



REQUEST FOR PROPOSALS (RFP)

COST OF SERVICE AND RATE DESIGN STUDY

**PROPOSALS MUST BE RECEIVED BY
5:00 PM ON THURSDAY, MARCH 21, 2024**

City of La Verne
3660 "D" Street
La Verne, CA 91750

RFP Issue Date: Thursday, February 8, 2024
Proposal Name: Cost of Service and Rate Design Study
Proposal Due Date: **Thursday, March 21, 2024** by **5:00 PM**

Questions: Please direct any questions or concerns to the City Clerk's Office at cityclerk@cityoflaverne.org in writing by 5:00 PM on Thursday, February 29, 2024. Only questions with "**Cost of Service and Rate Design Study**" in the subject line will be accepted. Answers to submitted questions will be posted on the Planet Bids portal.

Proposal Submitted To: Proposals must be submitted electronically for the exact item(s) requested in the RFP specifications. Proposals must be submitted through Planet Bids at:
<https://pbsystem.planetbids.com/portal/45040/portal-home>

Due Date and Delivery:

Proposals are to be submitted electronically online. Proposals must be for the entire scope of services outlined in this RFP. Incomplete proposals will not be considered. The electronic bid system will close exactly at the date and time set forth in this RFP, **5:00 PM, on Thursday, March 21, 2024**. All applicable forms required to be completed per the RFP shall be submitted electronically prior to the RFP deadline. **Hard copies will not be accepted.** It is the Proposer's sole responsibility to ensure that their proposal is received as specified. Proposals may be submitted earlier than the date(s) and time(s) indicated.

Proposals must be submitted through Planet Bids at:
<https://pbsystem.planetbids.com/portal/45040/portal-home>

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SECTION I: GENERAL INFORMATION

A. BACKGROUND

The City of La Verne is located along the foothills of the San Gabriel and Pomona Valleys. La Verne was founded in 1887 and incorporated in 1906, is approximately 35 miles east of Los Angeles, and has a population of over 33,000. The City maintains a council-manager form of government in which the City Council develops and establishes ordinances and policies in the best interest of its citizens.

The City receives its domestic water from groundwater wells and import water from Three Valleys Municipal Water District Connections, which pulls water from the Colorado River and the state water project through Metropolitan Water District of Southern California. The City has nine (9) total groundwater wells with eight (8) currently active, which supply 25% of the City's annual water distribution. The groundwater and import water is blended at City facilities before being distributed to customers.

The City's water system operates under seven (7) zones, which are broken down into five (5) billing cycles, and provides service to approximately 8,900 customers. These zones are labeled numerically one (1) through six (6), and the plateau rate. The zones are charged at different rates based on costs to pump to the customer. The plateau rate is charged a special rate and these customers are entered into the plateau rate by agreement. The City's current water rate structure consists of three components for its bi-monthly payments: (1) a fixed meter charge, (2) charge for pumping, dependent on customer zone, and (3) a commodity charge, which is based on the amount of water used, measured per unit (1,000 gallons). The plateau rate is charged only for two components for its bi-monthly payments: (1) charge for pumping, dependent on customer location, and (2) a commodity charge, which is based on the amount of water used, measured per unit (1,000 gallons).

The City has a collection and conveyance sewer system. The City's sewer system consists of approximately 112 miles of sewer mainlines and owns and operates two (2) sewer lift stations. The sewer system is connected to the Los Angeles County Sanitation District's system. The City charges sewer fees at a flat rate of \$23.43 per bi-monthly billing cycle (approximately 60 days). Commercial, industrial, and institutional customers are additionally charged \$0.20 per unit throughout the bi-monthly billing period, an approximately 60-day cycle.

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In 2018, the City Council approved the most recent rate increase of \$0.37 on the water volumetric rate and a \$4.43 increase on the bimonthly sewer rate. Enclosure 2 identifies the current rates for water and sewer service.

B. OBJECTIVE

The City of La Verne is seeking a qualified firm to independently assess and evaluate the cost and rates of the City of La Verne’s existing domestic water and sewer systems. The broad objective of the study is to adequately fund each utility’s operations and maintenance (O&M), any debt service, capital costs, provide adequate reserve levels for operating cash flow, capital replacement, bond requirements, and unforeseen events, while following legislative directives and minimizing current and future rates to the greatest degree possible.

