



REQUEST FOR QUALIFICATIONS

CONSULTING SERVICE

FOR

WATER AND WASTEWATER RATE STUDY

DUE DATE AND TIME – January 13 , 2023, 10:00 AM

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I. STUDY OBJECTIVES

The Pagosa Area Water and Sanitation District (“District”) is requesting proposals from qualified consultants to conduct a comprehensive water and wastewater rate study (Study). The District provides water, treats wastewater from an area referred to as District I, and provides water to an area referred to as District 2. The District also treats the wastewater for District 2 through an Intergovernmental Agreement with the Pagosa Springs Sanitation Improvement District (PSSGID).

The intent of the Study is to independently assess and evaluate existing water and wastewater rates and provide fair and reasonable rate structures that will adequately fund each enterprise funds’ operational, capital improvement, and debt service needs for a period of ten (10) years.

The Study will be based on a comprehensive review of water and wastewater enterprise funds’ historical statements of revenue and expense, current year budgets, customer counts and classes, historical usage data, Water and Wastewater Capital Improvement Plans, projected growth, and any other information deemed necessary

2. BACKGROUND

The Pagosa Area Water and Sanitation District is a quasi-municipal corporation and a political subdivision of the State of Colorado organized under Colorado Revised Statutes Title 32. A pre-cursor to the current District, the Pagosa Water and Sanitation District, was originally formed in 1971 to provide water and wastewater service to the Pagosa Lakes Area which was under development by Eaton International. That District was dissolved and the Pagosa *Area* Water and Sanitation District, organized by order of the District Court in and for the County of Archuleta and State of Colorado, entered on March 25, 1977. PAWSD was organized at that time for the purposes of restructuring its existing bond indebtedness and to provide additional bond funds to continue to install infrastructure.

The boundaries of the District have expanded significantly over the years through the process of elections and petitions for inclusion, resulting in an area that now exceeds 76 square miles for water service and 9.1 square miles for wastewater service. In order to service this area, the District operates over 300 miles of water main lines and 100 miles of wastewater main lines, with associated infrastructure including over 1,200 fire hydrants, 29 wastewater lift stations, 3 water treatment plants, 13 treated water storage tanks, 1 wastewater treatment facility and 5 reservoirs. Water service connections as of December 14, 2022 were provided to 6,325 properties that serve 8,297.5 equivalent units (a unit of measure employed by the District to equate to the level of service necessary for one single-family home). Wastewater service is provided for 6,622 properties and 4,855.0 equivalent units in addition to the treatment of all wastewater provided from the Pagosa Springs Sanitation General Improvement District.

The District’s water and wastewater utilities are accounted for as self-supporting enterprise funds. Revenues are derived primarily from water and wastewater service charges and must be adequate to

fund the District's operating and capital programs. Long-term financial plans and rate studies for water and wastewater enterprises were last developed in December 2018

3. SUBMITTAL GUIDELINES

Firms interested in submitting Proposals for Rate Study Consulting Services shall submit the following on or before the Submittal Deadline in a sealed envelope marked "Water and Sewer Rate Study Proposal".

- One (1) electronic version in PDF format, and

Proposals may be submitted by U.S. Mail, or delivered in person to the District by **10:00 am on January 13, 2023 and** addressed to:

**Pagosa Area Water and Sanitation District
100 Lyn Avenue
Pagosa Springs, CO 81147**

The District reserves the right to waive non-substantial irregularities in any proposal, to reject any or all responses received as a result of this solicitation, to request additional information for the purposes of clarification, to extend the submission due date for; to modify, amend, reissue or rewrite this document; and to procure any or all services by other means. The District may modify, clarify, or interpret the RFP by sending an addendum to each firm that originally received or requested an RFP. Any such addendum shall become part of the RFP and of any contract awarded. The Proposer may make modifications to a proposal already submitted to the District, but must submit a written request to withdraw its proposal in order to make the modifications. It is the responsibility of the Proposer to ensure that modified proposals are resubmitted in accordance with the RFP submittal deadline.

