

NOTICE TO CONSULTANTS
REQUEST FOR PROPOSALS
UTILITY RATE STUDIES FOR
WATER, SANITARY SEWER, STORMWATER & SOLID WASTE
Submittal Date: February 15, 2017

Notice is hereby given that the City of Leavenworth, WA is requesting proposals from qualified financial consultants to conduct a comprehensive water, sanitary sewer, stormwater and solid waste rate study. The intent of the study is to independently assess and evaluate the City of Leavenworth's existing utility rates and provide recommendations. The broad objective of the study is to adequately fund utility operations, capital costs, and bonded debt while minimizing rates to the greatest degree possible. The study will be based on a comprehensive review of the City of Leavenworth's utility funds and budgets, Comprehensive Plans, customer classes, current usage data, future planned growth, and any other information deemed necessary.

Background Information

Characterization of Leavenworth

Leavenworth is located in Chelan County, and has a 2016 population estimate of 1990. The City has prioritized its waste treatment plant, collection system, and water plant and distribution system significant for redevelopment over the next 30 years. A major component of the waste treatment plant upgrades includes upgrading the plant to address a reduction in phosphorus discharges; other improvements include the ongoing replacement and upsizing of the existing water, sanitary sewer and stormwater mains in the downtown core and over the next several years will include Pine Street.

The City of Leavenworth is a resort and tourist destination for approximately 2.5 million visitors moving through town each year. Festival weekends in Leavenworth attract as many as 60,000 tourists. As a result, water demands, garbage service demands and sewer discharge by businesses can vary substantially with tourism peaks. The City's last utility rate study was completed in 2011. The Study included a rate structure and rate estimates through 2016. The Study also included a thorough review of the system development charges for water, sewer and stormwater.

Water System

The Water Utility Fund, a division of the Public Works Department, ensures the delivery of safe and reliable drinking water to approximately 3,020 citizens as well as a thriving tourist population. The City services approximately 1162 residential accounts and 235 commercial accounts on average, of these 374 residential and 22 commercial accounts are located outside the City municipal boundaries.

The water system utilizes two pressure zones, surface water intake and a well field. The surface water treatment plant (WTP) is located on Icicle Creek and the well field is located near the Wenatchee River supply water pressure to Zone 1 and the Icicle Road Reservoir. In general, the WTP provides primary water supply and the wells provide a secondary supply when system

demands exceed capacity of the WTP or when surface water turbidity in Icicle Creek requires the WTP to go out of service. The Ski Hill Booster Station supplies Zone 2 and the Ski Hill Reservoir provides storage to Zone 2. The Ski Hill booster pump station and reservoir were constructed in 2005 and the Icicle Road Reservoir was reconstructed in 2008. The WTP was constructed in 1969 and the well field (Well Nos. 1 and 2) were constructed in 1989. Well No. 3 went online in 2015 and offers redundancy back-up to the system. Well No. 1 was completely rebuilt in 2013 and Well No. 2 was rebuilt in 2016. At this time commercial water meter accounts are read and billed on a monthly basis. Residential account meters are read from April through October; however, the City is looking into new meter replacements citywide that will allow for year round reading for all accounts

The City of Leavenworth is currently working on a Water System Plan which should be completed in 2017. The City last completed a Water Distribution System and Sewer Collection System Master Plan in 2008 along with completing a study for Water System Development Charges; both adopted by City Council the same year. A Water System Plan was completed in 2011.

As part of this Utility Rate and Fee study the City will require consideration for additional implementation of a conservation rate program and an analysis of operating and fixed costs of the system.

Sanitary Sewer System

The Sewer Utility Fund, a division of the Public Works Department, ensures that the wastewater generated is safely and reliably transported to the City's wastewater system for treatment. The City's collection system serves all of the City limits area and part of the urban growth area on the north side of the City. The City sanitary sewer system currently has approximately 810 residential connections and 167 commercial connection accounts on average. The City adopted its current Wastewater System Comprehensive plan in 1999, and the wastewater treatment plant was constructed in 2000. The City is currently developing a new wastewater facility plan which will be completed in the spring of 2017. Significant waste treatment capital improvements will be necessary as the City updates its plant in 2019/2020 to address a Phosphorous TMDL on the Wenatchee River as well as addressing mechanical lifecycle replacements. The Study will need to anticipate the potential for rate increases based on the capital costs for the waste treatment plant updates. The current rate structure for residential users is a monthly base rate; commercial sewer rates are tied to water use and user class.

Stormwater System

The City of Leavenworth stormwater utility was implemented in 2014; fees are currently based on a minimal impact to ratepayers and is included on all accounts that have a sewer hook-up. The City is not a NPDES Stormwater City at this time; however, the City does follow the Stormwater Management Manual for Eastern Washington. The City is nearing completion of a Stormwater Master Plan which was initiated in the spring of 2015. This information will be used in developing the capital plans and necessary funding model for the stormwater utility.

Solid Waste Utility

The City of Leavenworth currently services approximately 719 residential garbage accounts and 142 commercial garbage accounts on average. In 2011 the City of Leavenworth established an agreement for Waste Management to collect single stream recycling materials for all residential customers and commercial accounts within the City limits. This fee based service is voluntary and billed through Waste Management; the City does however provide a rebate of up to \$5.00 per month to customers that have signed up for this service.

The City trucks all of its garbage to the Chelan County Dryden Transfer Station; charges for the disposal of garbage are based on weight. The City of Leavenworth also operates a cardboard recycling service for 45 commercial accounts. The recycled cardboard is hauled to Wenatchee where it is sold to Michelsen Packaging Co. In addition, the City currently operates a recycling center for metal, paper and yard waste with no fees being charged to users.

