

TOWN OF COLONIAL BEACH



REQUEST FOR PROPOSALS

WATER & SEWER RATE STUDY RFP 2021-01

INTRODUCTION

The Town of Colonial Beach is seeking a qualified consultant to perform a detailed review of the Town's current water and sewer rates and provide recommendations. The broad objective of the study is to adequately fund water and sewer 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 Town of Colonial Beach's water and sewer funds and budgets, customer classes, current usage data, future planned growth of the Town of Colonial Beach, the Dodson Projects, and any other information deemed necessary.

BACKGROUND INFORMATION

The Town of Colonial Beach is located on the shores of the Potomac River, 65 miles from Washington, DC and Richmond, VA with a population of approximately 3,900.

In 2019, the Town installed a new mobile radio read water meter system. These new meters give the Town the ability to obtain actual usage amounts for all water & sewer connections. The Town's water and sewer, customers are divided into two billing classes, residential and commercial. Currently the Town bills residential connections at a flat rate of \$305 per quarter. Commercial connections are billed based on usage. For water and/or sewer service furnished outside corporate limits are billed at 150 percent of the rate for such service within the town.

OBJECTIVES

1. Provide a comparison of current water and sewer system costs (operations, capital improvements, bonded debt) against appropriate industry benchmarks.
2. Recommend baseline rate structures required to fund water and sewer systems and consider annual inflationary, indexed adjustments to rates needed to maintain each utility.
3. Recommend baseline fee structures required to fund water and sewer system future capital improvement requirements.
4. Recommend alternative rates and fees structures.
5. Recommend ways of communicating utility system costs including recommendations for adjusting the Town website or other means of communication.

SCOPE OF WORK

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

1. The recommended rate and fee structures shall be based on cost of service and shall be sufficient to meet the revenue requirements for the Town.
2. The study shall recommend fees and rate structures that consider and make provision for the following factors:
 - a. Current and future cost of providing water and sewer service in accordance with established and anticipated standards and regulations.
 - b. Projected demands.
 - c. Availability of supply (seasonal fluctuations and long-term availability).
 - d. Age and condition of systems.
 - e. Funding requirements for all current long-term liabilities and debt obligations (bond and loans).
 - f. Maintenance of water and sewer mains.
3. The recommended fee and rate structures shall provide direct identification of revenues appropriated to major funded activities and infrastructure.
4. The recommended fee and rate structures shall be consistent with industry practices for utility rates in Virginia.
5. The benefits of any proposed modifications shall be weighed against the financial impacts on ratepayers.
6. Justifications for any special classes of customers under the recommended fee and rate structures shall be demonstrated.
7. The recommended fee and rate structures shall result in no decrease in stability of the revenue stream, as compared to the current structure. Consideration shall be given to funding past and future depreciation (replacement of facilities).
8. The recommended rate structure shall be easy to administer and understand.
9. The Town's billing system must be able to handle any proposed rate structure.
10. The recommended rate structure shall be planned for at least five years.

STUDY ELEMENTS

In making its fee and rate structure recommendations, the final report shall explicitly include the following elements and analysis:

Current Fee and Rate Structure: Assess the current fee and rate structure's performance as a baseline for comparing recommended changes.

Equity: Assess the equity of recommended water and sewer rates for all types of property ownership.

Conservation Impacts: Assess the interaction between the water conservation elements of the recommended rate structure and their impacts on the ability to fund utility operations, as well as their impact on the economic well-being of the community.

Sensitivity Analysis: Assess the ability of the revenue stream generated by the recommended rate structures to continue to fully fund water and sewer system costs. Assessment is to include a sensitivity analysis where the long-term revenue generated under each alternative shall be illustrated when confronted with the impacts of growth.

Other Service Charges: Assess existing customer service fee structure and identify other potential areas for service and system charges and recommend changes.

Customer Education/Communication: Recommend methods for communicating proposed fee/rate adjustments. Identify actual costs of providing utility services under recommended rate structures. Assess ease of communication associated with each recommend fee/rate structure.

Annual operating fund balance targets.

Annual target contingency fund balances and level of liquidity.

Comprehensive Summary of Recommended Rate Structure(s). Assess performance of each recommended rate structure and provide recommendation on preferred rate structure.

Supporting Data: Provide data supporting conclusions and observations made for each of the areas above and site within study

SERVICES TO BE PROVIDED BY CONSULTANT

The selected Consultant shall provide the following as part of this project:

Conduct at least one (1) meeting (on site or virtual) with staff to discuss project and any information required by the Consultant. Follow-up correspondence can be conducted by phone and e-mail.

Conduct a review of the existing water and sewer rates and status of the utility funds. Develop a general familiarity with the Town's billing system.

Conduct research and analyses as required to address the scope of work.

Create a "user-friendly" Excel based financial model or other model that can be utilized by the Town to make updates. The Consultant shall provide the Town with a no-cost, perpetual license to use the model. The Consultant shall provide complete documentation and training of Town staff on the use of financial model.

Prepare a preliminary study report and tentative rate structures. Submit twenty (20) copies of the preliminary study report and one (1) digital copy. Conduct at least one (1) meeting (virtual) with staff to present preliminary study report for comments. And provide a second meeting if necessary with staff to present revised report.

Conduct at least one (1) public meeting (evening) with Town Council to present preliminary study report for questions and comments.

Prepare a final study report and final rate structures that address all comments provided by staff and Town Council. Submit twenty (20) copies of the final study report and one (1) digital copy. All spreadsheets must be in Excel format.

Conduct one (1) public meeting (evening) with Town Council to present final study report.

PROPOSAL FORMAT

Proposals should contain the following information in the general order listed:

1. An introductory cover letter.
2. A narrative describing the experience of the firm and of the individuals assigned with related projects of a similar nature. Provide at least three references.
3. A narrative describing the Consultant's understanding and approach to the project's objectives.

4. A work plan for accomplishing the project, including descriptions of the tasks to be performed and a summary of the deliverables to be provided to the Town.
5. A proposed schedule for completing the required tasks.
6. A fee proposal that includes total project cost and a breakdown of costs by task. Include a corporate fee schedule that indicates the hourly rates charged for individuals identified on the project team and fees for reimbursable expenses.

SUBMITTAL INSTRUCTIONS

Interested Consultants should submit three (3) printed copies of your proposal, and one (1) electronic copy (PDF) of their proposal, clearly labeled “WATER & SEWER RATE STUDY” no later than Tuesday, September 28, 2021, at 3:00 PM to:

Town of Colonial Beach
Attn: Lisa M. Okes
315 Douglas Avenue
Colonial Beach, VA 22443

Late proposals will not be accepted.

SELECTION PROCEDURE

Proposals will be evaluated by a committee made up of Town employees. The proposals will be evaluated based on experience, qualifications, approach to the project, communication methodology, and schedule.

The Town of Colonial Beach will follow the Process for Competitive Negotiation as outlined in the Virginia Public Procurement Act.

Questions should be addressed to Lisa Okes, CFO at 804-224-7181.