

Final

CITY OF RENTON
Request for SOQs / Proposals for
Comprehensive Rate Study
and Recommendation for System Development Charges
for Water, Wastewater, and Surface Water Utilities

BACKGROUND

The City of Renton Water, Wastewater, and Surface Water Utilities have approximately 16,000 billed accounts. A comprehensive utility rate study conducted by a consultant in 1994 analyzed each of the utility's revenue requirements, cost of service, and rate design. The consultant also designed the financial model the City uses to determine rates each year.

Water Utility: The City supplies water from eight wells and one spring to more than 50,000 customers in an area largely coinciding with the City limits. There are 16,000 billed accounts, classified into single family (77%), multi family (9%), commercial (9%), industrial (0.6%), landscape irrigation, fire meters, senior citizens, and wholesale (Skyway Water District).

Total annual consumption is spread among single family (34%), multi-family (25%), and commercial customers (31%). Consumption peaks during June – September, during which the average monthly single family consumption rises from 630 cf to 1,053 cf. Meters are read every other month. The utility does not have seasonal rates, but the following structure for consumption is applied year-round to single family accounts:

0 – 1000 cf/mo	\$1.85/100 cf
Over 1000 cf/mo	\$1.98/100 cf

The consumption rate for all other retail customers is \$1.85/100 cf per month. In addition to commodity charges, customers pay a monthly charge based on meter size. The monthly charge for a typical ¾ inch meter is \$11.03.

Revenues from water rate charges were \$8.5 million in 2004. Total revenues were \$9.2 million. A little over 60% of these revenues paid for engineering and maintenance, 18% for debt service, 11% for the capital improvement program, and the remaining 10% was added to fund balance.

The utility's Capital Improvement Program (CIP) is normally \$5 million per year. In order of importance, sources of funding are proceeds from bond issues, rate revenues, System Development Charges (SDCs), and Public Works Trust Fund loans.

Wastewater Utility: The City's wastewater system collects and transmits wastewater to King County Wastewater Treatment Plant for disposal. The City bills out King County rates as outlined in its contract. The utility has 14,700 accounts, with single family comprising 83%. These customers are charged a flat monthly fee of \$13.43 and revenues from this segment are 45% of total Wastewater Utility rate revenues. Multi family, commercial, and industrial customers pay a base charge of \$2.03 plus \$1.52 for every 100 cf discharged, or a minimum of \$13.43. Though fewer in number, these accounts contribute 55% to total Wastewater Utility rate revenues. The utility's service area is expanding into unincorporated areas east of Renton's boundary.

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Revenues from City wastewater rate charges were \$3.9 million in 2004. Total revenues were \$4.4 million and were applied to engineering and maintenance operations (56%), debt service (29%), the capital improvement program (5%), and fund balance (10%).

Wastewater CIP is usually \$2.5 million a year. The utility relies primarily on debt financing and SDCs to fund its capital program. Contribution from rates is minimal, but due to expansion into the Highlands east of Renton, revenues from SDCs and Special Assessment Districts have been \$600,000 - \$800,000 annually in the past couple of years.

Surface Water Utility: The Surface Water Utility manages the City's storm and surface water runoff and the portion of the Cedar River passing through Renton. Surface Water's service boundaries are the city limits, which have been expanding (and continue to expand) due to annexations.

The utility maintains 20 private single family residential plat storm water systems in Renton, but it has not assumed responsibility for all systems in the City. The City currently requires the homeowners' association to maintain the flow and water quality in facilities serving the residents, but the City maintains the pipe systems in the public right-of-way. However, when the City annexes an existing developed plat within unincorporated King County, it takes over maintenance responsibilities.

Single family, which is 89% of the utility's customers, pays a flat monthly fee of \$5.39. All other customers pay a fee based on the property's impervious area according to the categories below.

Low intensity	0 - 50% impervious area	\$26.70/acre
Medium intensity	51% - 80% impervious area	\$38.61/acre
High intensity	81% - 100% impervious area	\$49.80/acre

It has only been recently that the actual impervious area is recorded in the customer's billing account; a majority of customers' records simply state the type of intensity.

Revenues from Surface Water rate charges were \$2.8 million in 2004. Total revenues of \$3.3 million were applied to engineering and maintenance operations (54%), debt service (9%), the capital improvement program (16%), and fund balance (21%).

The utility's CIP is normally \$2.5 million a year. Revenues from rates are a major source of funding, supplemented by bond proceeds and SDC revenues.

System Development Charges (SDCs): The City updates SDCs bi-annually. The fee is calculated using the utility's undepreciated plant value and two years of future CIP, resulting in a cost per developed acreage (or per billing unit for Surface Water Utility). SDCs for water and wastewater are prorated for redevelopment property based on water meter size and results in reduced fees for the developer.

