



REQUEST FOR PROPOSALS (RFP)
WASTEWATER RATE STUDY

Release Date: July 1, 2020

Deadline for Submission: August 3, 2020

Contact Person: Ron Buchwald, Engineering Services Manager

VSD
45-500 Van Buren St
Indio, CA 92201

1 INTRODUCTION

VSD is a small, public agency organized under the Health and Safety Code of the State of California. As a California Special District, VSD has responsibility for the operation and maintenance of the sanitary sewer collection system and wastewater treatment within the City of Indio and portions of Coachella, La Quinta, and unincorporated Riverside County.

A. General Information

VSD is in the Coachella Valley about 20 miles southwest of the Palm Springs airport. VSD is a wastewater district, founded in 1925, operating under the Sanitary District Act of 1923. The District has over 28,000 service connections in a 19.5 square mile service area serving a population of about 75,000 in the communities of Indio, Coachella, La Quinta, and unincorporated Riverside County. The District's Adopted FY 2019/20 Operating Budget is \$8.3 million.

VSD is governed by a five-member Board of Directors and led by a senior management team comprised of a General Manager, District Engineer, Chief Plant Operator, and Administrative & Finance Manager. Staff includes a total of 32 full-time regular employees spread across three Departments: Administrative Services Department, Operations & Maintenance Department, and the Engineering Department.

Keeping infrastructure up to date and reliable is a significant part of the District's commitment to provide quality service to its customers. Capital improvement and replacement projects are necessary to replace aging underground infrastructure and to ensure that the District offers superior treatment to meet environmental standards.

VSD is seeking proposals for requesting proposals from qualified consultants to conduct a comprehensive wastewater rate study. The intent of the study is to independently assess and evaluate the District's existing wastewater rates and provide a fair and reasonable rate structure that will adequately fund the District's operating, capital improvement, and facility rehabilitation needs. The results of this study and the proposed rate design will provide the District's Sewer Service Charge rates for the next five years. The study will be based on a comprehensive review of the District's enterprise fund historical statements of revenue and expense, current year budgets, customer counts and classes, historical usage data, Infrastructure Asset Management Plans, capital improvement plans, future planned growth of the District, and any other information deemed necessary

All proposals must be received at Valley Sanitary District, 45-500 Van Buren Street, Indio, CA 92201 by **4:00 p.m. on Monday, August 3, 2020**. Please refer to Section 3, Proposal Format and Section 5, Proposal Due Date and Delivery for details.

Proposals received after the deadline will not be considered. Each proposal must be sealed, and the envelope must be clearly marked with the name of the proposer and the words “**Response to RFP – Wastewater Rate Study Proposal**”. This RFP and the successful Proposer’s response will be included in any contract awarded from this RFP; modifications will be determined by and between VSD and the successful Proposer. VSD reserves the right to accept or reject any or all proposals.

B. Background

VSD’s Sewer Service Charges (SSC) funds the costs of the maintenance, operation, and replacement of the facilities necessary to collect, treat, and dispose of the wastewater generated from home or business in Indio and surrounding areas. VSD uses the Riverside County Tax Rolls as the primary method of collection of the SSC on an annual basis. This line item shows up on the property owner’s property tax bill under the Special Assessments section. To determine the rate in which each property should be charged at, VSD uses third- party consultants to evaluate and perform comprehensive studies on its SSC. This comprehensive study provides support when establishing possible SSC rate increases over the next five years. The last rate study was completed and finalized in April 2019.

2 SCOPE OF SERVICES

VSD anticipates a project scope that includes activities outlined below; however, proposers should develop a plan of work they believe will most effectively meet VSD’s objectives. The Wastewater Rate Study will require the selected consultant (Consultant) to perform all necessary analyses and documentation to perform the study of the District’s utility rates and recommendation of a five-year rate schedule.

In general, the scope of work shall involve a comprehensive review of the District’s wastewater enterprise fund’s historical and projected revenues, usage, expenses, reserve policies, billing and collection procedures, rates and charges, current budgets, Infrastructure Asset Management Plans, capital improvement plans, future planned growth of the District, and any other information deemed pertinent.