PROPOSAL REQUIREMENTS

1. **Project Approach:** Provide a clear concise statement of the general approach to be undertaken on the project.
2. **Scope of Work:** The consultant will be required to provide all service and work to complete the required rate study for each utility. The consultant should include in the scope of work the gathering and analysis of data, periodic meetings with City staff, and a presentation to City Council.

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

- a. The recommended rate structures shall be based on cost of service, cost of planned capital improvements, consideration of adopted financial policies, and shall be sufficient to meet the revenue requirements of the City of Leavenworth.
- b. The study shall recommend rate structures that consider and make provisions for the following factors:
 - i. Current and future cost of providing utility service in accordance with established and anticipated standards and regulations.
 - ii. Projected demands.
 - iii. Availability of supply (seasonal fluctuations and long-term availability).
 - iv. Age and condition of systems.
 - v. Funding requirements for all current long-term liabilities and debt obligations (bond and loans).

The ultimate goal of this study is to assure the adequate funding of the utilities' O&M and capital needs while developing rates that are fair and equitable. The scope of the study for each utility will include at a minimum: 1) Data collection/validation; 2) Revenue requirements; 3) Cost of service analysis including an analysis of customer classes and revenue requirement allocations; 4) Rate design; and 5) The City is considering modifying the current rules and regulations regarding the collection of system development charges to promote affordable housing. The timing of this study will correspond well with the recommendation of these changes by the Planning Commission; the consultant will provide an analysis on the potential fiscal implications of these changes and implications on the rate structure, if any.

At the end of the process, rates and system development fees will be recommended that meet the financial objectives of the City and which are cost-based and equitable. The consultant will also provide the City with a user friendly water and wastewater rate analysis model that can be used by the City for financial forecasting.

3. **Schedule of Work:** The consultant shall be required to complete all services for this contract by September 2017 so that the City can budget accordingly for fiscal year 2018. The consultant shall provide a schedule for the various tasks identified in the Scope of Work. The schedule should include the time allowed for review by the City.
4. **Consultant Qualifications:** Consultant qualifications should include detailed information regarding the Consultant's experience on similar projects.

A statement to the effect that the consultant's project lead and key team members, as well as subconsultants, will not be replaced without the prior approval of the City shall be included. The Consultant's qualifications should include the following information:

- a. List at least five (5) but no more than seven (7) projects of similar complexity and magnitude undertaken and completed in the past five years and provide references and a phone number for each reference.
 - b. Provide resumes of no more than four key members of the proposed project team and no more than four key members of each subconsultant who will work on this project. Each resume should be a maximum of two pages in length.
 - c. Of the listed reference projects, list the involvement of proposed project team members for whom resumes have been submitted.
 - d. List subconsultants and specify their involvement on the project. List no more than five projects of similar complexity and magnitude undertaken by the subconsultant in the past five years and provide references and phone numbers for each project.
 - e. The consultant may submit a brochure or narrative discussion, not to exceed five (5) 8.5" x 11" single sided pages, that provides any further information describing the firm's qualifications for this project.
 - f. The proposal should be accompanied by a brief introductory letter stating your firm's interest in the project.
5. **Level of Effort:** The Consultant shall prepare a separate Level of Effort spreadsheet that contains line items for each major task and subtask to be performed with the estimated man hours per classification to be expended in that effort. The level of effort spreadsheet will be used to evaluate and compare the City's understanding of the scope of work with the Consultant's proposal.
 6. **Selection Procedure:** Subsequent to the deadline for acceptance of proposals, the City will evaluate the Technical Proposal and will determine rankings based upon materials submitted and oral interviews (if deemed necessary by the City) using the selection criteria and weights indicated below. The City will contact the firm with the highest ranked Technical Proposal and request a scope of work and fee. If an agreement cannot be reached with the top ranked firm, the City will contact the firm with the next ranked Technical Proposal and attempt to negotiate with that firm. The process will be repeated until an agreement is reached.
 7. **Selection Criteria:** The Consulting Team selected for this project should have demonstrated experience in revenue requirement analysis, cost of service analysis and utility rate design. Selection shall be based on the following:

- a. Consultant's understanding of the City's desires and general approach to the project as demonstrated in the project description and scope of work. (up to 20 Points)
- b. Completeness of the work included in the Proposal. (up to 20 Points)
- c. Consultant's experience with projects of similar complexity and function. (up to 20 Points)
- d. Qualifications of the Consultant's staff being assigned to this project. (up to 20 Points)
- e. Demonstrated ability of the Consultant to perform high quality work, to control costs and to meet schedules. (up to 20 Points)
- f. Cost proposal identifying separate proposal costs for the following (up to 20 points):
 - i. Water and wastewater systems - capital improvements, operations and maintenance, financial modeling and rate study.
 - ii. Solid waste utility– financial modeling and rate study.
 - iii. Stormwater system – financial modeling and rate study.

Should the City determine that interviews are desirable; up to 25 additional points may be granted based on those interviews.

Ranking will be on a total point basis of the proposal and the interview, if conducted.

8. **Submittal Deadline:** 5 copies of the Technical Proposal must be forwarded to the attention of the City Administrator, at the following address by Friday, March 24, 2017, received no later than 2:00 P.M. :

Joel Walinski
City Administrator
City of Leavenworth
P.O. Box 287
Leavenworth, WA 98826

Any proposal received after the specified date and time will automatically be rejected and will not receive any further consideration by the City. Postmarks will not be accepted.

9. **Proposal Contact Person:** All questions regarding this solicitation should be directed to Joel Walinski, City Administrator, at (509) 548-5275.

The successful consultant will be required to obtain a City business license through the Department of Licensing, when awarded the contract.