



## SPECIAL INSTRUCTIONS

-----

### **WATER AND SEWER UTILITY RATE STUDY WATER & SEWER DIVISION PUBLIC SERVICES DEPARTMENT (RFP No. 042-15)**

These Special Instructions provide more detail on the desired Scope of Services, responsibilities and submittal requirements for consultants or other firms (hereinafter called “firm”) responding to this Request for Proposal.

#### **Section 1 – General Information**

##### **1.1 Background**

The City of Rome operates both a water utility and a sewer utility under a common enterprise fund structure, collectively known as the Water and Sewer Fund. The water utility operates a treatment facility and distribution system within the City and immediately contiguous parts of unincorporated Floyd County. The sewer utility operates two treatment facilities and a collection system that serves both the City and unincorporated Floyd County.

It should be noted that Floyd County has its own independent public water utility and is currently a wholesale customer of the City of Rome but has no sewer utility having contractually conveyed those service opportunities and responsibilities to the City in a sewer Purchase Agreement of 1988. Other provisions of service concerning water utility service area restrictions and rate limit protections for county residents in unincorporated Floyd County are detailed in the HB489 Agreement of 1999.

##### **1.2 Basic Service Delivery Statistics**

The water system’s operating budget for FY2015 is \$8,282,800. The system serves approximately 20,160 customers, the majority being residential, and in 2014 produced 7.5 mgd on average of potable water.

The sewer system's operating budget for FY2015 is \$14,750,700. The system serves approximately 21,150 customers, the majority also being residential, and in 2014 treated 10.4 mgd of wastewater on average.

Additional details about the financial characteristics of the Water and Sewer Fund can be found in the 2014 Comprehensive Annual Financial Report for the City of Rome and available online at <http://www.romefloyd.com/departments/rome-finance> .

### **1.3 Existing Rate Structure**

There are elements of the existing rate structure that vary according to a customer's geographic location, residency within the City as well as their demand/usage. While all the details of these elements are not included in this RFP a copy of the existing rate structure as described in its authorizing resolution is detailed in Exhibit A.

## **Section 2 – Scope of Services Required of the Firm**

### **2.1 Rate Study Objectives**

The Scope of Services to be proposed shall, at a minimum, fulfill the following objectives:

- Develop water and sewer rate structures that will allow the City to meet its financial obligations, ensuring long term financial stability and sustainability of the Water and Sewer Fund.
- Assess the current rate structure's performance and equity as a baseline for analyzing potential alternative structures such as tiered rates or provisions for low income discounts.
- Assess the equity of recommended water rates for residential, commercial, institutional and industrial customers.
- Assess the sensitivity of the relationship between water conservation, i.e. lower demand, and changes in the rate structure, and their impact on the financial consequences to the Water and Sewer Fund.

### **2.2 Cost of Service Delivery**

The City of Rome desires that, to the extent practical, each customer is responsible for paying the cost of providing service to them. The cost of service delivery includes all operating costs, the expense of funding capital projects and debt service, and the expense of maintaining reasonable reserves thereafter. The Cost of Service Delivery portion of the study will define and separate fixed and variable costs. The study should identify costs to be allocated across all customer groups and those costs that may need to be associated with a specific customer group. To these ends the Cost of Service Delivery analysis and the resulting determination of revenue requirements shall be evaluated in a manner consistent with the following requirements:

- The allocated cost of service shall be based primarily on water consumption.

- The current and future cost of providing water and wastewater services shall be in accordance with established and anticipated standards and regulations.
- Projected demands shall consider reasonable changes due to economic conditions, the demand of major customers and general growth patterns.
- The adequacy of reserves for operating and capital projects shall be examined to determine the level of reserves sufficient to offset low consumption/revenue years while also reducing spikes in annual rate increases.
- An examination of the Water & Sewer Fund's use of debt financing for capital improvements should be made so that recommendations can be made related to its uses and limitations on its use with respect to maintaining a proper balance for debt coverage and rate stabilization over the Study period.
- Long term costs of capital improvements shall consider the age of the existing infrastructure and reasonably expected changes in environmental regulations and other impacts.

### **2.3 Rate Structure Review & Design**

The City of Rome requires a biennial examination of the rates for its sewer utility customers and simultaneously performs that same evaluation of the rates for its water system customers. The rate structure review shall include the preparation of a 'calibration model' based on the most current data for customers, billable demand/usage, rates and costs for the fiscal year ending December 31, 2015.

The rate structure review and design process shall continue with an evaluation of projections for the ten-year study period of 2016-2025. In evaluating future performance of the existing rate structure or changes that may be proposed to existing rates or structure of rates, the following criteria shall apply:

- The structure of rates shall be based primarily on water consumption and secondarily on water meter size.
- The recommended rate structures shall be based on the total cost of service delivery and shall be sufficient to meet the short and long-term revenue requirements determined in the Cost of Service Delivery portion of the Study.
- The recommended rate structures shall provide direct identification of revenues necessary to fund major activities and expenses including O&M, capital, debt obligations and fund reserves.
- The recommended structure of rates must be compatible with the City of Rome's utility billing system and capable of implementation within the Study period.

