

AGENDA STAFF REPORT

DATE: October 4, 2017

TO: Mayor and City Council

APPROVED BY: Armando G. Villa, City Manager *Armando G. Villa*

PREPARED BY: David Dale, Public Works Director/City Engineer *David Dale*

SUBJECT: Authorize City Public Works Director/City Engineer to Seek Proposals for a Water and Wastewater Rate Study

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Recommendation:

Authorize City Public Works Director/City Engineer to Seek Proposals for a Water and Wastewater Rate Study.

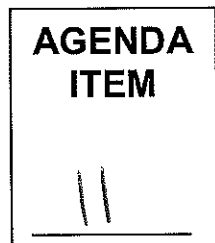
Background:

On April 5, 2016, the City Council approved seeking proposals for a Water Rate Study. This item is to study both water and wastewater rates.

Other local cities have recently considered and modified (or are in the process modifying) their water and wastewater rates due to rising costs to purchase, treat and distribute water; and collect and treat wastewater to increasingly stricter State of California Department of Water Resources regulations. Infrastructure that was installed in the mid 1900's is starting to fail and requires costly replacement.

The City last conducted a Water and Wastewater Rate Study in 2006, with annual increases through 2009. There have been no increases to the rates since FY 2009. With annual inflation rates above 2%, the cost of collection and treatment of wastewater and the treatment and distribution of potable water have risen greatly since 2009. Also, the City has identified a substantial Capital Improvement Program (CIP) for the next five years that requires funding. Although there are considerable assets in the Enterprise Funds, it is estimated that it is not enough fund the CIP.

The rate schedule will be reviewed and possibly modified so that it is a more equitable rate structure, based on consumption. The commercial water schedule also requires modification to include multiple commercial, manufacturing and Industrial units.



Discussion & Analysis:

Staff requests Council authorization to proceed with the Request for Proposal (RFP) process to hire a consultant to conduct the Water and Wastewater Rate Study. The current water rate structure needs updating. The current structure and minimum water fee does not promote water conservation, and does not allow low-residents to save on their monthly bill by conserving water.

The proposed study will contain recommendations only; it will not result in a change of the rates until a Proposition 218 process occurs and the City Council approves the new rate structure.

Fiscal Impact:

Budgeted Item for CIP Fiscal Year 2017-2018
Water Enterprise Funds \$50,000
Sewer Enterprise Funds \$50,000

Coordinated With:

Public Works Department.

Attachment(s):

1. Draft Request for Proposal

REQUEST FOR PROPOSAL

CITY OF CALEXICO

Water and Wastewater Rate Study 2018

Proposals Due: Wednesday, October 18, 2017

City of Calexico
Public Works Department

608 Heber Avenue
Calexico, CA 92231
Phone: (760) 768-2100
engineering@calexico.ca.gov



"Where California And Mexico Meet"

Overview

The City of Calexico, California invites qualified professional firms to submit proposals to conduct a cost of service rate study for the City's water and wastewater utilities; recommend changes to the rate structure and rate adjustments to fully cover the cost of operating, maintaining and upgrading the water and wastewater systems.

Background

The city of Calexico owns and operates a water treatment plant, water distribution system, wastewater collection and treatment systems. The City provides service within its jurisdictional boundaries and within unincorporated areas outside City limits.

Other local cities have recently increased their water and wastewater rates due to rising costs to purchase, treat and distribute water; and collect and treat wastewater to increasingly stricter State of California Department of Water Resources regulations. Infrastructure that was installed in the mid 1900's is starting to fail and requires costly replacement.

The City last conducted a Water and Wastewater Rate Study in 2006, with annual increases through 2009. There have been no increases to the rates since FY 2009. With annual inflation rates above 2%, the cost of collection and treatment of wastewater and the treatment and distribution of potable water have risen greatly since 2009. Also, the City has identified a substantial Capital Improvement Program (CIP) for the next five years that requires funding. Although there are considerable assets in the Enterprise Funds, it is estimated that it is not enough fund the CIP.

From 2016 through 2017, the City replaced all the old existing water meters with radio read meters (Sensus Automatic Meter Reading AMR). This has facilitated the billing process and increased revenues due to the more precise metering. The new AMR system allows customers to log on to view their daily water usage. The existing water rate schedule has a residential minimum rate that allows usage up to 3,000 cubic feet (the City's meters read in cubic feet).

The City is looking to modify the rate schedule so that even with a recommended rate increase, low-income residents and owners can reduce their water bill by reducing water consumption and so be billed for what they use. The commercial water schedule also requires modification to include multiple commercial, manufacturing and Industrial units.

Scope of Work

In preparing a response to this Request of Proposal (RFP), the Consultant shall address the following specific components that should be included in the scope of work. The final scope of work will be coordinated with City staff and the selected Consultant.

