

**City of John Day**

Wastewater and Water Utility Rate Model and System

Development Charges Methodology Update

**REQUEST FOR PROPOSALS**

**PROPOSALS DUE:**

**May 30, 2024**

**4:00 p.m.**

**at**

**John Day City Hall**

**450 E. Main Street, John Day, Oregon 97845**

**or**

[bethelm@grantcounty-or.gov](mailto:bethelm@grantcounty-or.gov)

*Work under this project is funded in full with federal grant funds from the Oregon Community Development Block Grant program.*

**CITY OF JOHN DAY**

Proposal Advertisement

Request for Proposals – Consulting Financial Services for:  
John Day Wastewater and Water Utility Rate Model and System  
Development Charges Methodology Update

NOTICE IS HEREBY GIVEN that City of John Day (“City”) is requesting sealed proposals from qualified consultants to conduct a comprehensive water and wastewater rate study and an update to existing System Development Charge methodology. The goal of the study is to independently assess and evaluate the City’s existing water delivery and wastewater service cost structure and to evaluate potential debt scenarios to fund the City’s \$20,000,000+ Wastewater System improvement project. The broad objective of the study is to develop a model that will adequately fund water and wastewater utility operations, debt related to capital construction, and infrastructure costs while promoting conservation and minimizing rates to the greatest degree possible.

The study will be based on a comprehensive review of the City of John Day’s water and wastewater funds and budgets, customer classes, current usage data, future planned growth of the City pursuant to the Comprehensive Plan, Water and Sewer Master Plans, the 2019 Preliminary Engineering Report and 2021 Addendum #1, and any other information deemed necessary. The study shall also include a review of existing Systems Development Charges (SDC’s) for Water and Wastewater.

Interested parties may obtain a copy of the Request for Proposals (the “RFP”) (and related documents) by downloading a copy from City’s website at <http://www.cityofjohnday.com/rfps> . Interested parties may receive a hardcopy of the RFP (and related documents) at John Day City Hall, 450 East Main Street, John Day, Oregon 97845.

All proposals must be sealed in an opaque envelope or package and must be submitted to City Manager Melissa Bethel by mail or hand delivery at 450 East Main Street, John Day, Oregon 97845 by **4:00 p.m., May 30, 2024**. Sealed proposals will be publicly opened at 5:00 p.m. on May 30, 2024. City will not consider any proposal received after the stated date and time, that is incomplete, and/or that is not submitted in the proper manner and format. Proposals must be clearly marked “City of John Day Request for Proposal – Utility Rate Study and SDC Analysis.”

## REQUEST FOR PROPOSALS

### Consulting Financial Services for: John Day Wastewater and Water Utility Rate Model and System Development Charges Methodology Update

#### I. PURPOSE OF REQUEST FOR PROPOSALS

The City of John Day is requesting proposals from qualified consultants to conduct a comprehensive water and wastewater rate study and an update to existing System Development Charge methodology. The goal of the study is to independently assess and evaluate the City's existing water delivery and wastewater service cost structure and to evaluate potential debt scenarios to fund the City's \$20,000,000+ Wastewater System improvement project. The broad objective of the study is to develop a model that will adequately fund water and wastewater utility operations, debt related to capital construction, and infrastructure costs while promoting conservation and minimizing rates to the greatest degree possible.

The study will be based on a comprehensive review of the City of John Day's water and wastewater funds and budgets, customer classes, current usage data, future planned growth of the City pursuant to the Comprehensive Plan, Water and Sewer Master Plans, the 2019 Sewer Preliminary Engineering Report and 2021 Addendum #1, and any other information deemed necessary. The study shall also include a review of existing Systems Development Charges (SDC's) for Water and Wastewater. The City has, or will soon, solicit for a qualified engineering firm(s) to provide Final Design and Construction engineering services for its wastewater project, with work to begin in Spring or Summer 2024.

It is the City's desire to bring on a consultant specifically to provide a Utility Rate and System Development Charge methodology that will also consider the City's existing and planned debt to fund the Wastewater System Improvements project. Some of the funding already secured and planned is listed below:

#### **Committed/Secured:**

- \$2,500,000 CDBG (100% grant)
- \$1,750,000 Water/Wastewater Finance Program loan; 1% over 30 years
- \$750,000 Water/Wastewater Finance Program grant
- Additional funding has been applied for, but not committed, through DEQ-CWSRF, Congressionally Directed Spending, and USDA-WEP.

Where funding parameters are uncertain, the selected contractor is expected to be able to provide a range of potential debt service scenarios and how it will impact ratepayers based on the spectrum of potential funding scenarios.

