



## **DEPARTMENT OF PUBLIC WORKS**

# **REQUEST FOR PROPOSAL FOR SEWER RATE STUDY**

AUGUST 2021

### **IMPORTANT DATES**

RFP ISSUED	AUGUST 11, 2021
REQUEST FOR INFORMATION DEADLINE: 12:00 PM	AUGUST 23, 2021
RELEASE OF INFORMATION REQUESTED	AUGUST 25, 2021
PROPOSAL DUE DATE/SUBMISSION DEADLINE: 4:30 PM	SEPTEMBER 10, 2021
AWARD DATE	OCTOBER 5, 2021
APPROXIMATE START DATE	OCTOBER 17, 2021



# SCOPE OF SERVICES FOR SEWER RATE STUDY

## **1. Overview**

The City of El Monte (City) is comprised of an area of approximately 10 square miles in Los Angeles County (County), California. It is a major metropolis located in the hub of San Gabriel Valley with a racially and ethnically diverse population. The City is located west of the interchange of Interstate 605 and 10, approximately 12 miles east of Downtown Los Angeles. It is a residential, industrial, and commercial city in the heart of the San Gabriel Valley within the Los Angeles County of California. The wastewater collection facilities that serve the City are owned, maintained, and operated by the City Sewer Division under the City's Public Works Department.

The City's Public Works Department owns, operates, and maintains the City's wastewater collection system with approximately 130 miles of sewer main lines and 7 active lift stations. The City is a member city of one of the seventeen jurisdictions that are signatory to Joint Outfall Agreement that provides for a shared regional interconnected sewer conveyance and treatment system, also referred to as the Joint Outfall System (JOS). The system includes the main Joint Water Pollution Control Plant (JWPCP) and six satellite Water Reclamation Plants (WRPs), and over 1,230 miles of trunk sewers and 50 pumping plants that collect wastewater from the local sewers that are owned, operated, and maintained by its member cities and the County. The City's collection system conveys wastewater generated within the City to connections to the County sewer lines, and the collected wastewater flows are ultimately treated by the Whittier Narrows Water Reclamation Plant (WRP).

The City is requesting proposals from qualified firms to prepare a comprehensive wastewater (sewer) rate study. The purpose of this study is to prepare a cost of service study, validate the appropriate rate structure, and recommend rates for the City that generate adequate revenue to cover:

- Current and future operations and maintenance costs based on established and anticipated regulations and industry best management practices;
- Rate stabilization;
- Capital repair and replacement costs based on age and condition of infrastructure and systems;
- Major Capital Improvement project costs;
- An adequate reserve fund;
- Required debt coverage; and
- Necessary studies to maintain an efficient and resilient utility.

The study will analyze a 20-year period and develop a 5-Year Rate Structure that is in compliance with the California Proposition 218 requirements.

## **2. Scope of Services**

The following Scope of Services, as well as the entire RFP, will become part of the Agreement. The Scope of Services includes, but is not limited to, the tasks below, and any other tasks necessary to prepare a comprehensive Sewer Rate Study. The completeness of the consultant's proposed scope of services will be a consideration in selecting the firm to prepare the City's rate study. The proposer is encouraged to adjust the list of tasks below as necessary to provide the City with a complete rate study.

1. Review requirements, bond covenants, and other contractual requirements and operations of the sewer system.
2. Provide a comparison of current sewer system costs (operations, capital improvements, bonded debt) against appropriate industry benchmarks, and comparable municipal entities in Southern California.
3. Evaluate the existing sewer rate structures for conformance with existing statutory regulations and make recommendations for any changes that are necessary to achieve compliance that is equitable amongst all categories.
4. Identify the various direct costs included in the City's budget including billing and collection and make recommendations for any changes necessary to ensure those direct operational costs are properly aligned with the appropriate enterprise fund.
5. Evaluate the existing sewer connection fee and make recommendations for any changes for "buy-in" and new capacity or development fee to offset demand for future new service locations.
6. Recommend a baseline rate structure required to fund sewer system improvements and maintenance and consider annual inflationary, indexed adjustments to rates needed to maintain utility.
7. Any recommendations made must consider or make provision for the following factors:
  - a. Current and future cost of providing sewer services in conformance with established or anticipated changes to standards and regulations.
  - b. Age and condition of sewer systems and the need to fund long-term capital replacements.
  - c. Changes in various systems as proposed in the 2018 Wastewater Collections System Management Plan.
8. Develop an understanding of the 2018 Wastewater Collections System Management Plan and the 5-Year Capital Improvement Plan (CIP) impacts of those plans on future rates.
9. Develop an understanding of the costs and both the tangible and intangible benefits realized by operating the existing sewer systems and quantify the expected changes that will occur with implementation of the City's 5-year CIP plan.
10. Develop an understanding of the existing rate structure and the assumptions underlying the cost distribution to the various rate categories.

