



REQUEST FOR PROPOSAL

WATER AND SEWER RATE STUDY PROJECT

BACKGROUND:

The City of Owosso is seeking proposals from qualified firms to conduct a comprehensive Water and Sewer Rate Study. This study aims to review and analyze the City's current water and wastewater utility rates, and to recommend rate adjustments that will ensure the long-term financial stability of the utilities.

SCOPE OF SERVICES:

A. Water and Wastewater Utility Rate Studies

1. Review Historical Operating Expenses:

- Analyze audit and budget information for the past three years.
- Evaluate the current and proposed (if available) budget.

2. Develop "Test Year":

- Establish a baseline operating cost based on the current budget.
- Determine anticipated changes to operating costs.
- Apply inflation factors to budget line items.

3. Customer Base Review:

- Review the number of billable customers and volumetric sales.
- Verify the accuracy of this data by applying it to the current rate structure and comparing it to current audit and budget revenue.
- Evaluate other operating and non-operating revenues.

4. Customer Base Assumptions:

- Predict customer and volume counts for the estimated period, potentially including multiple scenarios.
- Analyze trends in system utilization, particularly for industrial users.

5. Estimate Operating Costs:

- Apply anticipated inflation by expense category.
- Determine any additions or reductions based on changing operations.

6. Existing Debt Analysis:

- Detail existing annual debt service by debt issue.
- Separate debt supported by revenue, particularly that paid from rates.
- Explore refinancing and/or restructuring possibilities.

7. Capital Improvement Planning:

- Identify the estimated asset investment cost by year for a selected forecast period.
- Develop scenarios for cash funding and debt financing of annual investment costs.
- Evaluate the efficiency of grouping certain costs for debt financing.
- Consider financing options, including State and Federal agency funding and open market bonds.

8. Fund Balance Analysis:

- Analyze actual cash and investments, including restricted assets.
- Develop a fund balance policy with a targeted upper limit and a minimum balance.
- Include flexibility for temporary reductions below the minimum balance with a plan for recovery.
- Consider separate capital improvement funds and develop relevant policies.

9. Rate Management:

- Determine elements of a rate structure, including the proportion of revenue from ready-to-serve and commodity charges.
- Develop policies for rate adjustment timing, which may be incremental or one-time in nature.

B. Meetings and Reports

- Attend a meeting with city officials to discuss findings and recommendations.
- Furnish a financial report summarizing the study results for submission to the City.
- Provide financial information and a new schedule of rates and charges to the City's attorneys for preparation of resolutions and ordinances, if required.
- Attend and present at a rate presentation conducted by the City to explain accounting information related to proposed rates and charges, if a rate change is necessary.

REQUIREMENTS:

Consultant Team:

- Provide a list of team members and their roles, qualifications, and experience with similar projects.

Firm Background and Experience:

- Submit information on the firm's background, experience, and specialized knowledge relevant to this project.

Project Understanding:

- Include a letter of understanding and scope of services to be performed.

- Detail the firm’s familiarity with utility rate studies.

Level of Effort Estimate:

- Provide a classification and hour distribution of each team member in tabular form.
- Include a Critical Path Bar Schedule for the study.

Cost Proposal:

- Identify all costs for services outlined in this RFP.

COMPENSATION FOR SERVICES:

The City will pay the Consultant on a Cost-Not-To-Exceed basis, with periodic progress payments made monthly based on the percent of work completed. Additional compensation must be agreed upon in advance.

SUBMITTALS:

Submit four (4) copies of the proposal to the City of Owosso Clerk’s Office by 3:00 p.m., August 13, 2024. Include firm background, team qualifications, level of effort, critical path schedule, and cost proposal.

ISSUING OFFICE:

This RFP is issued by the Director of Public Service and Utilities. Direct all correspondence and questions to:

Mr. Ryan Suchanek (Soo-hahn-neck), DPS Director
City of Owosso
City Hall, 301 W. Main Street
Owosso, MI 48867
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SELECTION AND AWARD PROCESS:

Proposals will be evaluated based on the firm’s history, key personnel, performance measures, and pricing proposal. The City may choose to interview the top-rated firms.

Thank you for your interest in working with the City of Owosso.

PROPOSAL SCORING

Proposals will be scored based on the following weighted components:

- Cost – 40%
- Firm/Team Experience - 30%
- Project understanding - 20%
- Level of Effort Estimate - 10%