#### **Community Background**

John Day is located in rural Eastern Oregon in the heart of Grant County with 1,750 residents. John Day also provides public sewer service to the City of Canyon City, located directly to the south. John Day and Canyon City's Portland State University certified population together was 2,284 in 2023.

The City's wastewater collection system is composed of approximately 84,145 lineal feet (LF) of gravity sewer pipe ranging from 4 to 18 inches in diameter, approximately 10,528 LF of pressure sewer pipe ranging from 4 to 8 inches in diameter, three lift stations, manholes, and cleanouts. The entire system serves an estimated 1,000 connections, including residential households, businesses, public agencies, and industries.

The City of John Day's water supply sources include four basalt wells (Wells No. 2, 3, 4, and 5), and Long Gulch Spring. The wells are located on the North side of the John Day River, and the spring located on the South. John Day services approximately 1900 users inside and outside of the city limits. Existing water storage consists of six storage reservoirs (Res 1, 2, 3, 4, 5, and 6) located in areas surrounding the City, North and South of Highway 26 and Res #6 being to the Southwest of the City. The distribution system consists of various sizes and types of pipe. It also consists of three booster stations that supply water to the elevated storage tanks on the south side of Highway 26.

Budgeted (FY2023-24) utility charges for services for water are roughly \$650,000 and for wastewater are \$454,679. This document is intended to provide interested consultants with sufficient information to prepare and submit a proposal for consideration by the City of John Day.

## **II. SCOPE OF WORK**

### Objectives

1. Propose a rate schedule that is fair and objective, reflects costs of service, and promotes conservation.
2. Propose a fee schedule for new service connections that is fair and objective and fully recovers the cost of construction, engineering, and planning.
3. Develop a sound financial rate structure for ten years of operation, maintenance, capital replacement, and future regulatory requirements. Consider the spectrum of potential debt service and its impact on potential rates.
4. Provide guidelines for rate definitions of customer classes, including non standard connections, i.e. multi-family properties on one meter, mobile home parks, mixed use, and commercial customers without pretreatment devices (e.g. a FSE without a grease interceptor).
5. Produce a utility rate model for water and wastewater (preferably based in Microsoft Excel) that allows for annual updates by staff. At minimum, the model should
  - a. Project rates and SDC on a ten year horizon.

- b. Allow for projection of major operating cost categories (personnel, materials & services and capital maintenance).
  - c. Incorporate changes to a ten year Capital Improvement Plan and allow for annual updates to project timing, amounts, and duration.
  - d. Include debt coverage ratios from proposed City loan funding.
6. Review Systems Development Charges (SDC's) for Wastewater and Water and make recommendations, if needed, in order to fully fund future improvements to the utility systems that are needed as a result of new development and regulatory requirements

**Requirements:**

- 1. The recommended rate structure shall be based on cost of service, proposed debt service, and shall be sufficient to meet the long-term revenue requirements of the City of John Day water and wastewater utility.
- 2. The study shall recommend rate structures that consider and make provision for the following factors:
  - a. Current and future cost of providing utility service in accordance with established and anticipated standards and regulations.
  - b. Projected demand.
  - c. Age and condition of the system and the need to fund long-term capital improvement and replacement for the supply, treatment, and distribution infrastructure.
  - e. Two to three proposed rate structures.
- 3. The recommended rate structures shall provide identification of revenues appropriated to major funded activities and infrastructure.
- 4. The recommended rate structures shall be consistent with industry best practice for utility rates in the State of Oregon.
- 5. The recommended rate structure shall result in no decrease in stability of the revenue stream to the utility, as compared to the current structure.
- 6. The recommended rate structure shall be easy to administer and understand.
- 7. The proposed rate structure must work with the City's automated billing system (the City is currently in the process of switching to Caselle).
- 8. The recommended rate structure shall be planned for at least ten years.

**III. Services Provided**

- 1. Review of Existing Conditions and Documents: Collaborate with City staff or perform necessary field work to obtain information and data needed for modeling and analysis.
  - a. Review current rate structure, utility billing information, financial history (including operating and capital costs),
  - b. Review existing and prior intergovernmental agreements with the City of Canyon City for wastewater collection, conveyance, and treatment.
  - c. Assess current and probable future regulations that will affect the operation and maintenance of the wastewater system through the planning horizon.

2. Draft Report: Prepare a preliminary proposal (3 hard copies and one electronic) and attend one meeting (evening) with City Council for a working session to present the proposal and obtain their input.
3. Final Report: Incorporate changes based on comments from draft report presentation, present final report (3 hard copies and one electronic) and recommended rate structure to City Council and public at a regular Council Meeting.