11. Develop an understanding of the City's reserve policy and other financial policies, and ensure any recommendations for changes in rates meet the cash flow objectives of those policies.
12. Comment as to the extent to which the projected revenues meet projected operating and capital needs satisfy bond covenants and required and/or recommended reserve levels.
13. Assess existing customer service fee structure and identify other potential areas for service and system charges (plan reviews, sewer service shut-offs, etc.) and recommend changes, if appropriate. Assessment is to note any resulting increase in liability the City may incur as a result of assessing the fees.
14. Propose a methodology for annual inflationary adjustments in compliance with Proposition 218.
  - a. Include a reserve analysis in the financial models.
15. Demonstrate that costs from any proposed modifications are equitably distributed in proportion to the benefit received by the various classifications.
16. Provide justifications for any special classes of customers under the recommended rate structure.
17. Demonstrate that any alternative rate structure is easy to understand and administer and can be accommodated within the existing City's billing system.
18. Demonstrate that any proposed rate structure is in compliance with the rate covenants of the City's outstanding utility bonds.
19. Demonstrate that any proposed modifications to the rates and fees are in conformance with the City's other policy documents.
20. Modify the existing rate model or deliver a new spreadsheet model that reflects any changes to the rate structure accepted by the Council and provide training to staff in running "scenarios" that will allow staff to fully understand how the model operates and how the results of various future recommendations that may be proposed can be illustrated.
21. Provide a model that has a user friendly dashboard with interactive graphics that automatically produces a suite of reports and graphs as inputs are changed. The model will be the property of the City and may be used by the City for any purpose.
22. Conduct analyses as required to address the scope of services.
23. Conduct a detailed review of the existing sewer rates and status of the sewer funds, and develop a general familiarity with the City's billing system.
24. Meet or confer weekly with staff by zoom or similar platform.
25. Attend up to two (2) meetings with the City Council at a Council Meeting to present the study result if needed and obtain their input.
26. Coordinate up to two (2) community meetings to discuss proposed sewer rates. Consultant shall be prepared to present the study to the residents in a public format. Due to unavoidable, the community meetings may need to be conducted via web and/or telecom based.
27. Attend up to two (2) public hearings on the proposed sewer rates.
28. Supply a time schedule for developing the draft reports, draft final reports and final reports.

## 29. Preliminary Report

- a. Provide preliminary financial model and proposed 5-Year Rate Structure with three (3) alternative options on the sewer rate structures.

## 30. Report: City shall confer with Consultant on content of the Final Report to meet Prop 2018 requirements. Consultant shall prepare a Draft and a Final Report which shall include but not limited to the following:

- a. Executive Summary- A narrative to summarize the scope of the study, consultant's findings and recommendations. The narrative should also include proposed sewer rates for the next five years starting with July 1, 2022;
- b. Introduction - A brief description of the organizational structure, population, service area, sewer system, including facilities, capacity, etc.;
- c. Methodology Used- A description of the methodology used for analyzing the sewer rates and how the study complies with Proposition 218 and other applicable laws;
- d. Overview of financial operations over the last 5 years and Current Financial Condition, including factors attributable to any rate covenant shortfall and corrective recommendations;
- e. A description of the capital improvement program, including State and Federal regulatory requirements, a 5 year summary of proposed capital expenditures, and a statement regarding the sufficiency of improvements to meet operating needs and regulatory requirements and reasonableness of the cost estimates.
- f. Ten Year Financial Plan- Comprehensive revenue and expense projection for the next 10 years and the basis for the growth projection.
- g. Proposed new rate structure that provides adequate revenues generated from rates, that is defensible and equitable across customer classes, and complies with Proposition 218 rate setting. The report shall describe the methodology for the determination of cost responsibility, which may be identified by reference to appropriate industry rate making principles, including guidance associated with designing and developing water rates and charges issued by industry principles recognized by public agencies providing public utility service.
- h. Proposed adjustment schedule using an inflationary formula that is clearly defined and does not exceed the cost of providing the service.
- i. Proposed rate schedule and rate projection that forecasts rates to 10 years and proposed typical bill if proposed rates are adopted.
- j. Provide comparison of proposed and current rates of other communities with similar systems.
- k. Assessment of the current rate structure's suitability for sustaining cost recovery based on customer demands.
- l. Discussion on the revenue sources and requirements as well as projections.
- m. Describe customer classes, describe historical and projected usage.
- n. Describe allocation of revenue requirements to various customer classifications, by system function, unit cost of service and cost components.
- o. Discuss adequacy of current rates and need for rate increase.
- p. Discuss proposed rates.
- q. Discuss the equity of recommended sewer rates for all types of property ownership.

