



FRUITA
COLORADO



Request For Proposal (RFP)

2018 SEWER RATE STUDY

Proposals are due by 4:00 p.m., Tuesday June 6, 2018
Fruita Civic Center
Department of Finance
325 E. Aspen Avenue
Fruita, CO 81521

**REQUEST FOR PROPOSALS
FOR
2018 SEWER RATE STUDY**

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PURPOSE

The City of Fruita is requesting proposals from a qualified consultant or group of consultants to prepare an updated rate study for the City's wastewater fund. The intent of the rate study is to independently analyze wastewater user charges, evaluate bill structure alternatives, and make recommendations for opportunities to provide a fair and equitable bill structure for all users.

BACKGROUND

The City of Fruita is located in western Colorado with a population of roughly 13,000 residents and continues to see steady growth. The City currently provides wastewater services to approximately 4,900 residential, commercial, and industrial customers. The City of Fruita works closely with the Ute Water Conservancy District, who is the domestic water provider for Fruita and surrounding area, but the Ute Water Conservancy District operates as an independent district and the desired study only includes evaluation of the wastewater rates.

In order to meet increased state and federal standards for wastewater effluent limits, the City of Fruita constructed a new wastewater treatment facility and corresponding offsite interceptor line in 2012. To finance this design and construction, the City of Fruita borrowed approximately \$21.8 million, received several grants, and used significant dollars from the fund balance of the wastewater enterprise fund. The Plant Investment (tap) Fees and monthly user charges were increased substantially starting in 2010 to generate the revenue necessary to pay for the debt and keep pace with the operational costs of the facility. In 2011, the sewer rates were also modified to charge non-residential customers based on a consumptive use structure, while monthly residential charges are still based on a flat rate structure.

Current residential customers are charged \$46 per month with a one-time \$6,600 Plant Investment Fee. These fees, in combination with the comparable commercial fees, are higher than the prevailing state average and the highest in the Grand Valley area. The City of Fruita is committed to providing a high level of equity between the different user classes but is also concerned about the potential competitive disadvantages for highly desired business development since our rates are considerably higher than neighboring cities.

A comprehensive cost of service study was completed in 2010 for the City of Fruita by Raftelis Financial Consultants, Inc., which is available for reference upon request. This study understandably included a considerable amount of assumptions in predicting expenses for the construction and operation of the new wastewater facility. Even so, the previous study was very helpful in establishing initial billing rates and those monthly base rates have been adjusted annually based on actual expenses. The cost of the Plant

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Investment Fee has not been increased since 2010. The City is interested in updating this rate study to evaluate the rate structure based on actual expenses, consider the equity of the various user classes, and look at alternatives that might better meet the goals of the City.

In 2016, the City of Fruita worked with TetraTech Engineering to complete a Needs Assessment Study for the Wastewater Treatment Facility, which identified over \$5,000,000 worth of capital improvements needed in the next 5 to 10 years. This is in addition to the capital needs of the City's aging wastewater collection system that includes approximately 69 miles of sewer lines and 8 lift stations. The City has been, and would like to continue to, actively invest in the capital needs of the wastewater system to reduce the amount of deferred maintenance required. This long-term focus, however, needs to be sensitive to the costs to the users of the utility fund and the insure that fees are fair and reasonable.

SCOPE OF SERVICES

- a) **DATA GATHERING:** This shall include the collection and tabulation of various data as necessary to comprehensively evaluate billing rate structure alternatives. This shall include submitting complete written data requests for wastewater information to the City of Fruita to insure information is able to be compiled as efficiently as possible. Consultant shall also be responsible for acquiring any water user data directly from the Ute Water Conservancy District and shall also request information in a similar concise manner. The data gathering process shall also include at least one (1) in-person meeting with City staff to understand the needs of the wastewater system and the goals of the City.
- b) **HISTORICAL ANALYSIS:** This shall include a review of the previous Cost of Services study and a financial analysis of the City's rate structure performance from 2010 to present. This review shall also identify any budgetary, organizational, or financial shifts that have occurred during this historical review period. The current rate structure performance shall be used as the baseline for comparing alternative solutions.
- c) **CUSTOMER EVALUATION:** This task shall include evaluation of the current customer classes, wastewater system impacts, and forecasting of trends based on anticipated growth rates. This shall also include a water consumption analysis for the various customer classes based on data from the domestic water provider that can be used in evaluating any consumptive based alternatives to the rate structure.
- d) **ALTERNATIVE EVALUATIONS:** This shall include analysis of at least 3 rate alternatives that evaluate how the user charges are distributed between different customer classes. These alternatives should include expense and revenue projections along with evaluation of both monthly rates and plant investment fees based on standard industry practices. As part of the financial projections for each alternative, consideration shall be included for the following factors:

