

# CITY OF WESTMORLAND

## CITY COUNCIL REPORT

**DATE:** September 18, 2024

**FROM:** Laura Fischer, Manager

**SUBJECT:** Authorize the issuance of a Request for Proposals to conduct a Water and Wastewater Rate Study and a Water and Wastewater Capacity Fee Analysis.

**RECOMMENDATION:** Authorize the issuance of a Request for Proposal to conduct a Water and Wastewater Rate Study and a Water and Wastewater Capacity Fee Analysis.

**FISCAL IMPACT:**

The advertising for the RFP is estimated at \$500.00. This is included in the current budget and is shared between funds. Once the bids have been received, reviewed and graded, staff will bring the total cost to complete the study to Council for authorization.

**DISCUSSION:**

The city needs to begin the process of selecting a consultant to prepare a new water and sewer rate study and capacity fee analysis. The rate study will need to go through the Prop 218 process and will include an opportunity for our customers to comment on the propped adjustment. The schedule for the rate study is included in the attached draft RFP.

The rate study is a requirement of our potential grant/loan from the State Water Board State Revolving Fund to make much needed improvements to the water treatment plant. The improvements are needed as the city has received a compliance order regarding the TTHM exceedance of the maximum contaminant levels.

**CONCLUSION:**

As the rate study is a requirement of potential funding opportunities and in order for the city to fund future expansion and improvements, staff recommends authorizing the issuance of the Request for Proposal as attached.

**ALTERNATIVES:**

1. Table this item and request additional information from staff.
2. Deny the request.

Respectfully Submitted,  
Laura Fischer



## City of Westmorland Request for Proposal

### Water and Sanitary Sewer Rate Study and Capacity Fee Services

**Deadline: November 4, 2024**

The City of Westmorland (the “City”) is requesting proposals to conduct a comprehensive water and sewer rate study and a water and sewer capacity fee analysis that will provide the basis for establishing water and sewer rates and capacity fees that adequately and equitably fund the City’s water and sewer operations, future capacity demands, while minimizing rate fluctuations.

Proposers have the option of submitting their proposal electronically, as a PDF file, or in hard copy form (minimum of 3 hard copies). Proposals must be received by the city on or before 4:00 p.m. on November 4, 2024. Proposals and all inquiries relating to this RFP should be addressed to:

#### **Contact Information**

All correspondence, including all questions and final proposals, must be submitted to:

City of Westmorland  
Attn: Christine Pisch, City Clerk  
355 South Center Street  
Westmorland, CA 92281  
[cityclerk@cityofwestmorland.net](mailto:cityclerk@cityofwestmorland.net)  
760-344-3411 - city hall

#### **Proposed Schedule of Events**

- Issue RFP September 23, 2024
- Question Deadline October 4, 2024
- Response to Questions October 14, 2024
- RFP Submittal Deadline November 4, 2024
- Interviews (if required) Week of November 12th
- Council Approval of Firm November 20, 2024
- Execution of Agreement December 2, 2024
- Completion of Report January 27, 2025
- Rate Presentations February 5, 2025
- Public Hearing Process February – March 2025
- Rate Implementation May 1, 2025

#### **Introduction**

The City is soliciting proposals from qualified consulting firms to conduct a comprehensive water and wastewater rate study which shall include evaluating the City’s current water and wastewater rates, developing a rate model to address funding of operations and capital improvements over the next ten years, and formulating new water and wastewater rate structures. More specifically, the selected

consultant shall perform all tasks specified in the Scope of Work section of this RFP and is encouraged to include in its proposal any suggested additions or modifications to the scope that will enhance or clarify the study. If the City deems it necessary, the selected consultant may be contracted to perform additional duties, including but not limited to additional rate studies and the development of new rate categories.

Additionally, the selected consultant shall perform an analysis of the City’s water and sewer capacity fee schedule and make recommendations of changes and modifications to these fees.

**Background**

The City of Westmorland was formed in 1934 and is located in Imperial County, California. The city provides water and sewer services to the community with a population of approximately 2,200 with 530 connections within the City Service Area. The activities of the City are governed by a five (5) member Council, each of whom is elected to office for a four-year term. Day-to-day management of the city is delegated to a part-time Manager, and department heads who is appointed by and report to the Council.

The city purchases all of its untreated water from the Imperial Irrigation District, which is conveyed to Westmorland’s facilities via IID’s canal system. The potable water distribution system consists of approximately 10 miles of pipeline ranging from 4 inches to 10 inches in diameter. The City has two (2) reservoirs above ground tanks to store, which provide 1.05 million gallons of finished water storage capacity. The water treatment plant capacity is 2.0 MGD, and our peak demand is 1.2 MGD, which is 60% of capacity.