- r. The study shall include an assessment of the revenue stream generated by the recommended rates and their ability to continue to fully fund sewer system costs and statutory regulations and standards.
  - s. Assess existing customer service fee structure and identify other potential areas for service and system charges (plan reviews, sewer service shut-offs, etc.) and recommend changes, if appropriate. Assessment is to note any resulting increase in liability the City may incur as a result of assessing the fees.
  - t. Provide an easy-to-use electronic rate model for the City to use in future rate setting.
  - u. Submit electronic copy of the Draft and Final Report.
  - v. If needed, provide hard copy of the Draft Final Report prior to adoption.
  - w. Provide word as well as PDF format of the Draft and Final Report.
31. The consultant will provide guidance and advice to City staff to assure compliance with the Proposition 218 process as it applies to water and wastewater services. Provide the City with a written notice to the record owner on the proposed rate adjustment. Provide the City with a public outreach material that can be released in the City's newsletter. It is the intent of the City to complete and adopt, if at all, the Water and Sewer rates together at the conclusion of the Proposition 218 process at a public hearing.
32. Provide an easy-to-use electronic rate model for the City to use in future rate setting.

### **3. Services To Be Provided By The City**

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

- 1. Furnish all reasonably available records and information, including financial reports, budget, and past sewer rate assessments.
- 2. Provide a copy of the 2018 Wastewater Collection System Master Plan and current SSMP.
- 3. Provide information on the most recent Capital Improvement Project lists.

### **3. Project Duration**

The anticipated duration to complete the projects outlined in this work plan is through June 30, 2022.

The City has budgeted approximately 20 hours per week adjusting staff's schedule, as needed, to accommodate project needs and to facilitate the ability to meet the Utilities goals.

### **4. Proposal Format**

All proposals shall include the following information:

- 1. Cover Letter- A signature by a principal or officer having the authority to negotiate and contractually bind and extend the terms of the written proposals is required.

2. Executive Summary – In a brief narrative, provide a description of your consulting firm. The contents of this narrative are to demonstrate to the City that the Consultant understands the Scope of Services. Include information on the following. Also include responses to the following:
  - a. Statement affirming the firm’s ability and willingness to execute the City’s Professional Services Agreement (Attachment A). Identify any conditions or terms of the Agreement with which the firm does not agree, including terms which the firm wishes to negotiate. Provide any proposed substitute language.
  - b. Legal Issues – Provide details of any past or pending litigation, or claims filed, against your firm, principals of the firm, or each of your key consultants, related to services performed for public agencies, or in actions that may affect its performance under a contract with the City.
  - c. Disclosures - Provide information on whether your firm or any principal of the firm has been, or currently is, the subject of any investigation by the County, State, and/or Federal agencies within the past five years. If so, identify the agency, contact person, the nature of the investigation, and any determination over the outcome of said investigation. Failure to provide the information may result in disqualification.
3. Approach to the Project: Describe your approach to this project and any special ideas, techniques or suggestions that you think might make the project proceed smoothly.
4. Experience: Describe the experience of the firm, and of the individuals assigned, with related projects of a similar nature. The team’s experience with creating various rate structures, including potable, non-potable, recycled and sewer rate structures will be considered during the review process.
5. Qualifications: Describe your staff’s unique qualifications and training for this type of work. If using sub consultants, provide the company profile and define the responsibilities and services to be provided by the sub consultants.
6. References: References should place an emphasis on past projects in which the personnel to be used by proposer for this project were deployed. The references should include the name, title and contact information of the public agency officer or employee responsible for overseeing the proposer’s work.
  - a. List at least three (3) references, including name, address, and contact person, email and phone number.
7. Project Schedule: Describe your plan/schedule for completing the work. It is the City’s objective to hold a Public Hearing and count protest votes by March 30, 2022 on the proposed sewer rates. If meeting this public hearing date is not achievable, explain why you believe it cannot be met with a proposed alternative public hearing date.
8. Fee Schedule/Cost Proposal: Provide a not to exceed and all-inclusive Cost Proposal for the study.
  - a. The cost proposal shall include an estimate of the number of hours and clearly identify an hourly rate schedule for the proposed staff.
  - b. The proposal shall also include all costs and supplemental expenses related to photocopying, postage, travel, etc. (i.e. Reimbursement expenses). To the extent that a proposal contemplates the use of sub consultants to

perform any one or more of the above described tasks on the proposer's behalf, the proposal shall include a List of Sub consultants identifying all sub consultants and state the fee for each sub consultant in the Fee Schedule.

