



◆ REQUEST FOR PROPOSAL ◆

City of West Linn, Oregon

**WATER RATE STUDY**

**PROPOSALS ARE DUE TO THE ENGINEERING DIVISION BY:**

*January 16, 2009 at 4:30 p.m.*

Please deliver five (5) copies of both the Technical Proposal in the format prescribed by this RFP.

Proposals must be received at 22500 Salamo Road, City Hall First Floor receptionist, West Linn, Oregon 97068, Attention: Engineering Manager no later than 4:30 p.m. on January 16, 2009. For U.S. Mail, the address is 22500 South Salamo Road, Box 800, West Linn, OR 97068. No proposals will be accepted after 4:30 p.m., January 16, 2009. Proposals must be received by the deadline stated herein and postmarks shall not be considered.

**REGISTERING YOUR EMAIL ADDRESS FOR QUESTIONS CONCERNING THIS RFP:**

Potential respondents are encouraged to register an email address with the City Engineering Division as soon as possible so that an email list can be established to disseminate changes, additions and deletions to the RFP. (When you register via email, please follow up with a phone call to (503) 722-5501 if you don't receive a confirmation that your registration was received.) Additionally, those who have registered an email address will be provided with all questions and the City's responses, if registered as of the date and time of the response.

**PLEASE REGISTER VIA EMAIL:**

Pat Rich  
Administrative Assistant  
prich@westlinnoregon.gov

**PLEASE E-MAIL, BUT DO NOT CALL WITH YOUR QUESTIONS OR COMMENTS**

## **A. BACKGROUND**

The City of West Linn recently (Dec'08) completed a new Water System Master Plan with associated capital projects lists and desires to update its water rates to ensure adequate funding for current operations and maintenance as well as identified capital maintenance and improvement projects through 2030. The City provides potable water to approximately 24,615 people through 8,600 residential, commercial and industrial service connections. The City's water service area includes all areas within the current City limits as well as a limited number of customers outside the UGB that receive extra-territorial water service from the City. Currently, the City's primary water supply is from the South Fork Water Board (SFWB) water treatment plant (WTP) located in Oregon City. The City also has an emergency supply connection to the City of Lake Oswego's WTP located at the north end of the City. The City's water distribution system consists of six service zones supplied by six storage facilities and five pumping stations. Each of the service zones is supplied by gravity from a storage facility. It is worthy of note that the City has been constrained since 1999 to a five (5) percent annual rate increase unless approved by a vote of the citizens.

## **B. STUDY OBJECTIVES**

1. Propose water rates that:
  - fair and objective and ensure that water service is provided on a self-supporting basis
  - fund capital projects as identified and approved in the 2008 water system master plan
  - encourage water conservation
  - take into consideration SFWB rate increases
2. Review and update miscellaneous fees.
3. Recommend a prudent reserve policy for operations, capital replacement and emergencies.
4. Develop a water connection "buy-in" fee for future new service locations.

## **C. 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 short and long-term revenue requirements of the City of West Linn's water utility operations.
2. The study shall recommend a rate structure that considers and makes provisions for the following factors:
  - a) Current and future cost of providing water in accordance with established and anticipated standards and regulations.
  - b) Projected demands.
  - c) Availability of supply.
  - d) Age and condition of system and the need to fund long-term capital projects.
  - e) Impact of current and future environmental regulations.
  - f) Other impacts as identified.
3. The recommended rate structures shall provide direct identification of revenues appropriate to fund operating activities and infrastructure.
4. Compare any proposed new rates to other utilities providing water services in the county and region.

5. The recommended rate structures shall be consistent with industry practice for utility rate making in Oregon. The study shall recommend a rate structure based upon standard rate practices that meet the criteria.
6. If alternative rate structures are suggested, they shall all assume base rates to cover fixed costs and consumption rates to cover variable costs.
7. The rates shall include a provision for an emergency rate structure to address loss of primary supply and required purchase from alternate source for emergency supply per water system master plan.
8. The benefits of any proposed modifications shall be weighed against the financial impacts on ratepayers.
9. Justifications for any special classes of customers under the recommended rate structure shall be demonstrated.
10. The recommended rate structure shall result in no decrease in stability of the revenue stream to the Water Fund, as compared to the current structure. Consideration shall be given to funding past and future depreciation (replacement of capital assets).
11. The recommended rate structure shall consider the type and amount of reserves appropriate to the City's water operations taking into consideration reserves for cash flow, catastrophes, infrastructure replacement and other appropriate purposes.
12. The recommended rate structure shall be easy to administer and understand.
13. Any proposed rate structure must take into consideration, the City of West Linn's automated billing system capabilities.
14. The recommended rate structure shall be planned through the period covered by the newly adopted water system master plan.
15. The rate study shall include an easy-to-use electronic model, in either Microsoft Excel or Access to be used by the City of West Linn for future rate setting.

