debt service, needed capital facilities and routine operational labor and materials requirements.

TASK 1 - DATA COLLECTION AND REVIEW

The objective of this work will be to periodically bring together key City and consultant staff, timed around major project milestones, to discuss project findings, products, schedule and future direction. A major outcome of such meetings will be to redirect the project, if necessary, based on up-to-date findings and conclusions. Telephone conversations, meetings and/or correspondence will be used as jointly determined appropriate. City staff will provide the number of connections, the total number of Equivalent Dwelling Units (EDU's) in the water and sewer systems and identify the quantities that are residential, commercial and industrial.

TASK 2 - COST ESTIMATING

City staff will provide updated capital improvement estimates contained in the master plans. These updated costs as well as the current budgets for the water/sewer funds will then be verified and used in the development of the proposed utility rates.

TASK 3 - PREPARATION OF DRAFT AND FINAL:

The objective of this work is to coalesce all information from all tasks into a written report. The draft and final report(s) will be prepared for City review and ultimate acceptance. The consultant will be required to submit 10 copies of the final report(s) and one electronic copy each on CD ROM in Word and PDF format.

TASK 4 - UTILITY RATE STUDY

The City proposes to consider adjusting its utility user rates to provide adequate financing for each utility system. Fees from user rates will be used to finance new improvements, pay existing debt service, as well as, routine operation and maintenance costs of each system. Each proposed user rate schedule must also provide adequate reserves for equipment repair and replacement over the design life of the improvements. The consultant will provide the following services as part of the water and wastewater user rate study:

Subtask #1 - Review the existing utility ordinances and user rate schedules that have been approved by the City. Ensure that utility rate resolutions and ordinances comply with all current state and federal regulations.

Subtask #2 - Consider capital costs of the proposed utility system improvements along with all anticipated operational costs. Consider system needs for reserve and debt service purposes. All of these system costs will be considered in order to determine impacts on the user rate schedules.

Subtask #3 - Review existing City utility billing records. This information will be used to predict future user demands and associated billing amounts for all classes of customers.

Subtask #4 - Prepare an estimated annual revenue requirement for each utility to include operation maintenance and system replacement (R) costs.

Subtask #5 - Show the current utility rates and all existing debt for each utility. If there is debt, identify when it will be paid off.

Subtask #6 - Calculate and propose monthly user rates per EDU for the various classes of users of each utility using the respective, estimated OMR budget, assuming all costs are funded entirely from utility rates.

Subtask #7 - Propose rate structures for each utility based on measurable units such as water consumption. Unit user rates, a tiered fee structure (if appropriate) and techniques to implement the revised user rate schedule shall be recommended in the report.

Subtask #8 - Propose rate implementation schedules and identify what steps the community needs to undertake to adopt and implement the new rate structures. Implementation recommendations should include such approaches as phased rate increases where possible.

Subtask #9 - Prepare an analysis of alternative financing options for capital improvements including but not limited to:

- a. All potential local sources
- b. Potential loans
- c. Potential grants
- d. Other

Subtask #10– Forecast growth rate of the City's user base from master plans for periods of growth every 5 years over a 20-year period. The growth figures shall be reviewed and concurred with by the City prior to incorporating them further in the user rate study.

Following a thorough review of the proposed user rate schedule, the consultant shall prepare a separate, formal user rate summary outlining all recommended user rate schedule revisions and all needed ordinances/resolutions the City would need to adopt to implement the revisions. City staff will also provide a rate comparison analysis of Central Oregon cities as well as other similar communities including some under 5,000 population throughout Oregon for comparative purposes with the consultant's proposed rate schedule.

It should be noted that a goal of the rate study is to review the structure and requirements of an ordinance and establish utility rates that will adequately fund operations and future capital needs.

TASK 5 - PRESENTATION OF FINAL REPORT(S):

The consultant will make a formal presentation of his/her final report(s) to the City Council at a public meeting. The presentation will outline the consultant's findings and recommendations based on the utility rate studies.

PROPOSAL REQUIREMENTS

Proposals must include the following:

1. The consultant's name, address, contact information and the name of the primary contact in reference to the proposal.
2. Brief background information concerning the consultant (e.g., size, type of consulting services provided, and examples of similar engagements).
3. Consultant's qualifications to provide the requested services.
4. Names, addresses and phone numbers of previous clients that the City may contact for reference information regarding

performance on similar, recent projects.

5. Proof of the following insurance carried by the consultant:
 - a. General Liability
 - b. Workers' Compensation
6. Project schedule by task including those portions of the work where the consultant will use sub-consultants.
7. Itemized compensation proposal (it is the City's intent to identify the total cost of the services by task).
8. All proposals must be signed by an individual with contractual authority for the consultant.

PROPOSAL EVALUATION CRITERIA

The City reserves the right to reject any and all proposals and/or waive any and all formalities if in the City's best interest. If a contract is awarded, the City will award the contract to the proposer(s) whose proposal best serves the City's interests, taking into account price and various other considerations, including, without limitation, experience, capability, and expertise.

If a contract is awarded, the City and the selected proposer will enter into a professional services agreement concerning the requested services. The agreement will contain terms and conditions required under applicable law and will otherwise be in form and content satisfactory to the City.

The City reserves the right to reject any and all proposals and to terminate the selection process at anytime if, at its sole discretion, it determines such action would be in the best interests of the City.

PROPOSAL DUE DATE

Proposals must be submitted in triplicate to the City of Sisters, Public Works Department, PO Box 39, 520 E Cascade Avenue, Sisters, OR 97759, no later than November 15, 2016 at 4:00 PM. Proposals received after the deadline date/time may not be considered.