

## NOTICE INVITING BIDS

Notice is hereby given that sealed proposals will be received by the City of San Fernando, California, for furnishing the following:

### WATER & SEWER UTILITY RATE STUDY

in strict accordance with the Specifications on file in the office of the SAN FERNANDO PUBLIC WORKS DEPARTMENT, 117 Macneil Street, San Fernando, California, 91340. Copies of specifications and proposal documents may be obtained from the City's website.

One original and one electronic copy of the proposal must be submitted to the PUBLIC WORKS DEPARTMENT in a sealed envelope at CITY HALL, 117 Macneil Street, San Fernando, California, 91340, not later than **5:30 p.m. on Monday, July 10, 2017**. In lieu of providing an original copy, proposals will also be accepted via email and must be received prior to the deadline indicated above. Any bidder may withdraw their proposal, without obligation, at any time prior to the scheduled closing time for receipt of proposals. A withdrawal will not be effective unless made personally or by telephonic notification received prior to the closing date. Proposals may later be referred to the City Council for appropriate action. The City reserves the right to reject any or all proposals as the best interests of the City may dictate.

By: \_\_\_\_\_  
Elena Chavez, City Clerk

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# REQUEST FOR PROPOSALS



The Public Works Department is requesting proposals for:

## Water & Sewer Rate Study

RELEASE DATE: June 5, 2015

RESPONSE DUE: July 10, 2017

117 Macneil Street  
San Fernando, CA 91340

**SUBJECT: REQUEST FOR PROPOSAL –  
RATE STUDY FOR WATER & SEWER UTILITY SERVICES**

The City of San Fernando is inviting proposals from professional consulting firms to prepare a Comprehensive Rate Study for the City's Water and Sewer Utility Services ("Study"). The Study will help to ensure that utility rates for services provided to different classes of customers adequately fund current and future operations, system maintenance and system capital improvements.

The following project timeline is included for this project:

- RFP Released: June 5, 2017
- Questions Due: June 22, 2017
- Answers Posted: June 29, 2017
- Proposals Due: July 10, 2017
- Award: August 7, 2017
- Project Due: December 18, 2017

Proposals are due on **July 10<sup>th</sup>, 2017 at 5:30 p.m.** Please submit one electronic and one original of the proposal to the City of San Fernando, Public Works Department -- Attn. Kenneth Jones, Management Analyst, at 117 Macneil, San Fernando, CA 91340. In lieu of providing an original copy, proposals will also be accepted via email in PDF format to [kjones@sfcity.org](mailto:kjones@sfcity.org).

Should you have any questions, please contact the Public Works Department at (818) 898-1222.

Sincerely,

Nick Kimball  
Interim City Manager

**CITY OF SAN FERNANDO  
PUBLIC WORKS/ENGINEERING DIVISION  
REQUEST FOR PROPOSALS FOR PROFESSIONAL CONSULTING SERVICES**

## **INTRODUCTION**

The City of San Fernando ("City") is requesting proposals from professional consulting firms ("Consultant") to prepare a comprehensive Rate Study for the City's Water and Sewer Utility Services ("Study"). The City is approximately 2.4 square miles and is completely surrounded by the City of Los Angeles, including the nearby communities of Sylmar, Mission Hills and Pacoima. The City obtains its groundwater supply from the Sylmar Groundwater Basin ("Basin"). The Basin is located in the San Fernando Valley and underlies the City of San Fernando and the City of Los Angeles. In addition, the City operates its local wastewater collection system including operations, maintenance and improvement to local sewer main lines and manholes. Wastewater is conveyed to the City of Los Angeles for treatment and disposal services.

### Water System

The City's water system consists of approximately 66.5 miles of water main lines that deliver water to approximately 5,264 customer accounts. The City's Water Division consists of eight (8) full time equivalent positions. Additional support and administration, including project delivery and utility billing functions consists of two (2) full time equivalent positions. The Division oversees all system production and distribution operations. System capital improvements are bid in accordance with the Public Contracts Code and are typically coordinated with other improvements (street, sewer, etc.) in order to realize economies of scale and minimize impacts to the community.