#### D. 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 water rates for all types of property ownership to include multi-family units.
3. **Conservation Impacts:** Assess the interaction between the water conservation elements of the recommended rate structure and their impacts on the ability to fund water operations as well as their impact on the economic well-being of the community.
4. **Environmental Regulations:** The study shall include an assessment of the revenue stream generated by the recommended rate structure and its ability to continue to fully fund water system costs under the impacts of future water quality and environmental regulations and standards.
5. **Other Service Charges:** Assess existing customer service fee structure and identify other potential areas for service and system charges (shut-down activities, back-flow devices, plan reviews, water service shut-offs, etc.) and recommend changes, if appropriate. Assessment is to note any resulting increase in liability the City may incur as result of assessing the fees.
6. **Annual operating fund balance targets.** Recommend reserve levels for operating, capital replacement, bond requirements, as well as cash flow and unforeseen events.
7. **Electronic Rate Model.** Provide an easy-to-use electronic rate model for the City of West Linn to use in future rate setting.

## **E. SERVICES TO BE PROVIDED BY CONSULTANT**

1. Conduct a detailed review of the existing water rates and status of the Water Fund, and develop a general familiarity with the City of West Linn's billing system.
2. Meet or confer with staff as needed.
3. Attend three evening meetings to include presentation to a joint worksession of the Utility Advisory Board (UAB) and the City Council (CC), one follow-on CC worksession, and City Council public hearing where rates are considered for adoption
4. Conduct analyses as required to address the scope of work.
5. Rate Options presentation:
  - a) Prepare report outlining rate survey and option analyses results and suggest preferred options available to best accomplish stated objectives.
  - b) Submit 15 copies.
  - c) Meet with UAB and City Council in joint worksession to obtain preferred option(s) for further evaluation.
6. 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 the City Council at a Council Work Session.
7. Draft Final Report
  - a) Incorporate changes pursuant to comments received at the City Council Work Session.
  - b) Submit 15 copies.
  - c) Present preliminary report and tentative rate structure to the City Council at a formal public hearing.
8. Final Report
  - a. Incorporate changes pursuant to comments received at the City Council formal public hearing.
  - b) Submit 15 copies, plus one reproducible copy.
  - c) Provide a disk with report in MS Word format, with spreadsheets in Excel format.
9. Supply a time schedule for developing the preliminary and final reports. The final report shall be delivered to the City by May 15, 2009.
10. Provide an easy-to-use electronic rate model in MS Excel or Access for the City of West Linn to use in future rate setting.

## **SERVICES TO BE PROVIDED BY THE CITY OF WEST LINN**

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

1. Furnish all reasonably available records and information, including financial reports, budgets, consumption data, meter sizes and customer classes for the City of West Linn.
2. Provide a loaner copy of the Water System's Master Plan prepared in 2008.
3. Provide information on the recent Capital Improvement Project list.
3. Provide staff support and assistance as required and agreed to in advance of the study.

## **PROPOSAL SUBMITTAL**

### **B. TECHNICAL PROPOSAL**

The following information is to be submitted as part of the proposal. The proposal is not to be more than twelve 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 proposal is to be organized as follows:

1. **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.
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 for recent projects of similar scope.
3. **Qualifications:** Describe your staff's unique qualifications and training for this type of work.
4. **Schedule:** Describe your plan/schedule for completing the work.
5. **Fee:** Provide a Time and Materials "Not to Exceed" fee for proposed scope with hourly rate for assigned staff.

### C. AGREEMENT

A copy of a proposed professional services agreement is attached, as Exhibit A. Evidence of Insurance must be received prior to agreement implementation.

### 11. DEADLINE FOR SUBMISSION OF PROPOSALS

1. Interested firms should submit proposals by 4:30 P.M. January 16, 2009 to:

**Physical Address:**

Dennis Wright  
Engineering Manager  
City Hall, First Floor  
22500 S. Salamo Road  
West Linn, Oregon 97068

**U.S. Mail Address:**

Dennis Wright  
Engineering Manager  
22500 S. Salamo Road, Box 800  
West Linn, Oregon 97068

2. Proposals should be sealed and marked:  
**"Proposal - Water Rate Study - City of West Linn"**

### SELECTION OF CONSULTANT

A technical review committee will evaluate the proposals. The following criteria (listing in alphabetical order) will be used to evaluate consultants' proposals:

- Capability and qualifications of consulting firm and key project personnel to handle the project in terms of workload, experience, and efficient staff utilization.
- Fee
- Recent successful water rate studies completed and implemented with analysis of results
- Technical approach in evaluating and setting rate structures.
- Understanding of 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 to the City Council for contract award.

The City of West Linn reserves the right to reject any and all proposals for any reason deemed appropriate by the City.