



WATER AND SEWER RATE STUDIES

REQUEST FOR PROPOSAL

December 16, 2011

Proposals Due By: January 20, 2012 at 4:00 PM PST

At

Camrosa Water District

7385 Santa Rosa Rd.

Camarillo, CA 93012

NOTICE
REQUEST FOR PROPOSAL
WATER AND SEWER RATE STUDIES
Deadline: January 20, 2012 - 4:00 p.m.

The District is requesting proposals from qualified consultants to conduct comprehensive Water and Sewer rate studies. The intent of the studies is to independently assess and evaluate the District's existing water and sewer rates and provide recommendations. The broad objective of each study is to adequately fund water and sewer utility operations and capital costs while minimizing rates to the greatest degree possible.

Each study will be based on a comprehensive review of the District's water and sewer funds and budgets, Integrated Facilities Master Plan, capital improvement plans, Capital Financing Plan, water and sewer improvement feasibility studies, customer classes, current usage data, future planned growth of the District and any other information deemed necessary.

In order to submit a proposal, please read and comply with Proposal Requirement and submit an original, three (3) copies and one (1) digital copy (in PDF format) in separate sealed envelopes marked - "**Technical Proposal-Water and Sewer Rate Studies**" and "**Cost Proposal – Water and Sewer Rate Studies**" to the following address:

Camrosa Water District
Attn: Tamara Sexton, Business Services Manager
7385 Santa Rosa Rd.
Camarillo, CA 93012

Proposals will not be accepted after the date and time designated above. It is the sole responsibility of the proposer to see that his/her proposal is delivered and received by the deadline. Any proposal received after said designated date and time shall be returned to the proposer unopened.

Proposals will not be opened publicly, and the District will endeavor to keep such confidential until a preferred service provider is recommended to the Board of Directors. Proposal must bear original signatures and figures.

The Camrosa Water District, organized under the California Water Code, was established on July 24, 1962. The original District boundary, encompassing approximately 8,000 acres, has expanded gradually with annexations to encompass more than 31 square miles. Today, the District provides service to approximately 10,000 potable water connections district-wide and also provides service for non-potable water and sanitary services to a subset of planning divisions within the District.

As shown in Figure 1 below, the District is located in the southern portion of Ventura County, surrounded by the Cities of Camarillo, Simi Valley, Moorpark, Thousand Oaks and unincorporated areas of Ventura County. Geographically, the District is bounded by Calleguas Creek on the west, the Las Posas Hills on the north, the Simi Hills on the east and the Conejo Hills on the south