The District will not be liable for any costs incurred by the consulting firms' incidental to the preparation of proposals or for developing and carrying out interview presentations, if needed.

A Proposer may withdraw its proposal by submitting an email or written request to withdraw prior to 4:00 PM on August 31, 2017, in which event the proposal will be returned to the proposer.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals (RFP) unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

4. SCOPE OF SERVICES

The Study will require the selected consultant (Consultant) to perform all necessary analyses and documentation to perform the study of the District's utility rates, system investment fees and recommend a ten-year (10 year) rate schedule for both water and sewer. In general, the scope of work shall involve a comprehensive review of the District's water and wastewater enterprise funds' historical and projected revenues, usage, expenses, reserve policies, rates and charges, current budgets, Capital Improvement Plans, future growth potential, and any other information deemed pertinent.

Specifically, the Scope of Work will include, but shall not be limited to the following:

4.1. STUDY OBJECTIVES

The studies are to be performed in conformance with the following policy directions:

- a) Develop rate structures that will allow the District to meet their financial obligations, specifically, ensuring long-term financial stability and health of their water and sewer enterprise funds.
- b) Develop a rate structure where revenues adequately fund system maintenance to accepted industry standards by incorporating variables such as age and condition of infrastructure, future replacement costs, technological turnover, cost inflation and asset depreciation.
- c) Assess the current rate structure's performance as a baseline for comparing recommended changes.
- d) Develop rate structures that conform to existing and anticipated statutory regulations for the District and public utilities in general.
- e) Develop rate structures that conform to mandatory cash flow, debt service and reserve requirements and generally accepted guidelines for responsible financial management of utility enterprise funds.
- f) Develop utility rates that are equitable across all account types and land uses.
- g) Align fixed operating costs with fixed revenues (base charge) and variable costs with variable revenues (volume charge) according to accepted guidelines and standards.
- h) Fully fund necessary capacity expansions through an equitable combination of rates and system investment fees.
- i) Create a model that easily supplies meaningful information to the public, Elected Officials, and Staff, where the inputs are comprehensive and transparent.

- j) Include the development and implementation of public outreach tools or applications such as a web-based "Rate calculator" where a customer could enter their account information and they would get an idea of what to expect on their bill.
- k) Assess the potential implementation of drought-influenced rate structures intended to curtail use such as tiered volumetric rate structures, and the degree to which such structures affect revenue stability.
- l) Assess all rate recommendations in light of the District's demographic base and income status.
- m) Conduct a rate update process that complies with and legal requirements for public process according to local, state, and federal regulations.

4.2. STUDY REQUIREMENTS

- a) Develop an understanding of the existing rate structures, including contracted rates for sewer treatment services provided by the District to the PSSGID and the assumptions underlying cost distribution to the various rate categories.
- b) Develop an understanding of the District's current financial policies and practices related to cash flow, reserves, debt service etc., compare those policies and practices with mandated requirements, and generally accepted principles of utility enterprise fund management.
- c) Develop an understanding of existing Capital Improvement Plans, annexation and expansion plans and other long range planning documents and the impacts of those plans on future rates and system investment fees.
- d) Evaluate the meter service (base) and volumetric fee structure and make recommendations regarding alignment of fixed operating costs with the fixed revenues and variable costs with the volume charge.
- e) Develop a proposed rate schedule that reflects District priorities and contains proposed rates for a 10-year period.
- f) Must have the ability to run CIP scenarios and quickly show impacts on rates.
- g) Demonstrate that costs from any proposed modifications are equitably distributed in proportion to the benefit received by the various user classes.
- h) Provide justifications for any special classes of customers under the recommended rate structure.

- i) Demonstrate that any alternative rate structure is easy to understand and administer and can be accommodated within the existing billing systems.