The study will be based on a comprehensive review of the City of La Verne’s funds and budgets, Capital Improvement Program (CIP), Comprehensive Water System Master Plan, Urban Water Management Plan, Sewer Master Plan, customer classes, current usage data, future planned growth, current/pending legislation, and any other information deemed necessary. The results of this study will provide the foundation for rates for a maximum of five (5) years.

SECTION II: SCOPE OF WORK

Project tasks shall include, but are not necessarily limited to, those items noted below. If the consultant feels that additional tasks are warranted, they must be clearly identified in the consultant’s proposal.

All references to “meeting(s)” will mean face-to-face meetings and not conference calls. All references to “water” references domestic water. The water rate study will be separate from the sewer rate study. Proposal must indicate cost proposal for each study separately.

A. DELIVERABLES

In preparing a response to this RFP, the consultant shall adhere to the Proposal Format detailed in the RFP and must describe the methodology and techniques that it will use, time and staffing resources allocated, anticipated meetings, and costs involved in addressing each of the following tasks:

1. Create a 10-year financial plan model for the potable water and sewer services that projects each service’s revenues, operations and maintenance costs, capital improvement costs, reserve funding and debt service costs.

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2. Provide a cost-of-service analysis for each service that fairly and equitably distributes costs across customer zones in compliance with Proposition 218, Proposition 26, and other federal, state, and local laws/regulations.
3. Review the current water and sewer rates and make recommendations for new rate structure(s), if necessary.
4. Utilizing the financial plans, analysis, and chosen framework, create a comprehensive five-year rate schedule for each service, presenting a minimum of two alternatives. Furthermore, suggest an alternative water budget structure for landscape irrigation customers that aligns with the potable water use reduction and conservation objectives outlined in La Verne's Urban Water Management Plan. Ensure that this proposal also adheres to the established Capital Improvement Program (CIP) schedule outlined in the City's Water System Master Plan.
5. Develop drought rate structure for implementation during water shortage situations.
6. Evaluate potable water and sewer facilities and capacity fees that represent new development's share of capital costs required to accommodate their addition to the respective systems. Provide recommendations.
7. An evaluation of impacts or required changes to water rates for inclusion in current rates or for consideration in future rate changes as a result of legislation enacted by any governmental agency.

B. SCOPE OF SERVICES

The below scope of services includes the major tasks required to complete the study. Proposers should include any recommended additional tasks they believe are required to meet the objectives defined above and the reasoning behind such an approach.

1. Conduct an in-person kick-off meeting with City staff to discuss project priorities, data needs, and the project schedule. The consultant will also need to prepare a data request list that will be discussed during the meeting.
2. Develop a 10-year financial plan model for the potable water and sewer services that determines the revenue requirements based on projected revenues, operating and maintenance expenditures including capital improvements, debt service coverage, and adequate reserve funding. The analysis should recommend debt service and reserve funding policies as well as any other policy considerations that the Consultant recommends and the City concurs are priorities.
3. Prepare a cost-of-service analysis that fairly and equitably allocates costs to customer classes while adequately funding revenue requirements including

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operations and maintenance, capital improvements, and debt service. The analysis must ensure that rates, facilities fees, and capacities fees and charges are defensible and comply with the requirements of Proposition 218, Proposition 26, and other regulations.

4. Recommend variances to the current structure and financial impacts of variances. These alternative structures will be presented to Staff with City selecting structure for further analysis.

5. Evaluate the budgets of Three Valleys Municipal Water District, Six Basins Watermaster, Los Angeles County Sanitation Districts, etc. and any impact upon the City's share of costs for administration, operation and CIP for inclusion.

6. Recommend rate and fee structures for potable water and sewer utilities that will fairly recover allocated costs and adequately fund reserves. Rate structure recommendations should consider: current and future operations and maintenance costs, projected demands, water supply, and capital improvement requirements. Consultant shall provide three alternative rate scenarios for each service.

7. Provide a comparative analysis that illustrates how La Verne's rates compare in cost to neighboring agencies and utilities with these agencies determined by the City. At a minimum, this list should include all Three Valleys Metropolitan Water District member agencies for water utility service and the corresponding sewer agencies for the region.