9. Copy of A Rate Study – Include a copy of a rate study performed by the Consultant that most closely fit the Study Objectives, Study Requirements, Study Elements, and Services to be provided by the Consultant.

## **5. Evaluation Criteria**

Each proposal shall be evaluated on the basis of the proposer's expertise, experience and training and the expertise of its key personnel along with prior contracting history, approach to the Project, cost, proposed schedule and compliance with the RFP requirements including the terms of the attached PSA. Each such factor shall be weighted by the City as follows:

- a) Expertise, Experience & Training Plus Prior Contracting History (35%) – The expertise, experience and training of the proposer and its key personnel and previous experience with similar work in similar fields and qualifications and depth of the staff that will perform the work on this project. This factor includes evaluation of the proposer's prior contracting history, including the review of the proposer's certifications relating to false claims, debarment and civil litigation.
- b) Project Approach (35%) – The proposer's responsiveness in developing a comprehensive plan while meeting regulatory requirements and the City's specific needs.
- c) Schedule Control (10%) – Proposal for completing the project in a timely manner, inclusive of the proposer's ability to identify critical paths for the timely and competent completion of all work contemplated by the Project.
- d) Compliance with RFP (10%) – The ability of the proposer to comply with all instructions set forth under this RFP as well as the proposer's ability to agree to all of the terms and conditions of the attached PSA without modification, particularly as relates to indemnification, insurance requirements and standards of care.
- e) Cost Schedule (10%) – The cost will be considered in performing an integrated assessment of the proposal leading to selection of the best value.

**Consultants should thoroughly address the above selection criteria to receive the maximum possible points.**

## **6. Selection Process**

A selection committee, comprised of City staff will review the proposals. Proposals will be ranked on qualifications and the selection committee may choose to interview several of the top ranked proposers. However, at its sole discretion the selection committee may dispense with interviews and select a proposer to perform the work.

## **7. Proposal Requirements**

The Consultant's proposal must be comprehensive, concise and to the point. Current company brochures and resumes of key personnel should be included as well as examples of previous work. However, a proposal is a voluntary response on the part of a Consultant, and this RFP does not commit the City to pay any costs incurred in its

preparation. The City reserves the right to accept or reject optional elements of this proposal, or the proposal in part, or its entirety.

This RFP is a solicitation for proposals only, and is neither intended, not to be construed as an offer to enter into an agreement or engage in any formal rule competitive bidding or negotiation pursuant to any statute, ordinance or regulation.

All data, documents, and other products used or developed during the project will become the property of the City.

The deadline to submit a proposal is September 10, 2021 at 4:30 p.m. Proposals received after the deadline will not be considered. Proposer is required to submit an "ebid" through PlanetBids online platform. See link below:

<https://www.planetbids.com/portal/portal.cfm?CompanyID=43375>

A copy of the Request for Proposal (RFP) and subsequent addenda to the RFP are available on the PlanetBids online platform on the link listed above.

It is the proposer's responsibility to ensure that the most complete and current version of the solicitation, including addenda, has been downloaded. Submission of a proposal shall constitute acknowledgement and acceptance of all terms and conditions contained in this RFP and all exhibits and attachments hereto.

Proposers shall be bound to the terms of their proposal following the Submission Deadline, however, the City, in its sole and absolute discretion, reserves the right to accept post deadline modifications if it is determined that such modifications are in the best interests of the City. The City also reserves the right to waive minor non-substantive informalities or allow the proposer to correct them.

- a) Proposers shall be solely and exclusively responsible for all costs incurred in connection with the preparation and submission of the proposals; demonstrations; interviews; preparation of responses to questions and requests for additional information; for contract discussions; or for anything in any way related to this RFP. The City is not liable for any costs incurred by a proposer in response to this RFP. Whether or not a proposer is awarded a contract pursuant to this RFP, no proposer shall be entitled to reimbursement for any costs or expenses associated with the proposer's participation in this RFP process.
- b) Late proposals will not be considered.
- c) The City reserves the right to reject any and all proposals received as a result of this RFP. The City's potential award of a contract will not be based on any single factor nor will it be based on the lowest cost proposal. If a contract is awarded, it will be awarded to the proposer who in the judgment of the City has presented an optimal balance of relevant experience, technical expertise, quality of service, work history and other factors which the City may consider relevant and important in determining which proposal is best for the City.
- d) The City reserves the right to cancel or modify this RFP. There is no guarantee that the City will award a contract.
- e) The City reserves the right to investigate the qualifications of any proposer under consideration including proposed subcontractors and parties otherwise related to

the proposer and require confirmation of information furnished by a proposer, or require additional evidence of experience and qualifications to provide the services or otherwise discharge the obligations required by this RFP.