4.3. STUDY ELEMENTS

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

4.3.1. Current Rate Structure

- a) Assess the performance of the District's Water and Sewer Rates as a baseline for comparing recommended change
- b) Equity: Assess the equity of recommended water and sewer rates for all types of property ownership and land use.
- c) Conservation Impacts: Assess the interaction between the water conservation elements of the recommended rates and their impacts on the ability to fund water and sewer operations.
- d) Stability: The report shall assess the stability of the current and alternative rate structures. The recommended structure shall result in no decrease in revenue stability compared to the current structure.
- e) Comparison: Provide a comparison of recommended rates and projected monthly bills across customer classes with similarly sized and situated utilities in western Colorado.

4.4. SERVICES TO BE PROVIDED BY THE CONSULTANT

- a) Provide a detailed schedule for the various stages of the project including developing and presenting preliminary and final reports to staff and elected officials of the District.
- b) Conduct a detailed review of the existing water and sewer rates and status of the water and sewer funds and develop a general familiarity with the District's billing system, procedures and policies.
- c) Conduct analyses as required to address the scope of work.
- d) Meet or confer with staff as needed and attend up to three meetings with the District Board of Directors to present the draft recommendations and obtain their input. Attend up to two public hearings where the water and sewer rates are considered for adoption. Due to the District's remote location, web-based conferencing with phone-in consultant representation will be encouraged to reduce costs associated with travel. This assumption can be applied to all areas where meeting attendance or presentations are discussed.
- e) Preliminary Reports

- i. Prepare a preliminary report for the District including tentative rates for review by the District.
 - ii. Submit six (6) hard copies and one electronic copy of each report.
- f) Draft Final Report
 - i. Incorporate changes to the District's preliminary report pursuant to comments received from the Board of Directors and staff.
 - ii. Submit six (6) hard copies and one electronic copy of each report
 - iii. Prepare and present the District's Draft Final Report to the District administration and public works staff.
 - iv. Incorporate changes to the Draft Final Reports pursuant to comments received from administration and staff.
 - v. Present the Draft Final Report to District Elected Officials.
- g) Final Report
 - i. The Final Report shall summarize the completed action of the elected officials, providing the final rates as adopted, the final rate structure, an explanation of how those rates were calculated, a summary and projected revenue under the adopted rates and rate structure.
 - ii. Submit six (6) hard copies and one electronic copies of each report.
 - iii. Preference would be an electronic copy of report in MS Word format, with model spreadsheets in Excel format.
 - iv. Present the final reports and recommended rates to the District Board of Directors and members of the public at formal public hearings.
- h) Provide an easy-to-use rate calculator that residents of the District can use to determine their rates under proposed rate structures.
- i) Furnish all reasonably available records and information, including financial reports, budget, interagency service agreements, water purchase data, production data, consumption data, meter sizes, infrastructure by type and age, and customer classes.

- j) Provide information on Capital Improvement Plans.
- k) District staff would be available for directed key input as to reduce costs, if efficient and reasonable considering Consultant's software or systems.
- l) Provide staff support and assistance as required and agreed to in advance of the study.

5. PROPOSAL FORM AND CONTENT

5.1. PROPOSAL SUBMITTAL

- a. All pages of the proposal must be numbered consecutively. The proposal must be organized in accordance with the list of proposal contents. The proposal must provide specific and succinct responses to all questions and requests for information.
- b. Proposers must address the Scope of Services in Section D. Proposals and the fee schedule must be valid and binding for 120 days following the proposal due date and may become part of the agreement with the District.

5.2. LETTER OF TRANSMITTAL

Include a cover letter signed by a duly authorized representative of the firm. The cover letter must include name, address, telephone number and the e-mail address of the person or persons who are authorized to represent the Proposer and to whom correspondence should be directed shall be included.

5.3. TABLE OF CONTENTS

Include a clear identification of the submitted material by section and by page number.