## 2.4 Reporting

The firm shall present the findings and conclusions of the Rate Study's tasks in a clear, concise manner in a formal written report. At least ten (10) printed copies of the Rate Study shall be provided, and a digital copy in either Adobe or Word format, unsecured. A summary presentation to the Water and Sewer Committee of the Rome City Commission will be required during a regularly scheduled meeting or at such other time as may be determined. At a minimum, the formal report shall include or address the following:

- An Executive Summary of the recommendations.
- An analysis and discussion of the impact of existing and future capital improvements on the rates and/or rate structures being recommended.
- A fully articulated discussion of the positive and negative impacts of a wholesale rate agreement and its terms.
- Detailed recommendations for changes, if any, to the current rate structure and/or rates.
- A comparison, with illustrations, of the benefits of any proposed modifications to the existing structure of rates as opposed to the financial impacts on customers.
  - For proposed rate schedules, the Study shall document a sampling of a minimum of three (3) 'case-study' customers per classification showing the difference of charges between existing and proposed rates.
  - The Study shall show a sampling of data for one calendar year by month for each case study.
- The Study shall specifically address probable impacts of the recommended structure of rates and charges on low income customers.
- A comparison of current and recommended rates to other water and sewer utilities in Georgia.
- A schedule for timely and coordinated execution of all essential aspects of the reports recommendations.

### **Section 3 – Services Provided by the City of Rome**

The City of Rome will furnish to the successful firm all reasonably available records and information concerning the delivery of water and sewer services including financial reports, budgets, water production and consumption data, as well as, wastewater treatment data. The City will also make staff available for inquiries by the successful firm to gather data essential to the completion of the Study. The firm must be clear in the Proposal to address any other assistance expected from the City or special documentation or resources that will be required.

**Section 4 - Proposed Time Schedule**

RFP Availability	July 9, 2015
Submittal Deadline	August 4
Review of Proposals	August 7
Interviews	August 10-12
Contract Award	August 24
Analysis and Study Preparation	August 31 – October 23
Final Report	November 6
Presentation to Water & Sewer Committee	November 16, 2015

**Section 5 – Submittal Requirements**

Each firm must submit four (4) copies of their Proposal and one(1) digital copy, enclosed in a sealed envelope or box, addressed to Mr. Bill Gilliland, Purchasing Director, P.O. Box 1433, Rome, Georgia, 30162-1433, and labeled “PROPOSAL FOR WATER AND SEWER UTILITY RATE STUDY (RFP No. 042-15)”. Proposals must contain the following information:

- 1) Executed forms and affidavits supplied with the Instructions for Firms
- 2) The statement: “The firm acknowledges the receipt of Addenda \_\_\_\_.” (list each).
- 3) Firm’s information on qualifications and experience.
- 5) An outline of services to conduct and prepare the Water and Sewer Utility Rate Study that is sufficiently detailed to demonstrate the Firm’s understanding of the work being requested and an expectation of the tasks the Firm will perform, the methodologies that will be utilized, and the information, data or support needed from the City not otherwise described in the RFP.
- 4) The proposed schedule for implementing services, performing major tasks and submitting the final Study documentation.
- 6) The Cost Proposal, or basis, for providing the services proposed by the Firm.
- 7) A list that summarizes any exceptions taken by the firm to providing services required by this RFP.
- 8) The form of Agreement proposed for execution if other than a letter of authorization to proceed with reference to the RFP and corresponding Proposal documents from the firm.
- 9) The statement: “This Proposal shall be valid for 60 calendar days after the date for receipt and opening of proposals.”

## **Section 6 – Qualifications and Experience**

Proposals must provide the following information to establish the qualifications and experience of the submitting firm:

- 1) A brief description of the company represented by the firm, including a short history of the company, comments regarding the type of work normally performed by the company, the size of the company's professional, technical, and support staff, the resources that are available to the company pertinent to the Proposal, and the number of years the company has been in existence.
- 2) The firm's financial strength as contained within the firm's last three fiscal year's audits.
- 3) Certification that the firm or its officers or any predecessor companies are not under any part of the Bankruptcy Act nor ever filed under the Bankruptcy Act within the previous seven years.
- 4) A characterization of the relative experience of the firm in providing capital planning assistance, preparing rate studies, and providing on-call professional services similar in scope, or characteristics, to that proposed for the City of Rome.
- 5) Provide an outline of the organizational structure to be used in providing the services proposed with a description of each person's role in performing those services. Explain if sub-contractors or other consultants will be used and for what purpose.
- 6) Provide a resume, including education and experience, for key team members. Include summary of work on similar projects, approximate dates, and individual's responsibility in the assignment. This requirement also applies to sub-consultants.
- 7) A minimum of three references from clients to whom similar services were provided. Provide the name of a contact person with a telephone number, email or other contact information.

## **Section 7 – Insurance**

The successful firm shall not commence work under this contract until all insurance described below has been obtained and certificates of such insurance has been furnished to and approved by the City of Rome. All of the certificates of insurance shall contain provisions that 1) list the City of Rome as the "additionally insured", and 2) acknowledge that coverage under the policies will not be cancelled or allowed to expire until at least 30 days prior written notice has been given to the City of Rome.