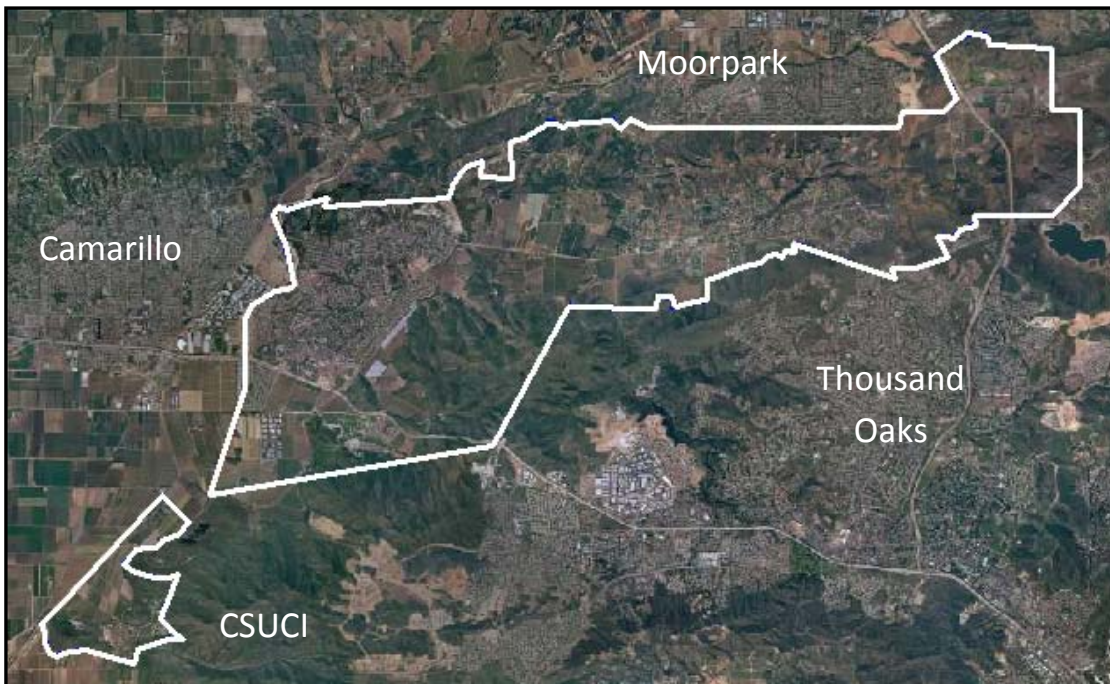


Figure 1 – Camrosa Water District Boundary

A. STUDY OBJECTIVES

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

1. Evaluate the existing water and sewer rate structures for conformance with existing statutory regulations and make recommendations for any changes that are necessary to achieve compliance.
2. Identify the various direct costs included in the District's budget and make recommendations for any changes necessary to ensure those direct operational costs are properly aligned with the appropriate enterprise fund or water classification (potable, non-potable surface, recycled water) within the water enterprise fund.
3. Evaluate the existing overhead distribution formulas and develop recommendations that will improve equity in the application of overhead between the water and wastewater enterprises and among the various water classifications in the water enterprise fund.
4. Develop an understanding of the cost of serving and the benefits derived by various water classifications and make recommendations as necessary to achieve equity between the various water classifications.
5. Evaluate the District's meter service fee structure and make recommendations to better align fixed operating costs with the fixed revenues inherent in the meter service fee.
6. Evaluate and quantify the costs of future expansion proposed for the non-potable distribution system and quantify the benefits, both tangible and intangible, of that expansion to both the potable and non-potable water classifications.
7. Review the District's existing water commodity rate structure within each water classification and develop recommendations for improvements that will ensure the structure promotes realization of various statewide initiatives, District goals and best meets the District's operational needs.
8. Evaluate the existing water connection fee and make recommendations for any changes for "buy-in" and new capacity and a new water resource development fee to offset potable demand for future new service locations.
9. Model needs to be a tool to easily supply meaningful information to the public, Board of Directors, and Staff.

B. STUDIES REQUIREMENTS

Any recommendations made must consider or make provision for the following factors:

- a. Current and future cost of providing water and wastewater services in conformance with established or anticipated changes to standards and regulations.
- b. Changes in projected demands.
- c. Availability of water supply.
- d. Age and condition of water and sewer systems and the need to fund long-term capital replacement.
- e. Changes in various systems as proposed in the draft Integrated Facilities Master Plan.

f. Cash flow under drought scenarios with allocation cutbacks.