3 PROPOSAL FORMAT

A. Approach / Methodology

Provide a brief description, in a fashion that shows your understanding and ability, of how you intend to approach and/or accomplish each item listed in the scope of services. You may include suggested alternatives or additions to tasks and expectations listed in scope of services. If your firm is not within a 100-mile radius of the Coachella Valley, please specify what work will be done in-person at VSD’s offices.

B. Professional Qualifications and Experience

Provide a description of professional qualifications including relevant background experience working with public agencies. Notate any environmentally friendly and/or green practices that the proposing firm implements.

Provide three client references with phone numbers for similar services of similar scope provided by the Proposer within the past five years. A minimum of three references must be from a public agency. Specify the client, location, Proposer's project team, scope of work, and an example of similar work performed.

C. Firm Organization and Project Team

The proposal should include information about the Proposer's organization, including but not limited to the following.

- type of ownership (sole proprietor, partnership, corporation, etc.)
- number of years in business
- listing of primary services provided
- size of firm

The proposal should identify key personnel proposed and roles for this project. Include biographies and experience on similar projects.

D. Proposed Project Schedule

The proposal will include a projected schedule for items listed in scope of work. The project is anticipated to start on **Monday, August 3, 2020** and be completed no later than Friday, October 9, 2020. The consultant is expected to present the final report to the Board of Directors and at a public hearing.

E. Proposed Costs

Indicate costs, hourly and/or if project specific, and expected hours required for completing each task listed in the RFP. Include any additional costs for projects or tasks you may feel will be helpful that are not listed in the RFP.

4. SELECTION PROCESS

A. Qualifications

All proposals received by the deadline will be evaluated by VSD. Only information which is received in response to the RFP or any subsequent interview will be evaluated. VSD will judge the responses of each proposing firm in the several critical areas. Selected Proposers will be invited to an oral interview.

B. Selection Criteria

VSD will select the most qualified proposal based on the following factors.

Responses to the RFP should address the qualities and criteria that are listed below at a minimum:

- Experience and qualifications of assigned staff **(20 points)**
- References (particularly public agencies) and relevant work performed for those references **(20 points)**
- Firm/entity key personnel assigned to the project **(10 points)**
- Demonstrated ability to competently implement the scope of services **(20 points)**
- Demonstrated understanding of issues raised by District in RFP and completeness in addressing the scope of work **(30 points)**

While VSD desires to achieve the most cost-effective services, the emphasis is on the ability to best meet the needs stated in this RFP, and not necessarily the lowest cost proposal.

C. Proposed Selection Process and Project Schedule

1. Selection Process

Staff will recommend to the Board of Directors the firm who achieved the most points during the evaluations of proposals by the evaluation team.

2. Project Schedule

RFP Solicitation Package Released	July 1, 2020
Written Inquiry Submissions Due	July 17, 2020
VSD Response to Written Inquiries	July 24, 2020
Proposals Due	August 3, 2020
Proposal Evaluations	Week of August 3, 2020
Consultant Interviews (if necessary)	Week of August 10, 2020
Board Approval	August 25, 2020
Execution of Contract	September 1, 2020
Services begin & Kick-off Meeting	September 14, 2020
Completion of Wastewater Rate Study	December 18, 2020
Presentation to Board of Directors	January 12, 2021
Proposition 218 Public Hearing	May 11, 2021

3. Required Documents

The proposal must include all required documents, including evidence of the required insurance coverage. Failure of the successful Proposer to make a timely submission to VSD may result in a rescission of acceptance of the proposal by VSD and award of contract to another proposer.

4. Disclaimer

This RFP does not commit VSD to award a contract or to pay any costs incurred in the preparation of a proposal in response to this Request. VSD reserves the right to accept or reject any or all proposals received, to negotiate with qualified proposers or to cancel the Request.