5.4. SUMMARY

Summarize key provisions of the proposal. Provide a statement describing why the Proposer is qualified to perform this work, the names of individuals who would serve as the Project Manager and the District's primary Point of Contact with the proposing firm.

5.5. COST OF PROVIDING SERVICES

State the cost not to exceed and anticipated billing process.

5.6. STATEMENT OF UNDERSTANDING

Include a detailed statement of understanding of the professional services to be provided for the District, and acknowledge the District priority of maintaining transparent communications between the District and its residents and businesses. If there are services listed in the RFP that the Proposer will not be able to provide, they must be specifically listed in your responses.

5.7. BACKGROUND AND EXPERIENCE

- a. Official name and address, and specify the type of entity (partnership, LLC, Corporation, etc).
- b. Describe your firm's background and history; include number of years in business. Describe the expertise your firm is able to provide the District. If your firm has a recognized area of expertise, please describe that expertise.
- c. Describe your firm's experience advising municipalities regarding bond covenants and complying with bond covenants.
- d. List the location of the office that would provide key personnel to complete the Scope of Work.

5.8. APPROACH TO UTILITY RATE STUDY

- a. Describe your view of the role of Consultant in developing a water and sewer rate study and supporting elected officials and staff through the rate increase approval process.
- b. Describe how you track and manage the contact and control costs.
- c. Describe how as Consultant you would work with elected officials and participate in public meetings, community information meetings, and meetings with District staff.
- d. Describe your firm's practices regarding professional development, training, and keeping current with the law and legal matters regarding development and adoption of new utility rates.
- e. Describe the basic methodology used to determine the water/utility rates for individual customers.
- f. List specialty services relative to a utility rate study that you do not provide. For any specialty services you do not directly provide, describe how you propose the District receive such services. If you propose to use a subcontractor, please name the firm if possible and the principal individual(s) from the firm who would provide services to the

District. Subcontractors are subject to District approval prior to beginning work.

- g. Proposed Project Manager(s)
 - i. Name the person who will be designated as the Project Manager and Point of Contact. Provide the following for each designee:
 - 1. Certificates or licenses.
 - 2. Description of education, including names of educational institutions, degrees conferred, and year of each degree.
 - 3. Professional background and professional associations.
 - 4. Experience with and knowledge of the law relating to the development and adoption of municipal utility rates in the state of Colorado.
 - h. Specific areas of expertise and training.
 - i. Provide names and qualifications, including years of experience, of other members in the firm who would be able to provide professional services in support of the Project Manager and Point of Contact.
 - j. Provide contact information for at least 5 municipal clients and/or utility districts within the state of Colorado for which services have been provided by the designated project team in the last three years, so reference checks can be conducted. Please include the contact person's name, agency, phone and e-mail address.
 - k. If an hourly rate basis is used for additional services, please state the hourly rates for each of the project team members. Provide this information in a table format.
 - l. If a separate individual or firm is proposed as a subcontractor to Proposer, specify the hourly rates for each type of service to be provided as well as the rate for any items that would be billed separately. Also, provide information regarding the principal attorney(s) and firms that would provide such service(s).
 - m. Specify which items, if any, are billed separately and at what rate. Such items might include postage, duplicating/printing, travel, etc. Specify if any overhead or administrative charge is added to billings for these items.

6. SELECTION PROCESS

6.1. PROCESS

The RFP process will establish a ranking based on how each proposal meets the qualifications of the Scope of Services and the requirements of the RFP. The proposal shall conform to the Proposal Requirements. It is important that all listed items be included in the proposal. Proposals, which do not comply with all the requirements per or the proposal deadline, will not be considered. The District reserves the right to reject any or all proposals without qualifications, and to negotiate specific requirements and costs using the selected proposal as a basis.

A review of all submitted proposals will be conducted by an initial review team comprised of staff from the District. The initial review will be comprised of a review of submitted proposals and may involve interviews with one or more firms.