1. Develop an understanding of the existing rate structures and the assumptions underlying cost distribution to the various rate categories.
2. Develop an understanding of the District reserve policy and other financial policies and ensure any recommendations for changes in rates meet the cash flow objectives of those policies.
3. Assess existing customer service fee structure and identify other potential areas for service and system charges (shut-down activities, back-flow devices, plan reviews, water and sewer service shut-offs, etc.) and recommend changes, if appropriate. Assessment is to note any resulting increase in liability the District may incur as a result of assessing the fees.
4. Develop an understanding of the draft Integrated Facilities Master Plan and Capital Financing Plan and the impacts of those plans on future rates.
5. Develop an understanding of the costs and both the tangible and intangible benefits realized by operating the existing water and wastewater systems and quantify the expected changes that will occur with implementation of the District's 5-year CIP plan.
6. Develop a proposed rate schedule that reflects the Board's priorities and contains a forecast for proposed rates over a 5 year period that can be integrated into the District's existing Capital Financing Model. Modify the Capital Financing Plan to reflect the new accepted rate model.
7. Develop a rate projection that forecasts rates to 30 years based on expected cost increases over time including increases in the cost of imported water. Must have ability to run CIP scenarios and quickly show impact on rates.
8. Reserve analysis must be part of the model.
9. Demonstrate that costs from any proposed modifications are equitably distributed in proportion to the benefit received by the various rate payers.
10. Provide justifications for any special classes of customers under the recommended rate structure.
11. Demonstrate that any alternative rate structure is easy to understand and administer and can be accommodated within the existing CIS billing system.
12. Demonstrate that any proposed rate structure is in compliance with the rate covenants of the outstanding 2001 Water and Wastewater Revenue bonds, the 2011 Water and Wastewater Revenue Bonds and Proposition 218.
13. Demonstrate that any proposed modifications to the rates and fees are in keeping with the District's adopted Strategic Plan and other policy documents.
14. Calculation of Water Connection Fee - Many of the capital projects included in the draft Integrated Facilities Master Plan are growth related. The consultant is requested to review the existing water connection fee and recommend appropriate fees for water and a new potable mitigation fee. At a minimum, the consultant is requested to explain the advantages and disadvantages of the equity method and incremental cost method of calculating system development charges. Recommendation for the appropriate timing of the assessment of the water connection fee and potable mitigation fee is also requested.

15. Modify the existing rate model or deliver a new spreadsheet model that reflects any changes to the rate structure accepted by the Board and provide training to staff in running “scenarios” that will allow staff to fully understand how the model operates and how the results of various future recommendations that may be proposed can be illustrated.
16. Model must have user friendly dashboard with interactive graphics that automatically produces a suite of reports and graphs as inputs are changed.

C. EACH STUDIES ELEMENTS

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

1. **Current Rate Structure:** Assess the current rate structure’s suitability for sustaining cost recovery based on customer demands.
2. **Equity:** Assess the equity of recommended water and sewer rates for all types of property ownership.
3. **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, as well as their impact on the economic well-being of the community.
4. **Drought or Loss of Supply Rate Structure:** Assess the impact on a rate structure due to drought, loss of supply or other water shortage factors. Evaluate and recommend a drought pricing program that mimics the different water stages of the District’s emergency water supply shortage plan and continues to fund water operations and capital projects.
5. **Environmental Regulation:** The studies shall included an assessment of the revenue stream generated by the recommended rates and their ability to continue to fully fund water and sewer system costs under the impacts of future water quality and statutory regulations and standards.
6. **Other Service Charges:** Assess existing customer service fee structure and identify other potential areas for service and system charges (shut-down activities, back-flow devices, plan reviews, water and sewer service shut-offs, etc.) and recommend changes, if appropriate. Assessment is to note any resulting increase in liability the District may incur as a result of assessing the fees.
7. **Electronic Rate Model:** Provided an easy-to-use electronic rate model for the District to use in future rate setting.