- f) Following the Submission Deadline, the City, pursuant to the California Public Records Act (Govt. Code Section 6250 et seq.) reserves the right to make copies of all submitted proposals available for inspection and copying by any interested member of the public, except to the limited extent the City determines that any information contained in a proposal is legally privileged under the California Public Records Act. By submission of a proposal, proposers acknowledge and agree that their proposal and any information contained therein may be disclosed by the City to interested members of the public, including other proposers.
- g) The City reserves the right to approve or disapprove of particular subcontractors, joint venture partners, or other proposed team members.
- h) The City reserves the right to evaluate responses in terms of the best interests of the City, applying criteria provided in this RFP and any other criteria the City, in its sole discretion, deems pertinent.
- i) By the submission of a proposal, each proposer accepts and agrees to execute a written Professional Services Agreement (PSA) in the form attached hereto as Exhibit 1. By submission of a proposal, each proposer agrees to execute a PSA with the City in the form attached hereto as Exhibit 1, inclusive of all stated terms and conditions relating to indemnification, required insurance and standard of care requirements. If a proposer is unable to agree to any of the terms or conditions of the PSA in the form attached hereto, the proposer must identify the provision(s) in question and provide an explanation as to why the proposer cannot comply with such provisions. If a proposer's objection to a certain provision of the PSA is merely a question of added cost, the proposer shall indicate in the proposal the difference in cost associated with complying with the provision(s) versus the cost associated with the City's waiver or modification of the provision(s). The City shall be under no obligation to make modifications to the PSA after a contract has been awarded and proposers shall be deemed to have incorporated all costs associated with compliance with the PSA into their proposal. A proposer's inability to comply with one or more provisions of the PSA shall be a factor that will be considered by the City in determining which proposal will serve the best interest of the City when all other factors are taken into account.
- j) All proposals must remain valid for a minimum period of ninety (90) calendar days after the Submission Deadline. Responses may not be modified or withdrawn by the proposer during this period of time except in accordance with this RFP and with written permission granted by the City.
- k) All questions or requests for clarification shall be submitted via email to George Cambero at [gcambero@elmonteca.gov](mailto:gcambero@elmonteca.gov) by the REQUEST FOR INFORMATION DEADLINE. All questions received by this deadline will be addressed and posted on the City's PlanetBids portal by the RELEASE OF INFORMATION REQUESTED DATE.
- l) If it becomes necessary to revise any part of this RFP, written addenda will be posted on the City's PlanetBids portal. It shall be the sole responsibility of the proposer to check for any addenda to the RFP that may be issued by the City.

- m) It is presumed that each proposer has read and is thoroughly familiar with the scope of services to be performed under this RFP.
- n) The proposer agrees that, if a contract is awarded to a proposer, the proposer shall make no claim against the City or any of the funding agencies because of any estimate or statement made by any employees, agents, or consultants of the City which may prove to be erroneous in any respect.
- o) Proposers may withdraw their proposal prior to the Submission Deadline.

## **8. Insurance Requirements**

The selected consultant shall provide the following at the time of contract execution.

Insurance coverage must include naming the City of El Monte as additional insured (Form CG2010 or Equivalent), policy number, expiration date, and amounts (limits). GENERAL LIABILITY CARRIER MUST HAVE A CURRENT A.M. BEST RATING OF "A VI" OR HIGHER. WORKERS' COMPENSATION CARRIER MUST HAVE A CURRENT A.M. BEST RATING OF "A-VII" OR HIGHER. CARRIERS MUST BE ADMITTED IN CALIFORNIA. MINIMUM ACCEPTABLE LIMITS: GENERAL LIABILITY; GENERAL AGGREGATE \$2,000,000 AND PRODUCTS-COMP/OP AGG \$2,000,000. WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY: E.L. EACH ACCIDENT \$1,000,000 AND E.L. DISEASE-EA EMPLOYEE \$1,000,000 AND E.L. DISEASE – POLICY LIMIT \$1,000,000. Sample is available upon request

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