The City currently has four (4) wells that it utilizes in water production activities, of which two (2) are currently active (Well #2A and #4A). Construction recently completed on a water quality nitrate treatment system at Well #7A and it will return to operation in spring 2017. Well #3 is currently on stand-by due to rising nitrate levels. A nitrate treatment plant for Well #3 is in the planning stages.

The four (4) well location include the following production capabilities:

- Well 2A (2,000 Gallons Per Minute);
- Well 3 (1,200 GPM);
- Well 4A (450 GPM); and
- Well 7A (900 GPM).

Additionally, the City has four (4) local reservoirs that are used for water storage. All four locations are currently active. The City has explored improvements at Reservoir #4 due to some damage sustained in previous seismic events. The reservoir is a reinforced concrete reservoir with concrete walls and roof.

The four (4) reservoirs include the following storage capacities:

- Reservoir 2A (3 Million Gallons);
- Reservoir 5 (2.4 MG);
- Reservoir 3A (2.5 MG); and
- Reservoir 4 (1 MG)

Due to recent water conservation actions, local groundwater sources in the Sylmar Basin have provided adequate supplies for the San Fernando community. The City also has two (2) connections to access alternate water supply sources, including one with Metropolitan Water District and another with the Los Angeles Department of Water and Power. The City's 2015 Urban Water Management Plan is included in Attachment "A" and provides related water consumption, supply and reliability planning efforts. Information on current and future water system capital improvements is included in Attachment "B".

### Sewer System

The City's wastewater collection system consists of approximately 40 miles of sewer main lines that serve approximately 5,264 customer accounts. The City's Public Works Division consists of three and a half (3.5) full time equivalent positions. Additional support and administration, including project delivery and utility billing consists of one (1) full time equivalent position. The Division oversees all system maintenance functions, while some functions (annual cleaning, inspections, lining, point repairs, etc.) are performed by contract services staff. System capital improvements are bid in accordance with the Public Contracts Code and are typically coordinated with other improvements (street, sewer, etc. in order to realize economies of scale and minimize impacts to the community).

The City's 2014 Sanitary Sewer System Management Plan is included as Attachment "C" and provides system information, land use data, and recommended system improvements. Since this plan was developed, the City has completed a system-wide cleaning and televised inspection of the waste water system to verify needed rehabilitation work. Additionally, the City in completing its second year of system flow monitoring to confirm system capacity. Flow monitor data conducted in 2016 is included as Attachment "D" and includes information on six (6) basins within the City and six (6) boundary locations where effluent enters the City's system from the City of Los Angeles. It is anticipated that additional current wet weather flow monitoring will be available in spring 2017.

In addition, the Water and Sewer Divisions share a fleet of vehicles and equipment (Attachment E & F) necessary for daily operations which are replaced based on a designated replacement schedule. Maintenance is provided by the Equipment Maintenance Division who maintains and repairs all City vehicles and costs are funded by the Equipment Maintenance and Replacement Fund.

## **BACKGROUND/GOALS**

The City's last Comprehensive Rate Study for the City's Water and Sewer Utility Services was prepared in late 2011. In preparation of an updated study, it is imperative for the City to ensure that the following elements are considered: the rising costs of providing services, the City's need to continually improve utility system infrastructure and provide reliable services, and the need to maintain adequate reserves for the utility system. The new Study should also be fair, reasonable and financially affordable for customers.

## **SCOPE OF SERVICES**

The following is a general outline of the scope of work expected to be provided by the consultant. The consulting services desired include, but are not limited to, evaluation of the previous study, current maintenance and operations cost requirements, economic analysis for operations, maintenance and capital requirements, and rate structure development. While it is intended that the following scope of work will include all essential elements listed above, those submitting proposals are advised include any items which they feel have been overlooked. Those submitting proposals may also note any required items which they feel to be excessive or unnecessary. The description and cost of such items should be noted separately in the proposal. Services required by the consultant shall include:

### Long Range Financial Forecast

- Develop pro-forma cash flow and budget projections for five-year period, July 1, 2017 through June 30, 2022. Work with City representatives to include relevant assumptions (operational functions, planned capital improvements, etc.) in financial model. Model cash flow/budgets at alternative rate increase levels.
- Determine optimal funding needs for anticipated capital improvements and appropriate fund reserves, based on industry best practices.
- Provide an additional, broad, five-year projection beginning July 1, 2022 through June 30, 2027 utilizing proposed rates while assuming corresponding customer account growth and **no rate increase** for that five year period.

