



## **Request for Proposals Utility Rate & Rate Structure Study – Water & Sewer**

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### **Overview**

The City of Lancaster, the County Seat of Grant County, has a population of approximately 4,000. The City has approximately 1,700 water and sewer customers. The City is interested in obtaining the services of an experienced firm to complete a study of the City's Water and Wastewater Utility Rate Structure and current rates and provide recommendations on the rates, and if necessary, rate structure. The study would be delivered in time for use in setting rates for January 1, 2009 (deliverables to the City on or before September 1, 2008).

The last rate analysis completed by a consulting firm occurred in 2003. Minor rate adjustments have been made periodically since then.

### **Scope of Work**

The City operates the Water and Sewer Utilities that serves about 1,700 residential, commercial, institutional, and industrial customers. Rate of return and cash reserves are shrinking. A new industrial customer, Woolwich Dairy, began service February 11, 2008. The City provides water service to some areas outside the City limits.

The City reviews and updates its 5 year Capital Improvements Plan (CIP) every other year. The current plan is for 2006-2010. An update is scheduled for July 1, 2008. This analysis should include projections of the new industrial customer as well as the completed 2008-2012 CIP. Major utility improvement projects expected in the next five years include two major street reconstruction projects with new water and sewer, an additional 400,000 gallon elevated storage tank, improvements to the final clarifiers and head works of the wastewater plant and some lift station improvements.

The selected Consultant will manage the utility rate study process. The City Council operates without a public works committee, finance committee, or public utility authority. Therefore, the City Administrator, Clerk/Treasurer, Public Works Director and others will provide the data for the study and overall direction for the consultant. The Council may elect to hear a progress report at the midpoint of the study.

The selected Consultant will be responsible for:

1. Initial kickoff meeting with staff.
2. Compilation of forecasted information needed for the study.
3. Review of the RSC rate file adopted in 2003 and the *Sewer User Charge System Review* completed by Strand Associates in 2003. Areas for evaluation and recommendation include, but are not limited to:
  - a. Rate classes and types
  - b. Distribution of costs among customer, demand, flow, BOD, SS, and P and resulting changes to meter fees, surcharge rates, and flow rates for customers
  - c. Rate design changes to encourage conservation
  - d. Examination on how charges are assessed to agriculture and recreational users(golf course)
  - e. Examination of Septage and Holding Tank fees
4. Water and sewer rate calculations, including the rate design for cost of service and revenue requirement analysis.
5. The rate application including and changes to the rate file.
6. The report to the Public Service Commission.
7. A presentation to the City Council.
8. Representation of the City of Lancaster at the required public hearing.

The Clerk/Treasurer and staff will work directly with your firm in reviewing all reports and calculations. Deliverables at the end of the project need to include read/write accessible spreadsheets of all detail and summary tables (MS Excel format preferred)

Copies of our current financial statements and other info available upon request.

### **Proposal Requirements**

Proposal should be labeled "Utility Rate Study Proposal" and be received **by noon on March 27, 2008** to City of Lancaster, City Administrator, 206 S. Madison Street, Lancaster, WI 53813. Electronic submittal acceptable: [ScotS@lancasterwisconsin.com](mailto:ScotS@lancasterwisconsin.com)

The proposal should include whatever information consultant believes is necessary for evaluating its ability to perform the duties indicated in the scope including the following:

1. Methodology your firm will use in the conduct of the Study.
2. Proposed timeline that you intend to use for the completion of work.
3. References and a history of your firm's experience in working with rate adjustments and rate structures.
4. Cost of proposed services

### **Contractor Qualifications**

Contractors shall have previous relevant experience including with communities of Lancaster's size and with similar rate payer mixes and system types.

Contractors should maintain, throughout the contracting period, adequate liability insurance.

Evaluations will be based on your firm's prior experience in similar sized community water rate studies and your ability to effectively and efficiently communicate with staff in a manner that places the majority of work on the consultant's shoulders while offering appropriate opportunities for input and decisions by City staff. This IS NOT a contract that is awarded solely on the basis of cost, although cost will be a consideration.

**Additional Information**

*The City of Lancaster reserves the right to reject any and all proposals for any reason at its sole discretion, to negotiate the terms and conditions of the eventual contract with the company awarded the project, and to impose additional conditions as necessary.*

The contents of this packet are for informational purposes only and the representations made herein are without warranty. Prospective bidders should rely exclusively on their own investigations and analysis.

The City of Lancaster will honor confidentiality requests to the extent possible. If you feel certain aspects of your proposal are proprietary in nature, please indicate so.

Thank you for your consideration and interest in Lancaster.

**Contact Information**

All inquires (please specify that contact is related to Utility Rate Study RFP) directed to:

Scot Simpson  
City Administrator  
City of Lancaster  
206 S. Madison St.  
Lancaster, WI 53813  
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608-723-4246