

Water Rate Study Request for Proposals



RFP Closes July 31, 2024 @ Noon

I. STATEMENT OF WORK

A. SCOPE SUMMARY

It is the intent of these specifications, terms, and conditions to describe the Water Cost of Service (COS) Study required by Diablo Water District (District).

The goal of this project is to conduct a COS study of the District’s water system. The project will establish a COS methodology that conforms to existing legal requirements, including Proposition 218 and 26, and that calculates the COS using recent District financial, operating and customer data plus statewide conservation regulations that were recently adopted. The result of this study shall be used to update the District’s water rates and charges.

Capacity/Connection/Facility Reserve Charges are not part of this study.

The District intends to award a contract to the Proposer(s) that best meets the District’s requirements.

B. PROJECT SCHEDULE

The schedule below outlines anticipated major project milestones:

Milestones	Dates
Issue RFP	July 8, 2024
Last Day for Clarification Questions	July 24, 2024
RFP Closes at Noon	July 31, 2024 at Noon
Interview of Top Consultants	Week of August 19 th (District may waive this step)
Contract Award	August 28, 2024
Project Start	ASAP
Project Completion	March 31, 2025

C. PROJECT BACKGROUND

The District, is a County Water District organized under California Water Code that operates under the direction of an independently elected Board of Directors.

- Service to approximately 45,000 people
- Predominately residential water use
- Current O&M budget \$21 million
- Fixed vs. variable revenue approximately 25% / 75%
- Last rate study performed 2022
- 2023 water use (units = 748 gallons)

Single Family	Units
Tier 1	1,028,978
Tier 2	376,995
Tier 3	396,038

Irrigation	Units
Tier 1	108,253
Tier 2	118,054

Multifamily	Units
Commodity Rate	94,600

Hydrants	Units
Tier 1	6,735
Tier 2	5,693

Non-Residential	Units
Tier 1	35,431
Tier 2	74,443

D. PROPOSER QUALIFICATIONS

1. Proposer Minimum Qualifications

- a. Proposer, Proposer’s principal, or Proposer’s staff shall have been regularly engaged in the business of providing of providing water rate service cost studies and reporting for at least five (5) years. Previous experience shall be with water districts of a similar size and demographics to those of the District.
- b. Proposer shall possess all permits, licenses, insurance, and professional credentials necessary to perform services as specified under this RFP.

E. SPECIFIC REQUIREMENTS

TASK 1 – Review Existing Cost of Service Studies

Within 2 weeks following Notice to Proceed, the selected consultant shall submit to the District a list of requested reports, documents, schedules, and other data.

TASK 2 – Research on Comparable Jurisdictions

The consultant will gather detailed information on the water rates and rate structures of comparable jurisdictions in the region.

Research topics should cover a range of issues that allow the District to make accurate comparisons between the agencies, such as fixed charges versus volumetric consumption charges, customer classes, water budget based rates, drought surcharges, and cost recovery for anticipated increased needs for conservation regulations, capital replacement, and carbon neutrality initiatives. The consultant should review the specific research topics with District staff to ensure all priority issues are included.

TASK 3 – Communication and Public Participation

In close coordination with District staff, the consultant will develop and implement a public participation plan to increase customer awareness and understanding of rate development. Linking to work conducted in Task 2, the plan will present successful communications strategies employed by other innovative public water agencies. The consultant will prepare for, attend, and participate in up to four (4) public meetings. These meetings may be District Board meetings, meetings of selected community organizations, or meetings scheduled specifically for this project. These meetings are separate from meetings with District staff or the Board of Director's Rates Ad hoc Subcommittee.

TASK 4 – Revenue Requirements

The consultant will develop cashflow projections of revenues and revenue requirements, incorporating the District's budget and other financial documents provided by the District. The consultant will evaluate assignment of all the revenue sources to operating and capital expenses. In establishing cashflow projections, as well as allocating costs in accordance with Task 5 below, Consultant will review District- specific data provided through billing records, AMI data, and other sources provided by the District.

TASK 5 – Cost of Service Analysis

The consultant will perform a COS analysis consistent with legal requirements and accepted industry methodologies. As part of this task, the consultant will examine District-specific data and evaluate potential alternative methodologies for billing customers.