D. SERVICES TO BE PROVIDED BY CONSULTANT

1. 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.
2. Meet or confer with staff as needed and attend up to three meetings with the District Board of Directors at a working session to present the interim status of the studies and obtain their input. Attend the public hearing where the water and sewer rates are considered for adoption.
3. Conduct analyses as required to address the scope of work.
4. Preliminary Reports
 - a. Prepare preliminary studies reports and tentative rates.
 - b. Submit 10 copies of each report, plus one reproducible copy.
 - c. Present preliminary reports and tentative rates to the District's Board of Directors at a Study Session.
5. Draft Final Report
 - a. Incorporate changes pursuant to comments received at the District's Study Session.
 - b. Submit 10 copies of each report, plus one reproducible copy.
 - c. Present preliminary report and tentative rate structure to the District Board of Directors at a regularly scheduled Board meeting.
6. Final Reports
 - a. Incorporate changes pursuant to comments received at the Board meeting presentation.
 - b. Submit 10 copies of each report, plus one reproducible copy.
 - c. Provide an electronic copy with report in MS Word format, with spreadsheets in Excel format.
 - d. Present the final reports and recommended rates to the Board of Directors and members of the public at a regular District Board meeting formal public hearing.
7. Supply a time schedule for developing the preliminary and final reports.
8. Provide an easy-to-use electronic rate model for the District to use in future rate setting.

E. SERVICES TO BE PROVIDED BY THE DISTRICT

The services to be provided by the District include, but are not necessarily limited to the following:

1. Furnish all reasonably available records and information, including financial reports, budget, consumption data, meter sizes and customer classes.
2. Provide a copy of the draft Integrated Facilities Master Plan.
3. Provide information on the most recent Capital Improvement Project lists.
4. Provide staff support and assistance as required and agreed to in advance of the studies.

PROPOSAL REQUIREMENTS

Each individual or firm (Proposer) submitting a proposal shall meet all of the terms and conditions specified in the Request for Proposal (RFP). By its proposal submittal, the Proposer acknowledges agreement with the acceptance of all provisions of the RFP.

A. Technical Proposal

The following information is to be submitted as part of the proposal. The proposal is not to be more than ten single-sided pages in length including single page resumes of persons to be assigned to the project. Three copies of the proposal are to be provided. Other material may be attached as deemed appropriate, to include copies of rate studies performed by the applicant that most closely fit the scope of work outlined above. The ten-page portion of the proposal is to be organized as follows:

1. **Approach to the Project:** Describe your approach to this project and any special ideas, techniques or suggestions that you think might make the project proceed smoothly.
2. **Experience:** Describe the experience of the firm and of the individuals assigned with related projects of a similar nature. The team's experience with creating various rate structures, including the MWD rate structure, and potable, non-potable, recycled and sewer rate structures will be considered during the review process. Provide at least three references.
3. **Qualification:** Describe your staff's unique qualifications and training for this type of work.
4. **Schedule:** Describe your plan/schedule for completing the work. A shorter timeline is preferred and will be given added value in the evaluation of the proposals.

B. COST PROPOSAL

A separate sealed envelope shall be provided containing the Cost Proposal for the studies.

C. AGREEMENT

A copy of a proposed agreement is attached, as Exhibit A. Evidence of Insurance must be received prior to agreement implementation.

D. DEADLINE FOR SUBMISSION OF PROPOSALS

1. Interested firms should submit proposals by 4:00 P.M. January 20, 2012 to:

Camrosa Water District
7385 Santa Rosa Road
Camarillo, CA 93012
Attn: Tamara Sexton,
Business Services Manager

2. Technical Proposals should be sealed and marked:
“Technical Proposal – Water and Sewer Rate Studies”

3. Cost of Proposals should be sealed and marked:

“Cost Proposal – Water and Sewer Rate Studies”

SELECTION OF CONSULTANT

A committee made up of District employees will evaluate proposals. They will be evaluated on the basis of experience, qualifications, your approach to the project, degree of District staff time required to complete the project, and any innovative ideas you have for making the project go quickly and smoothly.

Final selection will be based on the evaluation of proposals unless it is deemed necessary by the committee to conduct interviews of closely scored consultants. The consultant determined best qualified to perform this project will be recommended to the Board of Directors for contract award.

The District reserves the right to reject any and all proposals for any reason deemed appropriate by the District.