VSD may require the Proposer to submit additional data or information the District deems necessary to substantiate the costs presented by the proposer. VSD may also require the proposer to revise one or more elements of its proposal in accordance with contract negotiations. VSD reserves the right to evaluate proposals for a period of 90 days before deciding which proposal, if any, to accept.

D. Award of Agreement

It is expected that notice of an approved agreement for services will be made by VSD's General Manager no later than August 26, 2020.

PLEASE NOTE: VSD does not pay for services before it receives them. Therefore, do not propose contract terms that call for up-front payments or deposits. Monthly invoices may be submitted to VSD for work completed and at the satisfaction of VSD. VSD reimburses direct expenses only at actual cost – not cost plus some percentage or markup.

5. **PROPOSAL DUE DATE AND DELIVERY**

Proposals must be submitted in the format described below and are to be prepared in such a way as to provide a straightforward, concise description of capabilities to satisfy the requirements of this RFP. The Proposer shall submit 5 printed, double-sided proposal(s); expensive bindings, colored displays or promotional materials, are neither necessary nor desired. Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, and on completeness and clarity of content. An electronic PDF version should be directed to Ron Buchwald, Engineering Services Manager, at rbuchwald@valley-sanitary.org.

Proposals should be delivered to VSD at 45-500 Van Buren Street, Indio, CA 92201. All copies of the proposal are to be clearly marked with the words "**Response to RFP – Wastewater Rate Study Proposal**," and should be submitted no later than **4:00 p.m. on Friday, August 3, 2020**. Faxed proposals will not be accepted. All copies received by the deadline will be date and time stamped. Postmarks will not count toward meeting the deadline. Proposals will not be accepted after the deadline.

6. **CONDITIONS OF REQUEST**

A. General Conditions

VSD reserves the right to cancel or reject all or a portion or portions of the

request for proposals without notice. Further, VSD makes no representations that any agreement will be awarded to any professional submitting a proposal. VSD reserves the right to reject any and all proposals submitted in response to this request or any addenda thereto. VSD also reserves the right to reject any sub-Consultant or individual working on a Consultant team and to replace the sub- Consultant or individual with a mutually acceptable replacement. Any changes to the proposal requirements will be made by written addendum.

B. Liability of Costs and Responsibility

VSD shall not be liable for any costs incurred in response to this request for proposals. All costs shall be borne by the person or professional responding to the request. The person or professional responding to the request shall hold VSD harmless from any and all liability, claim or expense whatsoever incurred by or on behalf of that person or professional. All submitted material becomes the property of Valley Sanitary District.

The selected lead Consultant will be required to assume responsibility for all services offered in the proposal even if they do not possess them within their professional abilities. The selected lead Consultant will be the sole point of contact regarding contractual matters, including payment of any and all charges resulting from the contract.

C. Validity

The proposing firm agrees to be bound by its proposal for a period of 90 days commencing on **August 3, 2020**, during which time VSD may request clarification or correction of the proposal for the purpose of evaluation. Amendments or clarifications shall not affect the remainder of the proposal, but only that portion so amended or clarified.

D. Professional Services Agreement

Any exceptions to terms, conditions, or other requirements must be clearly stated no later than 10 days following the Consultant's receipt of the contract document. Otherwise, VSD will consider that the successful proposing firm will be responsible for compliance. The Professional Service Agreement will not be executed by VSD without first being signed by the proposing firm.

E. Oral and Written Explanations

VSD will not be bound by oral explanations or instructions given at any time during the review process or after the award. Written inquiries regarding the details of the RFP must be submitted on or before July 17, 2020. VSD will post written questions and responses on VSD's website on July 24, 2020, at: www.valley-sanitary.org.

F. Proposer's Representative

The person signing the proposal must be a legal representative of the firm

authorized to bind the firm to an agreement in the event of the award.

G. Insurance

All proposing firms should meet and maintain the minimum insurance requirements for the length of the agreement.

7. Scope of Services

The following Scope of Services describes the specific tasks to be performed by the Consultant. If the Consultant believes that the project can be enhanced in any way by the addition of other tasks or the deletion of any specified tasks, such information should be included in the proposal.

