



VALLEY OF THE MOON WATER DISTRICT

A Public Agency Established in 1962
19039 Bay Street · P.O. Box 280
El Verano, CA 95433-0280
Phone: (707) 996-1037
Fax: (707) 996-7615

May 4, 2017

RE: Request for Proposals – Water Rates Analysis Study

Dear Consultant:

Valley of the Moon Water District (District) is issuing a request for proposals (RFP) for an independent comprehensive water rates analysis study to determine new rate structure recommendations for the District's. The District prides itself on the ability to keep rates affordable for its customers while maintaining the financial health and assets of the District for future generations.

This RFP describes the project, the required scope of services, the consultant selection process, and the minimum information that must be included in the proposal. Failure to submit information in accordance with the RFP requirements and procedures may be cause for disqualification. The District reserves the right to waive minor proposal deviations or omissions at its sole discretion and reserves the right to reject any or all Proposals and award a contract to any consultant deemed to be in the best interest of the District.

Mailed proposals should be clearly marked on the outside of the envelope "Water Rates Analysis Study Proposal" and sent to:

VOMWD
P.O. Box 280
El Verano, CA 95433.

Proposals sent by courier, overnight or hand delivered must be addressed to:

VOMWD
19039 Bay Street,
Sonoma, CA 95476.

Three copies of your sealed proposal, as well as a copy in a .pdf format on a flash drive, must be submitted not later than 4:30 p.m. on June 16, 2017. Proposals received after this time will not be considered.

The following table highlights important dates throughout the RFP process:

| Date | Milestone |
|----------------------|---|
| May 4, 2017 | RFP notice advertised and distribution |
| June 9, 2017 | Inquiries and requests for information; final day |
| June 16, 2017 | Sealed RFP Responses Due by 4:30 PM Local Time |
| June / July 2017 | Notify short list firms (if needed) |
| July / August 2017 | Interviews (if needed) |
| TBD | Scope and fee negotiations |
| TBD | Contract Approval/Project Start |

All additional requests for information, clarification or related inquiries shall be submitted via email to Daniel Muelrath, General Manager at dmuelrath@vomwd.com by June 9th. Requests for information received after this date will go unanswered. The District may forgo the interviews and award solely based on the proposal.

Sincerely,



Daniel Muelrath
General Manager

Valley of the Moon Water District

Request for Proposals

Water Rates Analysis Study

Project Overview

The District is soliciting proposals from qualified firms to conduct a comprehensive cost of water service and rate study. The intent of the study is to independently provide future rate recommendations that meet all legal compliance including but not limited to Prop 218. The broad objective of the study is to adequately cover revenue requirements in compliance with industry best practices, legal parameters, debt service rate ratios, and District policies. The District currently has some of the lowest average water rates in the North Bay and this will remain a top priority.

This study will require the selected firm to perform a comprehensive review of the District's customer usage, financial data, reviewing and projecting revenue requirements, developing cost-of-service based rate alternatives, and providing recommendations for the District's review and input. The selected firm will also review the planned expenditures for the water utility, including operations and maintenance costs and the capital improvement program. In cooperation with the District, the selected firm will provide leadership and project management in conducting the studies and preparing recommendations.

The study and final report will be due to the District by October 31, 2017, so the District can use the analysis to set water rates for Calendar Year 2018.

Preparation of Proposals

The Proposal shall be formatted per the following section (proposal format) and all writing shall be typewritten, except the signature of the Consultant that shall be written in ink.

Consultants are required to submit their Proposals directly to Valley of the Moon Water District in a sealed envelope. If the Consultant is a corporation, the legal name of the corporation, the state of incorporation and the business address shall be set forth together with signature(s) of the officer or officers authorized to sign contracts on behalf of the corporation. The corporate seal shall also be affixed. If the Consultant is a partnership, the true name and address of the firm shall be set forth together with the signatures of authorized partners. If the Consultant is an individual, the signature and address shall be inscribed. If the signature is by an agent other than an officer of the corporation or member of the partnership, a power of attorney must be submitted with the proposal; otherwise, the proposal may be regarded as irregular. All names

must be printed below the signature. If the Consultant is going to use any subcontractors the name of the firm/individual must be identified in the proposal.