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- Current and future costs of providing wastewater service in accordance with established and anticipated standards and regulations.
 - Annual costs of inflation to maintain the utility.
 - Past and future replacement of facilities, equipment, infrastructure and other capital demands shall be included.
 - Projected operational demands.
 - Age and condition of the wastewater systems.
 - Funding requirements for all current liability and debt obligations.
 - Recommended fund balances to be maintained.
 - Benefits of proposed modifications shall be weighted against the financial impacts of the rate payers.
 - Changes in billing costs associated with the proposed alternative rate structure. This may include additional costs associated with obtaining consumption data by City personnel or from a third party, changes in data entry requirements for billing – manual vs electronic transfer of information, adjustments for non-sewer related water consumption such as use of domestic water for irrigation purposes, water line breaks, etc.
- e) **RATE STRUCTURE RECOMMENDATIONS:** The consultant will make a recommendation as to which alternative best meets the goals of the City's, including:
- Provide fair and equitable billing structure to residential, commercial, and industrial customers.
 - Help reduce disadvantage to business development due to cost of sewer rates.
 - Easy for City to administer and understand.
 - Rate structure shall not result in a decrease of stability of the revenue stream, as compared to the current structure.
 - Planned rate structure adjustments for at least 5 years along with recommended methodology for future rate adjustments.
- f) **PRESENTATION OF RESULTS:** Upon completion of the analysis, the consultant shall be responsible for presenting a summary of the report to the City Council that describes the rate structure alternatives and recommendations.

CONTACTS

All questions related to this RFP should be directed to:
City of Fruita
Ken Haley, Public Works Director
325 E. Aspen Ave.
Fruita, CO 81521
970-858-9558

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SCHEDULE

It is hoped that a final report can be completed and presented to the City Council no later than September 18, 2018 for inclusion in the 2019 budget process. Below is a tentative summary of the project schedule anticipated by the City.

May 18, 2018	Issue Request for Proposals
May 30, 2018	Deadline for questions
June 6, 2018	Proposals Due
June 8, 2018	Review of Proposals completed by City
June 11-13, 2018	Consultant Interviews (if necessary)
June 15, 2018	Project Award
August 15, 2018	Draft Report Due
August 22, 2018	City review comments due back to Consultant
September 18, 2018	Final Report Due & City Council Presentation

The City recognizes that the proposed schedule is aggressive and encourages the Consultant to identify any scheduling challenges and/or recommendations within the proposal document.

PROPOSAL DEADLINES

- a) Proposals are to be received in the at the City of Fruita Civic Center located at 325 E. Aspen Ave. no later than **4:00 p.m. on June 6, 2018**. Proposals received after this time may be returned unopened at the Owner’s sole discretion.
- b) All inquiries and requests for clarifications shall be submitted via email to Ken Haley at khaley@fruita.org by no later than 5:00 PM on May 30, 2018.
- c) Proposals shall be valid for 30 days.

PROPOSAL SUBMITTAL REQUIREMENTS

Submit two (2) complete hard copies of the proposal and one (1) electronic copy in pdf format. A complete proposal shall include the following:

- a) Provide company background, including organizational structure and project experience.
- b) Describe projects completed within the last five (5) years that are similar in project scope.
- c) Proposed team experience and qualifications, including qualifications of subcontractors.
- d) Proposed schedule for this project.
- e) An itemized fee proposal for the work associated with the proposal.
- f) Write-up describing what uniquely distinguishes your firm as best able to complete this project.
- g) Three (3) references with familiarity of past project performance.

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SELECTION CRITERIA

- a) Owner reserves the right to reject any or all Proposals.
- b) A selection committee made up of City Staff will evaluate the submitted proposals based on the following items:
 - Company Background & General Qualifications
 - Technical Expertise of the Firm
 - Previous Experience on Project Similar in Scope
 - Completeness and Accuracy of Proposal
 - Project Approach
 - Past Experience on previous local projects
 - Proposal Cost
- c) Final selection will be based on the firm's apparent ability to meet the overall expectations of the Owner.
- d) Final acceptance of any proposal is expressly contingent upon the execution of a satisfactory contract between Contractor and Owner. Contractor is advised that such contract may include provisions concerning insurance, bonding, indemnification, and a provision concerning contracting with illegal aliens. Such contract may differ in form and/or substance from the guidelines outlined in this RFP. Owner reserves the right to reject any proposal if a satisfactory contract is not agreed to and executed by all parties.