Alternatives include but are not limited to:

- Budget based rates.
- Billing zones based on infrastructure needed to support a zone.
- Capital Repair and Rehabilitation charge (on bill or on property tax).
- Adjusting tier usage thresholds.

TASK 6 – Rate Design

The consultant will develop schedules of rates for water charges that will recover the proportionate cost of service allocated to each customer class consistent with legal requirements and accepted industry methodologies. These rate policy design questions will be explored collaboratively with District management and the Board of Director's Rate Ad hoc Subcommittee.

TASK 7 – Financial Planning Model for Water and Wastewater

For financial planning, the District uses Excel-based financial rate models that calculate the annual rate revenue required to meet its projected expenses. As part of this project, the consultant will develop new financial planning models. The goal is to have financial planning models that are fully documented and relatively simple to administer by District staff. The models should not require annual licensing fees and/or setup/updates from the consultant. The proposal shall document any proprietary issues or requirements for the financial planning models the consultant intends to provide for this task. The financial planning models should address the following requirements:

- Microsoft Excel based.
- Financial planning horizon of 10 or more years.
- Automatically produced summary reports.
- Only requires user to enter data in a single input worksheet to make changes and updates.
- Flexible enough to allow for changes/additions to rates and surcharges.

TASK 8 – Final Report

The consultant shall prepare a final report which summarizes work conducted in Tasks 1 through 7. The report will be used to support the adoption of water rates. The report shall contain sufficient details so that the calculations can be updated for subsequent rate adoptions. The final report will serve as the administrative record for the District's water rates and charges.

II. DISTRICT PROCEDURES, TERMS, AND CONDITIONS

A. RFP ACCEPTANCE AND AWARD

1. RFP responses will be evaluated by the Selection Committee.
2. The Selection Committee will recommend award to the Proposer who, in its opinion, has submitted the RFP response that best serves the overall interests of the District. Award may not necessarily be made to the Proposer with the lowest overall cost.
3. The District has the right to decline to award this contract or any part of it for any reason.

III. RFP RESPONSE SUBMITTAL INSTRUCTIONS AND INFORMATION

A. SUBMITTAL OF RFP RESPONSE

1. At this time, no hardcopy proposals will be accepted. Prior to the due date/time RFP responses in pdf format in their entirety, shall be emailed to:

dmuelrath@diablowater.org and jlester@diablowater.org

The District's email has limitations on attachment size. Make sure your response is less than 25 megabytes. Proposers are solely responsible for ensuring timely delivery of the proposals. The District shall not be responsible for any issues related to transfer of files through email. Once received, a confirmation email will be sent within one business day.

If you do not receive a confirmation email your submittal is considered not received by the District.

B. RESPONSE CONTENTS

1. Transmittal Letter – include an introduction of the firm and summary of general qualifications. The letter shall be signed by an officer of the firm who is authorized to negotiate a contract with the District.
2. Executive Summary – summary of the key characteristics of the proposal.
3. Study Approach and Schedule –convey a clear understanding of the Scope of Work to be performed and shall include detailed descriptions of all project tasks and any proposed changes, additions, or recommendations. The description of each task shall include the methodology or analytical process, schedule, and personnel.
4. Previous Rate Structures – provide an overview of recent rate structures you have developed for other water districts in California.
5. Team Experience –describe the qualifications and experience of the key personnel to be assigned to the project and include their previous experience with water rate studies. The proposal will include an organizational chart showing the inter-relation of all project team members.
6. Quality Assurance/Quality Control – describe how QA/QC will be provided for the study. Identify the individual(s) that will be involved and at what milestones they will be engaged. Provide information on your plan to manage the schedule, budget, and provide updates to the District staff and Board.
7. References – provide at least three (3) references (name, company, title address, telephone number, email) for the key individuals on the project team.
8. Cost Proposal – per task and include a spreadsheet identifying personnel, hourly rates, project responsibilities, and estimate time expected for each task. The cost proposal must be presented as not-to-exceed, with all overhead/expenses included in the estimated costs. The hourly rates will include labor, reporting, travel, technical supervision, equipment, taxes, insurance, and all other incidental charges.
9. Additional Information – other information may be included to assist in the selection process.