The City’s wastewater collection system is approximately 7 miles of various pipe sizes. The treatment plant is about .5 miles to the northwest of the city service area. The sewer treatment facility has a treatment capacity of .05 MGD, and our peak demand is .225 MGD, which is 45% capacity.

The City’s total operating budget for fiscal year 2024-2025 is approximately \$2,668,372. A summary of water and sewer operating revenues and expenses for fiscal years 2020 through 2024 is as follows:

**Water System Operating Expenses (\$)**

WATER FUND EXPENDITURES	ACTUAL FY 2020	ACTUAL FY 2021	ACTUAL FY 2022	ACTUAL FY 2023	PROJECTED FY 2024	PROPOSED FY 2025
Total Water Expenses	\$ 373,153.45	\$ 380,640.65	\$ 458,879.18	\$ 448,393.95	\$ 617,715.23	\$ 549,964.10

**Sewer System Operating Expenses (\$)**

SEWER FUND EXPENDITURES	ACTUAL FY 2020	ACTUAL FY 2021	ACTUAL FY 2022	ACTUAL FY 2023	PROJECTED FY 2024	PROPOSED FY 2025
TOTAL SEWER EXPENSES	\$ 266,085.92	\$ 232,524.40	\$ 245,370.19	\$ 262,939.05	\$ 304,362.03	\$ 358,099.49

In October 2019 the City adopted a five-year water and sewer rate increase with the new rate to go into effect on November 2019. The rate adjustment was to be increased each year, however due to the pandemic in 2019 and 2020, the City Council did not increase rates until 2022. At that time the rate was increased to the 2022 rates. This rate increase was 37% in water and 20% sewer. The rate increase notice and commercial rate sheet is attached as **Exhibit A**.

The Five-Year Capital Improvement Plan (CIP) was adopted by the Board in June 2024 and is attached as **Exhibit B**. The CIP includes construction of improvements to the drinking water treatment facilities to address the Citation for Noncompliance issued by the State Water Board, for violations of the primary drinking water standard for the Total Trihalomethanes Maximum Contaminant Level.

Additional background information, including a copy of the City's Service Area Plan. The City is in the final stage of adopting a Water and Sewer Master Plan, which should be available upon award of the RFP and can be found on our website at: [www.cityofwestmorland.net](http://www.cityofwestmorland.net).

### **Rate Study Scope of Work**

The consultant is requested to develop a detailed scope of work based on information provided in this RFP as well as the needs of the city as described below. This is not a comprehensive list but includes some of the key items required to be included in the RFP response. The following analysis must be performed for both water and wastewater funds.

- Conduct a cost-of-service analysis
- Prepare a long-Range Financial Forecast spanning ten years
- Compare rates of similar communities
- Assess the equity of the existing and any recommended water and wastewater rates for residential, multi-family, commercial, public, institutional accounts.
- Incorporate future capital and financing requirements into revenue modeling.
- Provide analysis for meeting operating reserve fund policies and potential rate stabilization components.
- Address growth and projected demands for both the water and wastewater systems as it relates to a new rate structure.
- Address availability of water supply and the Imperial Irrigation City Interim Water Supply Policy for Non-Agricultural Projects.
- Develop at least two water rate structure scenarios and two sewer rate structure scenarios. Recommended rate structures shall provide direct identification of revenues appropriated for major funded activities including but not limited to: operations and maintenance expenses, capital improvement expenses, and debt coverage requirements. Any recommended rate structure or model should take into consideration the ease of administration and understanding by the rate payer.
- Review and evaluate the fees and cost associated with installing meters and meter reading system.

- Review and evaluate other fees such as water meter fees, late payment fees, turn on/off fees, private irrigation service lines, and fire hydrant fees etc.
- Conduct a sensitivity analysis of existing and proposed facility fees and user rates under different growth projections and water consumption rates (should address required rates for 10-year forecasting period)
- Prepare a presentation to the public and the City Council of the recommended rate structure.
- Develop and assist City staff with public hearing process and any other Proposition 218 items.
- Meet with the City, community groups, and building industry groups during the study to secure their input (assume a total of 3 meetings).