### **7.1 Worker's Compensation**

The successful firm shall procure and maintain Workmen's Compensation Insurance for all of his employees to be engaged in work on the project under this contract, and in case any such work is sublet, the firm shall require the subcontractor similarly to provide Workmen's Compensation insurance for all the latter's employees to be engaged in such work unless such employees are covered by the protection afforded by the firm's Workmen's Compensation insurance. Workmen's Compensation insurance shall satisfy statutory limits of liability as required by the State of Georgia.

### **7.2 Comprehensive General Liability**

The successful firm shall procure and shall maintain during the life of the Contract Agreement, such Comprehensive General Liability insurance as shall protect him and any subcontractor performing work covered by this contract from claims for damages for bodily injury, including accidental death, as well as from claims for property damages, which may arise from operations under the Contract Agreement, whether such operations are by himself or by any subcontractor or by anyone directly or indirectly employed by either of them. The amount of insurance shall not be less than the following:

- a. \$1,000,000      Bodily Injury, including death, each occurrence.
- b. \$250,000        Property Damage, each occurrence.
- c. \$2,000,000     Property Damage, in the aggregate.

### **7.3 Automobile Liability**

The successful firm shall procure and shall maintain during the life of the Contract Agreement, Comprehensive Automobile Liability insurance in amounts not less than the following:

- a. \$1,000,000 Bodily Injury or death to any one person.
- b. \$1,000,000 Bodily Injury, each occurrence.
- c. \$250,000    Property Damage, each occurrence.

Combined single limit coverage shall include Hired Autos and Non-owned Autos. The policy shall provide for bodily injury and property damage liability covering the operation of all automobiles used in connection with performing the contract.

## **Section 8 – Proposal Evaluation Process**

### **8.1 Evaluation Team**

A proposal evaluation team consisting of the Public Services Manager, Assistant Director of the Water and Sewer Division, and the Finance Director will evaluate all submitted proposals. The evaluation process will be conducted in two phases. The first phase will focus on an evaluation of the submitted proposals to produce a short list for further evaluation. The second phase will consist of an interview by the evaluation team with those firms who received the highest ratings in the first phase, and whose proposals are viable for further consideration.

### **8.2 Submittal Evaluation**

The first phase will include the evaluation of the technical, financial, and experience qualifications of the firms from the information requested in Section 6 of this RFP. Non-responsive or incomplete proposals may be rejected for further consideration. Proposals will be ranked by each member of the evaluation team. Proposal elements will be evaluated with the following relative weight for ranking purposes:

Basic company information	10 %
Related experience and references	25%
Understanding of project requirements/scope	20%
Program schedule	5%
Technical approach proposed for the Study	40%

Rankings of each team member will be used to create a final ranking of proposals. This ranking will produce a short list of no more than three (3) proposals. The evaluation team reserves the right to request clarifications regarding information submitted as well as request additional information from any or all Firms submitting proposals.

### **8.3 Firm Interview**

The interview of firms from the short list created in the first phase will provide an opportunity for the firms to clarify or elaborate on their proposals. The interview may be conducted in person or by conference call and will be a fact finding and explanation session only and neither constitutes nor implies the initiation of a contract negotiation.

### **8.4 Evaluation Recommendation and Proposal Selection**

At the conclusion of the second phase of the evaluation process, the evaluation team will, as a body, once again rank the proposals and make a recommendation to the Rome City Manager regarding the proposals submitted. The City Manager will then review the recommendation

and forward it to the Water and Sewer Committee and the Rome City Commission for formal approval. The City of Rome reserves the right to accept, reject, and/or negotiate any or all proposals as determined by them to be in the best interest of the City of Rome. The City of Rome reserves the right to award a contract to the next most qualified firm if the selected firm does not execute a contract within 30 days after notification of the award.

## **Section 9 - Questions and Interpretations**

### **9.1 Interpretations**

No inquiries or interpretation of meaning concerning this Request for Proposal will be made to any firm orally. Every inquiry or request for interpretation should be made in writing and to be given consideration must be received at least ten (10) days prior to the date fixed for opening the Proposals. All inquiries and requests for interpretation should be addressed to:

Mr. Kirk Milam, P.E.  
Public Services Manager  
P.O. Box 1433  
200 Vaughn Road  
Rome, GA 30162-1433

Duplicate inquiries may be forwarded by e-mail to [kmilam@rome.ga.us](mailto:kmilam@rome.ga.us) and [Bill Gilliland at bgilliland@rome.ga.us](mailto:BillGilliland@rome.ga.us).

### **9.2 Addenda**

Responses to inquiries and requests for interpretations, or any supplemental instructions, will be in the form of written Addenda to the Request for Proposal which, if issued, will be posted on the City's website at <http://www.romefloyd.com> and mailed to all prospective firms who requested hard copies of the Instructions for Firms (at their respective addresses as furnished) not later than five (5) days prior to the date fixed for opening the Proposals.