

City of Kalama
REQUEST FOR PROPOSAL
WATER & SEWER RATE STUDY

The City of Kalama is requesting proposals from qualified consultants to conduct an update of the 2015 comprehensive water and sewer rate study. The intent of the study is to independently assess and evaluate the City of Kalama's existing water/sewer and stormwater rates and provide recommendations. The broad objective of the study is to adequately fund water/ sewer and stormwater utility operations, capital costs, and debt while minimizing rates to the greatest degree possible. The study will be based on a comprehensive review of the City of Kalama's water and sewer funds and budgets, Comprehensive Water System Plan, Wastewater Facilities Plan, customer classes, current usage data, future planned growth of the City of Kalama, the impact of future development in the East Port Annexation, and any other information deemed necessary.

SCOPE OF WORK

A. STUDY OBJECTIVES

1. Provide a comparison of current water/sewer and stormwater system costs (operations, capital improvements, debt) against appropriate industry benchmarks.
2. Recommend baseline rate structures required to fund water and sewer systems and consider annual inflationary, indexed adjustments to rates needed to maintain each utility.
3. Recommend ways of communicating utility system costs including recommendations for restructuring utility bill format.

B. STUDY REQUIREMENTS

The study is to be performed in conformance with the following policy directions:

1. The recommended rate structures shall be based on cost of service and shall be sufficient to meet the revenue requirements of the City of Kalama.
2. The study shall recommend rate structures that consider and make provisions for the following factors:
 - a. Current and future cost of providing water and sewer service in accordance with established and anticipated standards and regulations.
 - b. Current and future costs of maintaining and expanding the stormwater system in accordance with the established and anticipated standards and regulations
 - c. Projected demands.
 - d. Availability of supply (seasonal fluctuations and long-term availability).
 - e. Age and condition of systems.
 - f. Funding requirements for all current long-term liabilities and debt obligations (bond and loans).
 - g. Demand and operational requirements associated with development of the Spencer Creek Business at the Port of Kalama's East Port Property
 - h. Demand and operational costs for water outside city limits from closest to farthest
3. The recommended rate structures shall provide direct identification of revenues appropriated to major funded activities and infrastructure.

4. The recommended rate structures shall be consistent with industry practice for utility rate making in Washington.
5. The study shall provide at least two recommended rate alternatives for each utility based upon standard rate practice that meet the criteria above. The consultant will make a recommendation as to which alternatives best meet the criteria. All water alternatives shall assume a “base plus consumption” format. Sewer rates are currently calculated with a base charge plus consumption based on water usage. Stormwater rates are currently calculated based on a fee of \$5.60 per ERU (established as 3500 square feet of impervious surface)
6. The benefits of any proposed modifications shall be weighed against the financial impacts on ratepayers.
7. Justifications for any special classes of customers under the recommended rate structure shall be demonstrated. This should include recommendations for classes for sewer customers based on flow and concentration levels produced.
8. The recommended rate structure shall result in no decrease in stability of the revenue stream, as compared to the current structure. Consideration should be given to funding past and future replacement of facilities.
9. The recommended rate structure shall be easy to administer and understand.
10. The City of Kalama’s billing system will be able to handle the proposed rate structure.
11. The recommended rate structure shall be planned for at least five years.

C. STUDY ELEMENTS

In making its rate structure recommendations, the final report shall explicitly include the following elements and analysis:

1. **Current Rate Structure:** Assess the current rate structure’s performance as a baseline for comparing recommended changes.
2. **Equity:** Assess the equity of recommended water and sewer rates for all types of property ownership to include multi-family units.
3. **Conservation Impacts:** Assess the interaction between the water conservation elements of the recommended rate structure and their impacts on the ability to fund water operations as well as their impact on the economic well-being of the community.
4. **Sensitivity Analysis:** Assess the ability of the revenue stream generated by the recommended rate structures to continue to fully fund water and sewer system costs. Assessment is to include a sensitivity analysis where the long-term revenue generated under each alternative shall be illustrated when confronted with the impacts of growth.