If the City deems it necessary, the selected consultant may be contracted to perform additional duties. These duties may include, but are not limited to the following:

- Conducting additional rate studies
- Constructing new rate categories
- Developing conservation rates

### **Proposal Preparation**

The city requires prospective consultants to submit a concise proposal clearly addressing all of the requirements outlined in this RFP. Proposal must include, at a minimum, the following:

- Executive Summary - Include a one-page overview of the entire proposal describing the most important elements of the proposal.
- Information Page - Include name of firm submitting the proposal, contact information for the person that will act as project leader including name, title, address, telephone numbers, and email address.
- Description of Study Understanding - Outline of the prospective consultant's understanding of the study and summarizing the basic approach to the rate study and revenue program.
- Methodology - Descriptions which enable the city to assess the prospective consultant's capability to conduct this study in a structured and efficient fashion.
- Scope of Work - Details with specific task descriptions to demonstrate that the prospective consultant has considered all aspects of the study and that the prospective consultant will cover them thoroughly.
- Project Organization and Key Personnel - Describe the proposed project organization, including identification and responsibilities of key personnel. Indicate the role and responsibility of prime consultants and all sub-consultants. Include resumes of key personnel assigned to the study.
- Qualifications - Description of the organization, including experience with water and wastewater rate studies, and capacity fee studies as well as other rate studies and revenue programs.
- Representative study descriptions and client references - Submit descriptions of

three (3) similar assignments which were conducted by the prospective consultant, including other public agency's contact name and telephone number. Projects currently being performed may be submitted for consideration. Please provide two examples of completed reports for communities of similar size or service area.

- Work Schedule – Supply a timeline for developing the rate study and for the work leading up to the presentation of alternatives and the presentation of the preliminary and final reports. The timeline for completion should consider timing for the distribution of the 218 Notice, required public hearings and any other mandatory public contacts and communications so that proposed increases to rates, fees and charges, if any, can become effective May 1, 2025.
- Proposed Fee Schedule - Proposals shall include a cost estimate for providing services, including the firm's billing rate schedule. The cost proposal shall include detailed information regarding the estimated number of hours to be dedicated to the City's engagement, delineated by staffing level and the hourly rate of each.
- Total All-Inclusive Maximum Price – The dollar cost bid should contain all pricing information. ***The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.***
- Insurance Requirements: During the entire term of its engagement, the Firm agrees to indemnify, defend and hold harmless the City and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising from the Contractor's acts, errors or omissions and for any costs or expenses incurred by the City on account of any claim therefore, except where such indemnification is prohibited by law. The Firm also shall secure and maintain throughout the Agreement the following types of insurance with limits as shown:
  - Workers' Compensation – A program of Workers' Compensation insurance or a State-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California.
  - Comprehensive General and Automobile Liability Insurance – This coverage to include contractual coverage and automobile liability coverage for owned, hired and non-owned vehicles. The policy shall have combined single limits for bodily injury and property damage of not less than one million dollars (\$1,000,000).
- Proof of Coverage: The Contractor shall furnish certificates of insurance to the City evidencing the insurance coverage prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty- (30) day written notice to the City. The Contractor shall maintain such insurance from the time the Contractor commences performance of services hereunder until the completion of such services.
- All responses and materials submitted become property of the City and are subject to the California Public Records Act.

### **Selection Criteria**

The city intends to engage the most qualified consultant available for this assignment.

It is imperative that the consultant's proposal fully address all aspects of the RFP. Prospective consultants must provide City staff with clearly expressed information conveying the consultant's understanding of the project and the City's specific requirements. The following criteria shall be used to evaluate the consultant's offer of services:

- The professional experience and background of consultant including the experience of principals, project managers, and other key personnel.
- Record of similar work performed by the firm, the project team, and each project team member.
- Demonstrated experience and skill concerning rate studies for water and wastewater services, and experience and skill performing capacity fee studies for water and sewer services.
- Completeness of the proposal and conformance to RFP requirements for content and format, and level of effort in answering the RFP.
- Technical quality of the approach and methodology, the level of effort utilized to identify key elements of the project, and suggested approach to provide a successful project.
- The firm's ability to perform the services at a fair and reasonable price to the city.

### **Special Terms and Conditions**

All materials submitted in response to this RFP shall be considered the property of the City. Respondents will not be compensated for any expenses incurred in the process for responding to the RFP or, if requested, in submitting further information or appearing for an interview.

The City reserves the right to reject any or all proposals, to waive informalities and minor irregularities in the proposals received, to discuss proposal details with respondents, and to accept other than the lowest bid proposal.

### **Selection Procedure**

A selection committee will evaluate each proposal and forward recommendations to the City Council, who will in turn execute a contract with the Consultant to perform the requested services. The selection committee may choose to interview applicants as a part of the selection process.

City staff anticipates the Consultant contract will be awarded on or before November 20, 2025. The contract will be awarded to the proposer whose offer conforms to the solicitation and which will be, in the opinion of the City, the most advantageous to the City.