The second portion of the RFP process, Cost of Providing Service, of the two highest ranked firms will be considered, only after the two highest ranked firms have been identified. The firm offering the lower cost quotation will be retained, unless:

- (a) The firm with the lower cost has a qualitative evaluation score that is less than 80% of the higher qualitative evaluation firm, or;
- (b) The lower cost quotation is unreasonably low and found to be non-responsive or;
- (c) It is found that the proposal of the firm quoting the higher cost includes elements that will result in an overall cost saving to the District upon implementation of the project.

In the event that the cost proposal of the firm offering the lower cost quotation of the two highest ranked firms is deemed unresponsive; i.e. is unreasonably high or unreasonably low, or if a successful negotiation of services and costs cannot be culminated; the District may terminate such negotiations and initiate a similar procedure of evaluating the statement of compensation and initiate negotiations with the second highest ranked firm.

6.2. EVALUATION CRITERIA

The following information will be considered during the evaluation process. These are not listed in order of importance or priority:

- a. Experience and qualifications identified in the Proposal – 20 points.
- b. Demonstration of workload capacity and level of experience of the designated Project Manager and Point of Contact – 5 points.

- c. Professional reputation for providing high-quality services and ability to work cooperatively with the District – 5 points.
- d. Service orientation and creativeness in finding solutions to difficult or complex issues – 5 points.
- e. Demonstrated understanding of the District – 20 points.
- f. Demonstrated sound judgment, integrity, and reliability as determined by the references provided – 5 points.
- g. Capability to perform professional services promptly and in a manner that permits the District Board and staff to meet established deadlines and to operate in an effective and efficient manner – 20 points.
- h. Demonstrated overall quality of work product as evidenced by quality of proposal – 10 points.
- i. Cost of providing services. Note that while cost is important, it is not necessarily the most critical factor in evaluating a Proposal – 10 points.

At the conclusion of the evaluation and interview (or if a best-qualified firm is selected without the need for an oral presentation), the District will enter into contract negotiations with the top-ranking firm. If negotiations with the top-ranking firm are unsuccessful, negotiations will terminate and the District will undertake negotiations with the second-rank firm. District staff will make recommendations to their elected officials, which reserve the right to reject any or all proposals. The selection process will be presented to the District Board of Directors for their approval at their January 30, 20123 Board Meeting. The selection process will be completed when a contract is executed with the District.

Furthermore, the District reserves the right to reject any or all proposals, and to waive any and all irregularities to choose the firm, which, in their opinion, best serves their interests.

7. PROJECT TIME SCHEDULE

The utility rate study for the District is expected to take place beginning in late February, 2022 with a projected completion date of May 31, 2023. A detailed schedule of tasks and milestones is required as part of the proposal.

APPENDIX A

CERTIFICATION OF STATEMENT OF QUALIFICATIONS

RFQ Title: RFQ-22-05 Rate Study

Due Date: January 13, 2023 10:00 a.m.

I, the undersigned, having carefully examined the above referenced RFQ document, and all other related materials and information, including addenda number _____ to _____, agree to furnish services to the Pagosa Area Water and Sanitation District (District) as per this Request for Qualifications and my Statement of Qualifications. This Statement of Qualifications (SOQ) to provide services related to RFQ-22-05 will remain in effect for a period of not less than ninety (90) days from the date that SOQ's are due.

I further agree that I will at all times protect the Districts information and not make it available to any other source than the District, unless so directed by the District in writing.

Is this SOQ, or a portion thereof, is accepted by the District, I agree to enter into negotiations with the District to develop a Scope of Work and Budget for the services being requested in this RFQ.

I hereby certify that this SOQ is genuine and that I have not entered into collusion with any other proposer(s), engineering firm(s) or any other person(s).

Authorized Signer

Date

Printed Name

Phone Number

Title

Tax Identification/SS

Company Name

Address

City, State, Zip Code