8. As part of the deliverables, the Consultant will develop a rate modeling program (utilizing standard software such as excel) which will become the property of the City that can forecast rates up to 30 years based on expected cost increases over time, including increases in the cost of imported water, anticipated changes in the water and sewer systems, inflation and interest rates, current customer base and growth projections, water sales and production projections, water supply, operations and maintenance costs, staffing costs, and any bonds issuance or debt obligation. Must have the ability to run CIP scenarios and quickly show impact on rates. Model must have a user-friendly dashboard with interactive graphics that automatically produces a suite of reports and graphs as inputs are changed. Consultant shall be responsible for training designated City staff on the use of the model.

9. Review impacts of projected new development and redevelopment on rates. As part of this review, the proposer should differentiate capital costs associated with rehabilitation/replacement of existing utilities from capital costs for improvements required for expansion of service as a result of new development.

10. Prepare draft and final reports that summarize the results and recommendations of the study and serve as a document of record in compliance with Proposition 218.

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Draft and final deliverables shall be made available in Word, Excel, and PDF file formats. Word and Excel formats shall be editable by City Staff.

11. Conduct one or more separate rate workshops with staff and City Council. City Council may require two meetings.

12. Provide a calendar of projected due dates to ensure rates are effective by July 1, 2025.

13. Develop the Proposition 218 notice for the public hearing and present the study to City Council and the public at the Proposition 218 hearing. Conduct a minimum of two community meetings to inform the public of any rate changes prior to the Proposition 218 hearing.

14. The scope should include any additional meetings or webinars that the proposer considers necessary to ensure that the City is well informed as to the status of the project and to discuss major milestones of the project.

SECTION III: PROPOSAL SUBMITTAL REQUIREMENTS

A. TENTATIVE SCHEDULE OF EVENTS

The following is a tentative schedule of this entire RFP process. While the City will attempt to apply the necessary resources to maintain this schedule, the following dates are merely projections, and the City reserves the right to modify this schedule as needed to accommodate the completion of this RFP process. The following is a tentative timeline for the evaluation and RFP selection procedure.

RFP Issued	February 8, 2024
Deadline for Written Questions	February 29, 2024
Response to Questions	March 7, 2024
Proposal Submittal Deadline	March 21, 2024
Review of Proposals	March 2024
Council Review and Approval	April 2024
Contract Start Date	May 2024

B. SUBMISSION OF PROPOSALS

The Proposal shall include the following:

1. Cover Letter

- i. Maximum of two (2) pages
- ii. Address to Public Works Director Meg McWade

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2. Executive Summary

- i. In a brief narrative, describe the proposed solution by setting forth the overall approach and plans to meet the requirements of the RFP. The intent of this narrative is to convey to the City that the firm understands the objective of the requested service, the nature of the work, and the level of effort necessary to successfully provide the defined services. The narrative should stipulate how the firm's approach and plans to provide the services are appropriate to the tasks involved.

3. Scope of Work

- i. Describe the firm's approach to managing the project, including an implementation plan that describes in detail the specific plans to manage, control, and supervise the project to ensure satisfactory provision of services.
- ii. Provide a project timeline designed to meet the requirements of the City, as well as scheduling and control methodology that will be used to ensure the schedule will be met. The timeline should include key milestone dates and a detailed description of key project steps.
- iii. Provide a description of the implementation plan considerations, including estimated time frames and deliverables for various stages of the project.
- iv. Detailed description of the specific tasks you will require from City staff. Explain what the respective roles of City staff and your staff would be to complete the tasks specified in the Scope of Work.
- v. Provide a detailed description and/or examples of your quality control procedures that ensures all work products delivered to the City (i.e., drafts and final versions) are of high-quality, and accurate, and have been thoroughly reviewed prior to delivery to the City.
- vi. Provide examples of recent reports the firm has prepared for similar agencies that allows for review of the draft/services in a reasonable time frame. The reports should be uniform, professional, and easy to understand. The reports should provide summary level information that includes (but not limited to variance analysis), summary of costs to be allocated and collected by Fund, Department, and or function, and the ability to drill down into varying levels of detail, if so desired. Reports shall also include a summary of all inputs and costs to be allocated that can be used to easily verify the accuracy of the plan.
- vii. Demonstrate the ability to create ad hoc reports as needed.
- viii. Include in the cost proposal the rate for additional meetings, if needed.
- ix. Cost proposal should be all-inclusive to include travel costs and administrative tasks.

4. References

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- i. Provide at least five (5) references, past and present, of similar size agencies in California using the same service being proposed and indicate the scope of work, date, and the name, email address, and telephone number of the client contact. The reference information should include the role your team member had in the work. Also, provide a complete list of other municipalities in California utilizing your rate study services over the past five (5) years.