Consultant agrees with Camrosa Water District that:

- a. When the law establishes a professional standard of care for the Consultant's services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless Camrosa Water District, its directors, officers, employees, and authorized volunteers from all claims and demands of all persons that arise out of, pertain to, or relate to the Consultant's negligence, recklessness, or willful misconduct in the performance (or actual or alleged non-performance) of the work under this agreement. Consultant shall defend itself against any and all liabilities, claims, losses, damages, and costs arising out of or alleged to arise out of Consultant's performance or non-performance of the work hereunder, and shall not tender such claims to Camrosa Water District nor to its directors, officers, employees, or authorized volunteers, for defense or indemnity.
- b. Other than in the performance of professional services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless Camrosa Water District, its directors, officers, employees and authorized volunteers from all claims and demands of all persons arising out the performance of the work or furnishing of materials; including but not limited to, claims by the Consultant or Consultant's employees for damages to persons or property except for the sole negligence or willful misconduct or active negligence of Camrosa Water District, its directors, officers, employees, or authorized volunteers.
- c. By his/her signature hereunder, Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that Consultant will comply with such provisions before commencing the performance of the professional services under this agreement. Consultant and sub-consultants will keep workers' compensation insurance for their employees in effect during all work covered by this agreement.
- d. Consultant will file with Camrosa Water District, before beginning professional services, a certificate of insurance satisfactory to the Camrosa Water District evidencing professional liability coverage of not less than \$1,000,000 per claim and annual aggregate, requiring 30 days notice of cancellation (10 days for non-payment of premium) to Camrosa Water District. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A-:VII, or equivalent, or as otherwise approved by Camrosa Water District. The retroactive date (if any) is to be no later than the effective date of this agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the contract work. Consultant shall purchase a one-year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement. In the event that the Consultant employs other consultants (sub-consultants) as part of the work covered by this agreement, it shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above.
- e. Consultant will file with Camrosa Water District, before beginning professional services, certificates of insurance satisfactory to Camrosa Water District evidencing general liability coverage of not less than \$1,000,000 per occurrence (\$2,000,000 general and products-completed operations aggregate (if used)) for bodily injury, personal injury and property damage; auto liability of at least \$1,000,000 for bodily injury and property damage each accident limit; workers' compensation (statutory limits) and employer's liability (\$1,000,000) (if applicable); requiring 30 days (10 days for non-payment of premium) notice of cancellation to Camrosa Water District. The general liability coverage is to state or be endorsed to state "such insurance shall be primary and any insurance, self-insurance or other coverage maintained by Camrosa Water District, its directors, officers, employees, or authorized volunteers shall not contribute to it". The general liability coverage shall give Camrosa Water District, its directors, officers, employees, and authorized volunteers insured status using ISO endorsement CG2010, CG2033, or equivalent. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A- :VII, or equivalent, or as otherwise approved by Camrosa Water District. In the event that the Consultant employs other consultants (sub-consultants) as part of the work covered by this agreement, it

shall be the Consultant's responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above.

- f. If any of the required coverages expire during the term of this agreement, the Consultant shall deliver the renewal certificate(s) including the general liability additional insured endorsement to Camrosa Water District at least ten (10) days prior to the expiration date.
- g. Consultant shall not accept direction or orders from any person other than the General Manager or the person(s) whose name(s) is (are) inserted on Page 1 as "other authorized representative(s)."
- h. Permits required by governmental authorities will be obtained at Consultant's expense, and Consultant will comply with applicable local, state, and federal regulations and statutes including Cal/OSHA requirements.
- i. Any change in the scope of the professional services to be done, method of performance, nature of materials or price thereof, or to any other matter materially affecting the performance or nature of the professional services will not be paid for or accepted unless such change, addition or deletion is approved in advance, in writing by a supplemental agreement executed by Camrosa Water District. Consultant's "authorized representative(s)" has (have) the authority to execute such written change for Consultant.
- j. In the event of a dispute between the parties the prevailing party in any legal action will be entitled to its reasonable attorney's fees and costs of suit.
- k. The District may terminate this Agreement at any time, with or without cause, giving written notice to Contractor, specifying the effective date of termination.