



## **Request for Proposals**

### **Wastewater Utility Rate Study**

The City of Walla Walla is seeking proposals, by 4:00 PM, July 8, 2008 from qualified consultants to conduct a comprehensive wastewater rate study. The intent of the study is to independently assess and evaluate the City of Walla Walla's wastewater rates and provide recommendations. The broad objective of the study is to adequately fund wastewater utility operations, capital costs, and bonded debt while minimizing rates.

The study will be based on a comprehensive review of the City of Walla Walla's wastewater fund and budget, Wastewater Facilities Plan, customer classes, current usage data, future planned growth and any other information deemed necessary.

#### **Scope of Work**

##### **A. STUDY OBJECTIVES**

1. Provide a comparison of current wastewater system costs (operations, capital improvements, bonded debt) against appropriate industry benchmarks.
2. Recommend baseline rate structures required to fund the wastewater system and consider annual inflationary, indexed adjustments to rates needed to maintain the wastewater utility.

##### **B. STUDY REQUIREMENTS**

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

1. The recommended rate structure shall be based on cost of service and shall be sufficient to meet the revenue requirements of the wastewater utility funds.
2. The study shall recommend rate structures that consider and make provisions for the following factors:
  - a. Current and future cost of providing wastewater service in accordance with established and anticipated standards and regulations.

- b. Projected demands.
  - c. Age and condition of systems.
  - d. Funding requirements for all current long-term liabilities and debt obligations (bond and loans).
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 State.
5. The benefits of any proposed modifications shall be weighed against the financial impacts on ratepayers.
6. Justifications for any special classes of customers under the recommended rate structure shall be demonstrated.
7. 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 depreciation (replacement of facilities).
8. The recommended rate structure shall be easy to administer and understand.
9. The City of Walla Walla's existing billing system should be able to handle any proposed rate structure.
10. The recommended rate structure shall be planned for six years from January 1, 2009 through December 31, 2014.

### **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 wastewater rates for all types of customer classes.
3. **Sensitivity Analysis:** Assess the ability of the revenue stream generated by the recommended rate structures to continue to fully fund wastewater 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.
4. **Other Service Charges:** Assess existing customer service fee structure and identify other potential areas for service and system charges and recommend changes.
5. Annual operating fund balance targets.
6. Annual target contingency fund balances and level of liquidity.
7. **Budgeting Horizon and Cycle:** Assess appropriate budgeting horizon and cycle needed to support recommended rate structures.
8. **Comprehensive Summary of Recommended Rate Structure(s).** Assess performance of each recommended rate structure and provide recommendation on preferred rate structure.
9. **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 wastewater rates and status of the utility funds. Develop a general familiarity with the City of Walla Walla's billing system.
2. Meet or confer with staff as needed. Meet with a special committee during one late afternoon to obtain comments. Attend two meetings with the City Council; one late afternoon to present the interim status and obtain their input and one during the evening to present the final study.

3. Conduct analyses as required to address the scope of work.
4. Preliminary Report:
  - a. Prepare a preliminary study report and tentative rate structure.
  - b. Submit 15 copies.
  - c. Present preliminary report and tentative rate structure 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 structure 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 September 30, 2008.

**E. SERVICES TO BE PROVIDED BY THE CITY OF WALLA WALLA**

The services to be provided by the City of Walla Walla 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 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.

B. **Deadline for submission of proposals:**

1. Interested firms should submit proposals by 4:00 p.m. July 8, 2008 to:

Tim McCarty, Support Services Director  
City of Walla Walla  
PO Box 478  
Walla Walla WA 99362

Proposals should be marked: **“Wastewater Utility Rate Study”**

Questions regarding this RFP should be addressed to:

Tim McCarty, Support Services Director

Phone: (509) 527-4540

FAX: (509)524-7910

E-mail: [tmccarty@ci.walla-walla.wa.us](mailto:tmccarty@ci.walla-walla.wa.us)

### **Selection of Consultant**

Proposals will be evaluated by a committee made up of City employees. The proposals will be evaluated on the basis of experience, qualifications, and approach to the project.

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 for contract award to the City Council.