Proposal Format

Table of Contents:

- Section 1: Executive Summary
Include company contact name, address, e-mail, and phone number
- Section 2: Response to all tasks outlined in scope of service
- Section 3: Pricing broken down by task number (1, 2, 3 and 4)
- Appendix A: List of staff and sub-contractors in proposal including qualifications
- Appendix B: Client reference list

Proposal Scoring

Proposals will be evaluated on the best probability of the Consultant meeting the District’s objectives outlined in this request. The evaluation will be based on the benefits to the District and the Consultants qualifications. The Consultants response will be used to select a short list of candidates for presentations; however, a Consultant maybe selected based solely off of their proposal score.

| | |
|---|-----------|
| Responses to Scope of Work | 50 points |
| Expertise of Consultant Staff/Project Manager | 25 points |
| Cost | 25 points |

Scope of Services

The consultant shall perform the following tasks:

1. Cost of Service Analysis
 - 1.1. The consultant will perform a fee analysis and develop cost-based water user rates for a five-year period through a comprehensive cost of service and rate design study process that is consistent with industry practice in the State of California, conforms to all State and Federal laws, and that takes into consideration the age and condition of the District’s infrastructure assets and future funding requirements. Consultant will ensure compliance with and incorporate appropriate policies as established by the

District's Board of Directors. All proposed rate structures must be Prop 218 compliant. The consultant will prepare a final report containing the results of the Cost of Service Analysis. This study area will include the following rate components:

1. Potable water rates
 2. Variable and fixed fees
 3. Recommended adjustments to current billing rates and tiers or new alternate structure.
2. Charges and Fees Assessment
- 2.1. Evaluate and recommend any necessary changes to the following charges and fees
 1. Various billing and customer service related fees
 2. Capacity charges
 3. Pressure zone fees
 4. Pass-through
 5. Fire service line fees
 6. Inactive service line fees
 7. Other recommended charges
3. Rate Model Functionality
- 3.1. The consultant will develop a ten-year rate and financial planning model in an Excel format that will be turned over to District staff. The consultant will train staff in use of the model and provide documentation of the model's structure and user guides to facilitate independent utilization by District staff. The rate model shall contain functionality to support the development of the rates and charges as described in the Cost of Service Analysis. Staff will expect to use the model to trend data, perform sensitivity analyses, and track budget performance. The model shall specifically include the ability to:
 1. Calculate the cost of purchasing, treating, and distributing water
 2. Identify primary cost components and their percentage of total rates and charges
 3. Calculate pass-through increases in certain costs as defined by the District
 4. Include financing of the 10-year CIP on a PAYGO and debt basis
 5. Measure debt capacity
 6. Apply flexible inflators to various cost components
 7. Create a management dashboard to show the following minimum components: Allocation of proposed rate increases (% for primary revenue requirements), Graphic display of costs related to rates, and Financial metrics (days' cash, reserve fund levels, debt service coverage)
4. Additional Meetings
- 4.1. In addition to regular project/progress meetings, the consultant shall be prepared to:
 1. Present to the District's Board of Directors on the study process, cost of service methodology, and appropriate Board participation

2. Attend the public hearing to present findings and rate recommendations and answer questions as needed
 3. Attend three meetings with District staff and a small citizen's advisory committee.
5. Project Management
- 5.1. Include Project Management as a component of each of the tasks above.

District Background

The District's service area is located approximately 50 miles north of San Francisco and is adjacent to the City of Sonoma. The District's water service area extends from the Trinity Oaks Subdivision in the north to the Temelec Subdivision in the south end of Sonoma Valley (Figure 1). Elevations in the existing service area range from approximately 90 feet above mean sea level to approximately 1,190 feet above mean sea level. The service area is approximately 11.8 square miles and serves a population of 22,518. The ten year average for water delivery is 3,176 acre feet and is supplied by 86% imported water from the Russian River and 14% from local groundwater production.

The water distribution system contains multiple pressure zones with 12 pump stations. The District's distribution system includes approximately 92 miles of water mains ranging in size from less than 2 inches up to 14 inches in diameter. More than 75 percent of water mains are either 6 or 8 inches in diameter, and more than 95 percent are between 4 and 12 inches in diameter. Most of the small diameter mains that were prevalent in the distribution system have been replaced in the past 10 years due to an aggressive capital improvement program. There are a total of 14 storage tanks with a total capacity of 5.5 million gallons.

Financial information for the District is available online.

Budget and Audited Financial Statements:

<http://www.vomwd.com/management.php>

Rate Schedule:

<http://www.vomwd.com/rates.php>

New Meter and Connection Charge Fees:

<http://www.vomwd.com/connection.php>

End of RFP