A. Objectives

The rate study is intended to establish five-year wastewater utility rates that will achieve the following objectives:

1. Ensure that the revenues generated by the utility rates are adequate to maintain operations at current service levels and account for anticipated expense increases.
2. Ensure that revenues are adequate to meet any future debt that may be needed to finance capital improvements.
3. Address the unfunded deferred maintenance of infrastructure by incorporating reasonable projections for facility replacement within the revenue requirements and rate calculations.
4. Review District financial policies and make recommendations regarding adequate reserves for operations, rate stabilization, and capital improvements.
5. Affirm the appropriateness of existing user categories and/or develop new or combine categories to simplify District rates and ensure equity among users.
6. Ensure that the proposed rates are in conformance with all applicable laws, including the provisions of Proposition 218.

B. Scope of Work

The scope of work involves all necessary analysis and documentation needed to perform the wastewater rate study. Specifically, the scope of work shall include the following:

1. Review background information, including but not limited to:
 - a. Regulatory requirements, bond covenants, and other contractual

- commitments.
 - b. Operational and capital improvement requirements.
 - c. Historical and projected revenues, usage, expenses, debt service. requirements, reserve policies, billing and collection procedures, rates and charges, and customer information.
 - d. District Five-Year Strategic Plan, Capital Improvement Plan, Comprehensive Annual Financial Report, 2019 Sewer Service Rate Study and Connection Fee Study.
 - e. Other pertinent data, as necessary.
2. Prepare a rate model with projected expenses, revenue requirements, and the resulting need for changes in utility rates for a period of at least five years and should include planned adjustments for the five-year period beginning FY 2021/22.
 3. The rate model shall be prepared and provided to the District in Excel spreadsheet format. The model's construction shall be documented in a manner that allows the District to understand the formulas which are utilized, and how variables affect rate calculations. The District should be able to use the model in the future to evaluate actual performance against projections and to adjustment as necessary. The model will be the property of the District and may be used by the District for any purpose.
 4. Rate calculations should consider the impacts of:
 - a. Level of service for capital and operating expenditures
 - b. Necessary improvements to the wastewater collection and conveyance systems as described in the Infrastructure Asset Management Plan.
 - c. Increased costs due to new wastewater regulations, including NPDES and WDR permit requirements.
 7. Propose a methodology for annual inflationary adjustments in compliance with Proposition 218.
 8. Perform an analysis of the various reserves and fund balances and make recommendations for appropriate levels.
 9. Evaluate the existing District connection fee and provide recommendations.

10. Attend meetings and conference calls with staff as needed. An initial in-person meeting is assumed. After that, meetings can take place via conference call or in-person.
11. Present results to District Board of Directors in person. Assume two Board meetings. The intent is to allow the District Board of Directors an opportunity to provide feedback on the alternatives being considered before a final recommendation is made. The District Board of Directors meets the second and fourth Tuesdays of every month at 1:00 p.m.
12. The consultant shall prepare a preliminary report for staff, an administrative draft for the final Board of Directors meeting (which shall incorporate Board and staff comments up to that point), and a final report (incorporating any final Board and staff changes). The reports should include the following:
 - a. a brief physical description of the District's wastewater system,
 - b. service area description, including development (use code) characteristics,
 - c. overview of financial operations for the last five years,
 - d. a description of the necessary capital improvement program over time (ten years), including potential State and Federal regulatory requirements,
 - e. the comprehensive revenue & expense model described above, and
 - f. local rate comparisons (recently completed by District staff, to be updated by consultant as necessary) and statewide comparisons as appropriate.
13. The consultant will provide guidance and advice to District staff to assure compliance with the Proposition 218 process as it applies to wastewater services. The consultant will include the preparation and completion of the Proposition 218 notification as a service to the District, as necessary. It is the intent of the District to adopt wastewater rates proposed at the conclusion of any Proposition 218 public hearing. Consultant shall present at that hearing, which will most likely take place on May 11, 2021.