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SCOPE OF WORK

It is the interest of the City of Renton to execute a contract with a qualified consultant firm to conduct a comprehensive utility rate study. These services shall consist of the following:

1. Rate study for the Water, Wastewater, and Surface Water utilities, which includes an analysis of:
 - a. Rate revenue requirements for operation and maintenance of each system in 2006-2026. This should include an analysis on any potential additional staffing or other administrative costs to maintain the current level of service.
 - b. Provide cost of service analysis of each customer class (including Water Utility's wholesale account) and recommend equitable rates for each class. For Water Utility, analyze the cost of service in terms of domestic service, fire service, and irrigation service types; and provide rationale for assigning O&M and capital costs to each customer class.
 - c. Funding requirements for the projected 20-year CIP (2006-2026), including existing and future debt service payments and projected sources of income to cover funding requirements and debt payments. Determine optimum balance of debt, rate, and SDCs/SAD revenues to fund the CIP and resulting impact on each utility's level of debt payments and rates.
2. Development and/or recommendation of different, class-equitable rate scenarios, specifically:
 - a. Multi-tier and / or seasonal commodity rates and associated base rates for each customer class. In developing these rates consider: 1) the limits of the City's current instantaneous and annual water rights, 2) the possibility that the City will not obtain any additional water rights, 3) the projected number of customers in each customer class (use data from 2005 Water System Plan) and the associated projected demands, 4) the projected impact commodity rates will have on consumption quantities, costs and revenue, and capital costs, 5) the requirements of the Municipal Water Law, 6) the distribution of rates between base charges and commodity charges, and 7) the relationship of meter reading frequency, a multi-tier commodity rate structure and curbing peak demands.
 - b. A flow-based rate structure for Wastewater Utility to be applied to all customer classes, analysis of impact on rates, and vulnerability of annual revenues.
 - c. Evaluate a graduated/multi-tiered rate structure for the approximately 1,000 Surface Water Utility non-single family rate customers. Identify approach for evaluating and adding additional percent impervious categories, information required for this analysis, and recommend options for calculating total area and total impervious area.
 - d. A rate structure for Water and Wastewater customers located outside of Renton city limits.

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3. Analysis of system development charges, specifically:
 - a. Recommend alternative calculation methodologies for SDCs for property development and redevelopment that allocate a fair share of the full cost of growth-related CIP on developers; and calculate resulting charge for the Water, Wastewater, and Surface Water utilities.
 - b. Comparison and analysis of SDCs calculation methodologies used by the cities of (include but not limited to) Auburn, Issaquah, Kent, and the water/sewer districts of Soos Creek, Coal Creek, and Skyway.
4. Report of Results:
 - a. Analysis and recommendations to be presented in a written report. A draft shall be provided for review of City staff.
 - b. A separate comprehensive rate report written for the Wastewater Utility for inclusion in its Wastewater Management Plan Update.
 - c. Public presentation of findings to City officials.

Interested consultants must submit a statement of qualifications (SOQs) / proposal as outlined below.

CONSULTANT SELECTION AND EVALUATION PROCESS

The City of Renton staff and representatives will evaluate the consultants' SOQs / proposals based on the project approach, each firm's technical skills and resources, project team's technical skills, history of performance, and knowledge. After the SOQs / proposals have been evaluated, the highest ranked firms will be interviewed. All firms submitting SOQs / proposals will be notified in writing as to their status in the selection process. Attached are copies of the evaluation criteria that will be used in determining the short list of firms to be interviewed and the evaluation criteria used for the interviews. Final selection will be made based upon both the written SOQs / proposals and the interviews.

INFORMATION TO BE PROVIDED IN SOQs / PROPOSALS

To be considered responsive, SOQs / proposals must include the following information. SOQs / proposals that do not fully comply with these instructions may not be considered.

To facilitate evaluation, SOQs / proposals should be organized in the order of the outline below. Do not exceed 10 pages, exclusive of resumes.

A. PROJECT APPROACH

1. Discuss specific tasks to be included in the Scope of Work and describe the proposed approach to complete each task.
2. Provide a preliminary time schedule for carrying out various tasks.
3. Prepare time estimates for staff members used in each of the major tasks.

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B. PROJECT MANAGEMENT

1. Provide a description of your approach to organize and carry out the work.
2. Provide an organizational chart indicating how the firm's management will interface with this project.

C. PROJECT TEAM MEMBERS

1. Describe the expertise for each proposed team member and indicate their role in this project, office locations of the members, technical expertise, and other pertinent information.
2. Include descriptions of four projects that your firm has completed that are related to the proposed project. Describe the work that your firm's assigned staff members completed on these projects.
3. Identify sub consultants that you will use on this project, indicate their specific role(s), and outline their experience on similar related projects.

D. REFERENCES

1. Provide three recent references that may be contacted concerning your firm's performance on a project of this type.
2. Provide three recent references that may be contacted concerning the performance of your firm's proposed Project Manager on projects of this type.
3. Provide a professional resume for each key member of the proposed team.

E. INSURANCE, RECORDKEEPING, AND OTHER REQUIREMENTS

The firm that is selected for this project will be required to obtain, at its own expense, professional liability insurance of \$1,000,000 for the term of the contract and other insurance as required. Indicate if you can meet this requirement.