### Rate Study

- Review and analyze current water consumption, water sales, customer service levels (i.e. meter sizes) and operational activities/expenses;
- Evaluate the effect of water conservation measures on revenues; an average of 7.8% reduction during 2015 & 2016
- Conduct a comprehensive review of the City's existing rate structure and if necessary, recommend improvements, including modifications that encourage conservation and/or funding conservation programs;
- Develop a cost of services study for City utility operations that comply with Proposition 218;
- Develop a consistent and objective fee structure that meets the needs of the City, customers and State guidelines;
- Utilize the City's overhead cost allocation plan and model to incorporate adequate overhead costs into the fee structure;

- Review City documents (master plan studies) and interview City staff members to document planned capital improvements and operations/maintenance costs, both for existing and anticipated future infrastructure needs. Integrate these items into pro-forma budgets;
- Develop a structure for fixed/variable costs into base utility rates and consumption-based rates;
- Review and develop rate structure for incorporating the cost of purchasing water from other water agencies;
- Develop alternative rate structure/tier for low income and disabled customers
- Develop alternative rate structure/ penalties to be imposed during State declared drought
- Provide billing samples using proposed charges for each class and tier of customer noting the changes each class may expect;
- Compare existing and proposed City rate structure to up to five (5) other public agencies, as determined by the City;
- Provide implementation strategies to reduce adverse impacts on customer service levels/groups;
- Evaluate and provide recommendations relative to the City's wastewater agreement for treatment services with the City of Los Angeles including an analysis of fees charged related to wastewater conveyance/treatment and recommended improvements to improve billing accuracy and budgeting estimates.

#### Public Outreach/Proposition 218 Assistance

- Develop and provide public outreach materials (flyers, handouts, mailers, etc.) to communicate information and messaging to the public;
- Provide assistance with Proposition 218 complaint public notifications.

#### Reports/Public Meetings

- Attend at least four (4) public meetings including public workshops, to review rate study findings and rate alternatives, and assist with required Proposition 218 public meetings.
- Prepare a Preliminary Rate Analysis Report for review by City staff members;
- Prepare a Final Rate Analysis Report for review by the City Council and members of the public.

The Consultant will provide up to ten (10) copies of the final report to the City.

## PROPOSAL FORMAT

The proposal shall be submitted in the following format:

1. **Executive Summary** Provide an executive summary emphasizing the firm's strengths, qualifications and relevant experience signed by a representative with official of authority to bind the contract. The executive summary shall also contain the name, address, telephone number, title and signature of the firm's contact person for this proposal. Be sure to include to declare that the submittal is valid for 90 days.
2. **Key Personnel** Provide an organizational chart displaying the names and responsibilities of key personnel. Be sure to include the Principal-in-Charge (one who will have the ultimate authority to bind the contract), Senior Staff Members and any other additional support staff you wish to list that will be a contributing member of the project. Personnel involved in preparing the Study must have the necessary background, experience and qualifications to complete the project. The City reserves the right to request the consultant to replace staff members assigned to the contract should the City consider such a replacement to be necessary and in the best interest of the City. **There can be no change of key personnel once the proposal is submitted, without prior approval of City.**
3. **Fee** Provide a fee schedule based on the Scope of Services including an itemized breakdown of each task to be performed by the consultant or sub-consultant. The schedule should also outline all individual team members, the hourly billable rates and the hours allocated to the project based on their contribution per the Scope of Services provided by the consultant. Compensation will be based on the submitted fee schedule including reimbursable expenses if applicable and authorized by the Director of Public Works.
4. **Work Schedule** Provide a work schedule with benchmark dates and completion date
5. **Qualifications** Provide your firm's qualifications and experience
6. **References** Provide at least three public agency references with whom the firm has provided similar services to
7. **Insurance** Provide a copy of the firm's current insurance certificate



## **SELECTION PROCEDURE AND SCHEDULE**

An award of this contract shall be based on a best value basis.