A. Services to be performed by Consultant

1. Meet with City Staff members to collect and review available information and review the methodology to be used in the development of the recommended rate structures for water and wastewater services.
2. Review historical account and operational cost information and calculate future costs for the 5-year study period of FY 2018-19 through FY 2023-24 including consumption, capacity and operational forecasts.
3. Prioritize Capital Improvement funding needs from the City's Five-Year CIP budget and facility improvement plans, and other supplemental improvements that the City may deem warranted.
4. Develop a forecast of annual revenue requirements.
5. Recommend rate structure that will generate the level of revenue needs with a distribution of those costs on an equitable basis by customer category. Provide "sample bills" for all customer categories illustrating recommended rate increases. Rates shall be increased gradually each year for 5-years (FY 2018-19 through FY 2023-24).
6. Evaluate and recommend a rate structure that addresses water conservation pricing, tiered rates, and drought surcharges.
7. Develop potential water and wastewater capacity charges that shall be based on a nexus between new development and the cost to accommodate it.
 - a. The recommended capacity charges must consider and make the following provisions for the following factors:
 - i. System value
 - ii. System capacity
 - iii. Projected demand/flow

If the consulting team feels additional studies may be necessary, they should be listed and clearly identified as optional in the scope of work and fee proposal.

B. Timeline Requirements

Consultant shall initiate work by mid-November 2017 with a completion date of February 28, 2018. This schedule enables the City to conduct a beneficial community engagement process as well as required public hearings for rate increases. If adopted, the rate increase(s) would go into effect on July 1, 2018.

C. Reporting and Communication

1. The consultant will meet continuously during the on-site field work process with the City Manager, Finance Director, Revenue Officer and Public Works Director to discuss issues, concerns, preliminary findings and recommendations.
2. The consultant will provide regular updates to the City regarding process on the analyses and recommendations and request any additional information or direct need to complete the project on time and within budget.
3. Prior to issuing the final report, the consultant will meet with the City Manager, Finance Director, Revenue Officer and Public Works Director to review the draft report and recommendations to be presented to the City Council.

D. Other Considerations

1. All working papers, reports, and records relating to the work performed under the Professional Services Agreement must be retained, at the consultant's expense, for a minimum of five (5) years, unless the Firm is notified in writing by the City of Calexico of the need to extend the retention period.
2. The consultant will be required to make working papers available upon request to the appropriate parties.
3. The consultant will be required to attend (2) community workshop meetings and (2) City Council meetings to present the rate study and answer any questions the Council or community may have regarding the study or recommendations.

E. Proposal Content

Proposal responses must adhere to the requirements outlined in this section. The original proposal and each subsequent copy must be submitted on paper, properly bound, appropriately tabbed and labeled in the following order:

1. **Introduction:** Provide a cover letter and introduction including the name and address of the organization with the name, address, telephone and fax numbers, and e-mail address of the contact person who will be authorized to make representations for the organization. A one- to two-page Executive Summary shall be provided with an overview of the proposal, its highlights, and the approach to successfully completing this project.
2. **Scope of Work and Schedule:** Discuss each task outlined in Section 3 above with a cost estimate and fee proposal for the project including a breakdown of costs by each task requested in service to be performed. Include a scope of work and schedule of completion.
3. **Qualifications and Personnel:** Describe the firm's resources, experience and capabilities as follows:
 - a. Provide an outline of the firm's background, qualifications, and ability to perform the scope of services required. Identify any sub-contractors proposed for the project.
 - b. Provide a list and/or organizational chart to identify the person(s) who will be primarily responsible for contact with the City.
 - c. Identify all key project personnel, their relationship to the project, relevant qualifications and experience, and their level of effort toward completing all needed tasks. Include a description of specific projects like this request and the specific tasks performed by the project personnel.
 - d. Provide a brief outline of the firm's current workload, staffing and ability to meet the schedule and deadlines described in this RFP.
4. **References:** Identify at least 5 (five) successfully completed projects of a similar nature, preferably with direct involvement of municipal governments in California. Each project listed shall include the name of the agency, project manager, phone number, and description of work performed. Consulting projects currently underway may also be submitted for consideration.
5. **Additional Data:** This section will be limited to five (5) pages. Proposals may include any other information the Consultant deems essential to the evaluation of the qualifications and proposal statements.

F. Proposal Submittal

To be considered, please submit three (3) copies of your proposal by to:

City Clerk's Office
City of Calexico
608 Heber Avenue
Calexico, CA 92231

All proposals shall be submitted in sealed envelope(s) and shall be clearly marked:

"SEALED PROPOSAL - DO NOT OPEN WITH REGULAR MAIL."

Proposals received after the due date and time will be returned unopened. Faxed proposals will not be accepted. Hand carried proposal will be accepted before the response due date during normal business hours.

Questions regarding this Request for Proposal may be directed to:

David Dale, PE, Public Works Director/City Engineer
City of Calexico
608 Heber Avenue
Calexico, CA 92251

or via email at ddale@calexico.ca.gov

All questions should be submitted in writing no later than Friday, October 10, 2017, and all prospective consultants will receive copies of the questions and responses.

G. Review and Selection Procedure

A proposal evaluation committee comprised of City Staff will review each proposal. The following evaluation criteria will be used in selecting a Consultant:

1. Experience with similar efforts;
2. Commitment of Senior Staff to the Project;
3. Relevant qualifications of key personnel;
4. Familiarity with applicable State and Federal laws;
5. Knowledge of local issues in the City of Calexico and the Imperial Valley region;
6. Proposed schedule and ability to meet applicable deadlines and fees;
7. Overall responsiveness to this RFP.

The City of Calexico reserves the right to reject any or all proposals for any reason. Minor irregularities of the proposal may be waived at the discretion of the City.

Please note that the ability of the Consultant to complete the overall project within the anticipated completion period will be considered in the selection process. The lowest fee proposal will not necessarily be selected.