5. Other Service Charges: Assess existing customer service fee structure and identify other potential areas for service and system charges and recommend changes.
6. Rate-payer Education/Communication: Recommend methods for communicating utility costs to include layout of the utility bill and how it might be used to identify actual costs of providing water and sewer services under recommended rate structures. Assess ease of communication associated with each recommended rate structure.
7. Annual operating fund balance targets.
8. Annual target contingency fund balances and level of liquidity.
9. Budgeting Horizon and Cycle: Assess appropriate budgeting horizon and cycle needed to support recommended rate structures.
10. Comprehensive Summary of Recommended Rate Structure(s). Assess performance of each recommended rate structure and provide recommendation on preferred rate structure.
11. Supporting Data. Provide data supporting conclusions and observations made for each of the areas above and site within study.

D. SERVICES TO BE PROVIDED BY CONSULTANT

1. Conduct a review of the existing water/sewer and stormwater rates and status of the utility funds. Develop a general familiarity with the City of Kalama's billing system.
2. Meet or confer with staff as needed and attend two meetings (evening) with the City Council at a working session to present the interim status of the study and obtain their input. Meet with a special committee during one evening to obtain comments.
3. Conduct analyses as required to address the scope of work.
4. Preliminary Report:
 - a. Prepare a preliminary study report and tentative rate structures.
 - b. Submit 5 copies and a digital version .
 - c. Present preliminary report and tentative rate structures to staff and/or committee for comments.
 - d. Present preliminary report and tentative rate structures to the City Council.
5. Final Report
 - a. Incorporate changes pursuant to comments received at the first presentation.
 - b. Submit 15 copies, plus one reproducible copy.
 - c. Provide a disk with report in MS Word format, with spreadsheets in Excel format.
 - d. Present the final report and recommended rate structures to the City Council and members of the public at a regular Council meeting.
6. Supply a time schedule for developing the preliminary and final reports. The final report shall be delivered to the City by August 30, 2020.

E. SERVICES TO BE PROVIDED BY THE CITY OF KALAMA

The services to be provided by the City of Kalama include, but are not necessarily limited to the following:

1. Furnish all reasonably available records and information, including financial reports, budgets, and consumption data.
2. Provide a loaner copy of the Comprehensive Water System Plan and Wastewater Facilities Plan.
3. Provide staff and engineering support and assistance as required and agreed to in advance of study.

PROPOSAL SUBMITTAL

A. The following information is to be submitted as part of the proposal. The proposal is not to be more than 15 single-sided pages in length including single page resumes of persons to be assigned to the project. Five copies of the proposal are to be provided. Other material may be attached as deemed appropriate, to include a copy of a rate study performed by the applicant that most closely fits the scope of work outlined above. The 15-page portion of the proposal is to be organized into the following categories:

1. Project Approach: Describe your approach to this project and any special ideas, techniques, or suggestions that you think might make the project proceed smoothly.
2. Experience: Describe the experience of the firm and of the individuals assigned with related projects of a similar nature. Provide at least three references.
3. Qualifications: Describe your firm's unique qualifications and training for this type of work. Cite specific accounting certifications or accreditations.
4. Schedule: Describe your plan/schedule for completing the work.
5. Cost

B. Deadline for submission of proposals:

1. Interested firms should submit proposals by 5:00 p.m. on March 10, 2020 to:

Coni McMaster – Clerk/Treasurer
City of Kalama
PO Box 1007
Kalama, WA 98625

2. Proposals should be marked:

“Utility Rate Study—City of Kalama”

SELECTION OF CONSULTANT

Proposals will be evaluated by a committee made up of City employees and City Council members. They will be evaluated on the basis of experience, qualifications, your approach to the project, and any innovative ideas you have for making the project successful. Final selection will be based on the evaluation of proposals unless it is deemed necessary by the committee to conduct interviews of closely scored

consultants. The consultant determined best qualified to perform this project will be recommended to the City Council for contract award.