Tentative Schedule:

<b>1. Question Submittals Due By:</b>	<b>June 22, 2017</b>
<b>2. Question Responses Posted:</b>	<b>June 29, 2017</b>
<b>3. Proposals Due By:</b>	<b>July 10, 2017</b>
<b>4. Interviews (if necessary):</b>	<b>Week of July 24<sup>th</sup> 2017</b>
<b>5. Contract Negotiations:</b>	<b>Week of July 31<sup>st</sup> 2017</b>
<b>6. Contract Award/Notice to Proceed:</b>	<b>August 7, 2017</b>
<b>7. Final Report submitted to the City</b>	<b>December 18, 2017</b>

Screening and selection will take place through the process described below. Contract award will be made to the Consultant which (a) demonstrates the best combination of qualifications, experience and key personnel, and (b) submits the proposal considered most advantageous to City based on Evaluation Criteria set forth below.

- Technical Ability
- Understanding of Scope of Services
- Rate Structure/Cost Information
- Organization Qualifications, Experience, Personnel
- References
- Additional Value Provided to the City

Negotiations may or may not be conducted with Consultant; hence, the proposal should include the Consultant's most favorable terms and conditions since selection may be made without discussion with any Consultant.

The screening and selection process shall be as follows:

Step 1. Sealed proposals will be opened and evaluated to determine if the Consultant demonstrates appropriate qualifications to provide the scope of services. Responsive proposals will be included in Step 2.

Step 2. Responsive proposals will be reviewed by an evaluation panel based on Evaluation Criteria listed above. Weighted scores from all panel members will then be added and a total value will be calculated and assigned to each proposal. Following such evaluation, a decision will be made whether to recommend awarding a contract

without further discussion to the Consultant receiving the highest score, or to negotiate with Consultants within a competitive range.

Step 3. If a decision is made to conduct negotiations, Consultants within a competitive range may be interviewed late-July 2017. The purpose of such interviews will be to obtain additional information or clarification of Consultant's proposals and to discuss modifications of such proposals. At a minimum, the proposed Project Manager and a senior management staff official authorized to commit on behalf of the Consultant shall be present at such interview.

Upon completion of such interviews, the City reserves the right to request the submission of "Best and Final" offers. The evaluation panel shall review "Best and Final" offers, if requested, and conduct a final evaluation of proposals. The evaluation panel will then recommend one Consultant for an award of contract.

## **LIST OF DOCUMENTS**

This is a list of documents attached for your information:

- A. 2015 Urban Water Management Plan
- B. Utility Infrastructure Capital Improvement Schedule
- C. 2014 Sewer System Management Plan
- D. 2016 Flow Monitor Data
- E. Vehicle equipment list
- F. Small equipment list
- G. Enterprise Fund Budgets and Audited Financial Statements
- H. 2011 Rate Analysis
- I. City Utility Rate Schedule

## **DISCRETION AND LIABILITY WAIVER**

The City expressly reserves the right to reject all proposals or to request and obtain, from one or more of the consulting firms submitting proposals, supplementary information as may be necessary for City staff to analyze the proposals pursuant to the consultant selection criteria contained here. The distribution of this RFP does not bind the City to award an agreement.

The City is not liable for any expenses incurred by the consultant prior to the issuance of any formal notice to proceed. The consultant, by submitting a response to this RFP, waives all rights to protest or seek any legal remedies whatsoever regarding any aspect of this RFP.

All proposals shall be binding for a period of 60 days after the proposal due date.

## **DIRECTION FOR DELIVERY OF PROPOSAL**

One electronic and one hard copy of the sealed project proposal shall be delivered no later than 5:30 p.m., **July 10, 2017**, at the following location:

**CITY OF SAN FERNANDO**

Public Works Department  
117 Macneil Street  
San Fernando, CA 91340

Attn. Kenneth Jones  
Management Analyst

In lieu of providing an original copy, email electronic copy in PDF format to [kjones@sfcity.org](mailto:kjones@sfcity.org).