F. TIME SCHEDULE

SOQs / Proposals should be developed with the following schedule in mind:

- A. Five (5) copies of the SOQs / proposals shall be mailed or delivered to the following address: City of Renton, Attn: Planning/Building/Public Administration, 6th Floor Customer Service Center, 1055 South Grady Way, Renton, WA 98055. The deadline for submittals is 4:00 p.m., Monday, September 19, 2005. If mailed, the submittal must be postmarked no later than September 19, 2005.
- B. A pre-proposal workshop will be held on Thursday, August 18, 2005, 2:00 – 4:00 pm, Room 511 in the Renton City Hall. Interviews will be held in the Renton City Hall and will be scheduled after the short list is determined.

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G. CONTACT PERSON

All questions regarding this request should be addressed to Nenita Ching, Planning/Building/Public Works Administration, City of Renton, 5th Floor, City Hall, 1055 South Grady Way, Renton, WA 98055; phone: 425-430-7291; fax: 425-430-7241; e-mail: nching@ci.renton.wa.us.

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 CONSULTANT EVALUATION – AUGUST 2005**

DATE: _____

NAME OF APPLICANT/FIRM: _____

NAME OF RATER: _____

EVALUATION OF WRITTEN SOQ / PROPOSAL

Review the firm's Statement of Qualifications / Proposal, and evaluate the following elements, based upon the scoring system described below.

Use the following scoring while evaluating each aspect of the SOQ / proposal:
 Inadequate = 1, Acceptable = 2, Good = 3, Excellent = 4, Outstanding = 5

Qualifications and Expertise of the Firm:

1	Applicable work experience, particularly within last 5 years	
2	Technical experience in rate setting and cost analysis of staff proposed	
3	Demonstrated knowledge of water, wastewater, and surface water service delivery systems/infrastructure	
4	Demonstrated knowledge of enterprise fund accounting, debt financing/management, and financial projection	
5	Demonstrated knowledge of Renton's economic environment	
6	Quality of work on previous Renton projects (or sample work of other utility/rate projects, if submitted)	
7	Overall qualifications and expertise of firm	
	SUBTOTAL:	

Firm's/Team's Resource Availability:

1	Technical materials, specialists (including location of specialists)	
2	Time availability of key staff	
3	Overall resource availability	
	SUBTOTAL:	

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Project Management:

1	Experience indicates that consultant produces on time and within budget	
2	Structure of team compatible with City, easy to work with	
3	Overall apparent project management ability	
	SUBTOTAL:	

Project Approach:

1	Approach to project is compatible with City practices (preparation of scope of work, breakdown of project into tasks and milestones, adequate field and background research, etc.)	
2	Emphasis on communication with client	
3	Adequacy of quality control practices (do senior analysts perform quality checks, is there an adequate quality control program described?)	
4	Overall approach to project	
	SUBTOTAL:	

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DATE: _____

NAME OF APPLICANT/FIRM: _____

NAME OF RATER: _____

ORAL PRESENTATION EVALUATION

Evaluate the following elements, based upon the scoring system described below.

Use the following scoring while evaluating each aspect of the oral presentation:

Inadequate = 1, Acceptable = 2, Good = 3, Excellent = 4, Outstanding = 5

Key Personnel Skills and Abilities

1	Judgment and insight	
2	Technical skills and knowledge	
3	Leadership	
4	Communication skills (listening and speaking)	
5	Overall skills and abilities of key personnel	
	SUBTOTAL:	

Qualifications and Expertise of the Firm / Team:

1	Applicable work experience demonstrated and discussed	
2	Demonstrated technical experience of staff proposed, (familiarity & experience with methodologies, rate setting principles)	
3	Knowledge of water, wastewater, and surface water service delivery systems/infrastructure	
4	Financial expertise, i.e. forecasting, accounting, finance	
5	Knowledge of Renton's economic environment	

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6	Interest in work, willingness to accommodate the City	
7	Project experience matches City's needs	
8	Overall qualifications and expertise of the firm / team	
	SUBTOTAL:	

Firm's/Team's Resource Availability:

1	Confirmed time availability of key staff proposed	
2	Key proposed staff appear to be easy to work with	
3	Other, and overall resource availability of firm / team	
	SUBTOTAL:	

Project Management:

1	Appropriate experience and expertise of project manager	
2	Team has worked together before	
3	Structure of team seems easy to work with, capable of working with City staff	
4	Overall apparent project management capabilities	
	SUBTOTAL:	

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 CONSULTANT EVALUATION – AUGUST 2005**

Project Approach:

1	Approach to project compatible with City practice (preparation of scope of work, breakdown of tasks into goals and milestones, etc).	
2	Emphasis on communication with client	
3	Adequacy of quality control/quality assurance (QC/QA) program (regularly performed by a senior analyst with the firm?)	
4	Overall project approach	
	SUBTOTAL:	

	TOTAL SCORE, ORAL PRESENTATION:	
	TOTAL SCORE, WRITTEN + ORAL PRESENTATION:	