5. Required Statements

- i. A statement that all charges for services will be a “Not-To-Exceed” fee, as submitted with and made part of said consultant’s quote.
- ii. A copy of the consultant’s hourly rate schedule and a written statement that said hourly rate schedule is part of the consultant’s quote for use in invoicing for progress payments and for extra work incurred that is not part of this RFP.
- iii. A written statement by the consultant that all federal laws and regulations shall be adhered to notwithstanding any state or local laws and regulations. In case of conflict between federal, state, or local laws or regulations, the strictest shall be adhered to.
- iv. A written statement by the consultant shall allow all authorized federal, state, county, and the City officials access to place of work, books, documents, papers, fiscal, payroll materials, and other relevant contract records pertinent to this project. All relevant records shall be retained for at least three (3) years.
- v. A written statement that the consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
- vi. A written statement that the consultant shall comply with the California Labor Code., pursuant to said regulations entitled: Federal Labor Standards provisions; Federal Prevailing Wage Decision; and State of California Prevailing Wage Rates, respectively.
- vii. A written statement that the consultant shall comply with the Copeland Anti-kickback Act (18 USC 874 C) and the implementation regulation (29 CFR 3) issued pursuant thereto, and any amendments thereof

SECTION IV: PROPOSAL EVALUATION

Proposals will be evaluated on the basis of the response to all provisions of this RFP. Since this solicitation is an RFP as opposed to a Bid, pricing alone will not constitute the entire selection criteria. The City may use some or all of the following criteria and corresponding percentages in its evaluation and comparison of proposals submitted. The criteria listed are not necessarily an all-inclusive list. The order in which they appear is not intended to

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indicate their relative importance. The City reserves the right to modify the evaluation criteria and percentage of the score as deemed appropriate prior to the commencement of evaluation. The City reserves the right to hold interviews with some and/or all of the proposers as part of the proposal evaluation process. Should the City determine an interview is required, the Consultant shall ensure the key Project Team Members participate in the interview.

Potential Proposal Evaluation Criteria	
Evaluation Criteria	Points
Qualifications/Experience/References	25
Thoroughness & Understanding of the Project	25
Timeline & Methodology	25
Cost of Services	25
Total	100

SECTION V: GENERAL TERMS AND CONDITIONS

1. **Read all Instructions.** Please read the entire RFP and all enclosures before preparing your proposal.
2. **Proposal Costs.** Costs for developing proposals are entirely the responsibility of the proposer and shall not be charged to the City. The consultant shall provide all necessary personnel, instruments, equipment, and materials to perform the described services.
3. **Proposal Becomes City Property.** The RFP and all materials submitted in response to this RFP will become property of the City.
4. **Selection of Vendor.** The selection of a vendor will be memorialized in the form of a City Agreement (See Section VI – Enclosures), authorized by approval of the City Council, and signed by both parties.

Once a vendor is selected, the Agreement with that vendor must still be negotiated and submitted to the City Council for approval, and there is no contractual agreement between the selected vendor unless and until the City Council accepts and signs the Agreement.

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5. **Insurance.** The City of La Verne requires a certificate of insurance prior to the commencement of any work. Upon successful selection, the consultant has three (3) business days to provide the certificate of insurance to the City in compliance with the Standard City Agreement.
6. **Incomplete Proposals May be Rejected.** If a Proposer fails to satisfy any of the requirements identified in this RFP, the Proposer may be considered non-responsive and the proposal may be rejected. The City reserves the right to accept or reject any or all proposals or to waive any defects or irregularities in the proposals or selection process.
7. **Responsible Representatives.** The consultant shall assign a responsible representative and an alternate to perform the assigned tasks. Both staff members shall be identified in the proposal. The consultant's representative will be responsible for all duties from contract negotiations through project completion. If the primary representative is unable to continue with the project, then the alternate representative will become the primary representative. Any other changes in responsible representative must be approved, in advance, by the City. The City will have the right to reject other proposed changes in personnel and may consider any other changes in responsible personnel a breach of contract
8. **City Business License** – The selected proposer shall be required to obtain a City of La Verne Business License prior to commencing any work in La Verne.
9. **Locality Preference.** The City of La Verne reserves the right to have preference towards local bidders.

SECTION VI: ENCLOSURES

Enclosure 1 Standard City Agreement

Enclosure 2 Current Water Rates & Fees