#### **IV. Meetings**

The Consultant shall be required to attend, as a minimum, a study kickoff meeting, monthly progress meetings, a draft Plan submission meeting, a draft Plan review meeting and a City Council meeting. Additional meetings may be required, as needed, for collaboration and information sharing between Consultant, engineering firm(s) and City and/or to resolve unforeseen issues or to discuss problematic study obstacles that arise.

#### **V. Communication**

The Consultant selected will be required to communicate with the City, as needed, concerning project-related issues via telephone, email, and post mail.

#### **VI. Project Milestones**

Listed below are dates by which the City desires to meet project milestones. However, these are subject to change, and the firm is strongly encouraged to submit a schedule it is confident it can meet based on its own judgment.

- A. Submittal of Proposal May 30, 2024.
- B. Notice of Intent to Award June 11, 2024.
- C. Execute contract/Notice to Proceed week of June 17, 2024.
- D. Deliver finalized Plan no later than December 1, 2024.

#### **VII. Proposal Format**

The proposal shall contain the following:

- A. Introduction - A cover letter affirming your firm's interest in performing these services and confirming the primary contact person for this project (with phone number and email address) and who is entitled to represent the firm and sign a contract (if awarded) with the City on behalf of the firm.
- B. Description of Study Understanding - A project scope and understanding section describing what the Consultant understands are the requirements for the project, major issues specific to this project, the major tasks that will be performed.
- C. Work History - Submittal of not more than four projects that have been completed within the last five years of similar size (city population 1,500-10,000 people) and scope (source water from one to six wells) from the western United States. These documents should also contain contact information of person(s) you would use as reference for the project.

- D. Personnel - A section identifying the individuals that will be assigned to the project and their roles. Include experience and qualification of the primary person(s) assigned to the project in performing similar work; list their education, training, credentials, and demonstrated abilities in assigned roles. Include project references and representative projects completed by members of project team, as well as a ratio of overhead to direct base salary for each individual.
- E. Schedule - A study schedule section consisting of a complete schedule, incorporating all tasks under the design Scope of Work. The dates indicated in section VI reflect the schedule the City desires to meet. However, the consultant should submit a schedule it is confident it can meet.
- F. Cost Estimate of Consulting Fee – Each proposal shall include a costs estimate for providing services. A level-of-effort summary table listing total hours proposed for each class of personnel that will be assigned to the project and billing rate.

This proposal shall not exceed fifteen (15) pages including cover letters and appendices.

### **VIII. Proposal Submittal**

Proposals should be marked “Water and Sewer Rate Study – City of John Day” and submitted to: Melissa Bethel, [bethelm@grantcounty-or.gov](mailto:bethelm@grantcounty-or.gov); (541) 575-0028; 450 E Main St, John Day, OR 97845, no later than 4:00 p.m. on May 30, 2024. Proposals can be submitted via hard copy, read-only USB flash drive or electronically via email. Any proposal received after the specified date and time will be rejected and will not receive any further consideration by the City. The City of John Day reserves the right to reject any and all proposals and to terminate the selection process at any time if, at its sole discretion, it determines such action would be in the best interest of the City of John Day.

### **IX. Questions and Protests**

Substantive questions regarding this RFP must be submitted in writing to Melissa Bethel at the address above or at [bethelm@grantcounty-or.gov](mailto:bethelm@grantcounty-or.gov) not less than five days prior to the deadline for submitting proposals. Protests of this solicitation, if any, must be submitted in writing not later than ten days prior to the deadline for submitting Proposals and shall be administered in accordance with John Day Municipal Code. Protests of award of this contract must be submitted no later than seven days following award and shall be administered in accordance with John Day Municipal Code.

### **X. Proposal Review**

The consultant selection team will consist of: City Manager, Public Works Director, and the City’s contract grant writer/project manager. Selection will be based on the following criteria:

- A. Team Member Qualifications – 25 Points - Experience and qualifications of the primary person(s) assigned to the project in performing similar work; demonstrated abilities in the individuals’ assigned roles, education, training, and credentials. This information will be taken from the Statement of Qualifications except in the case of team members that have been added in the Proposal.

- B. Past Projects and References – 20 Points - The quality of work performed and applicability to the City's needs demonstrated in the example projects listed per VII-C. Referenced clients may be contacted for additional information to be considered in this evaluation.
- C. Project Approach – 45 Points - The firm's plans and capacity to deliver on the project goals. This includes resources and support staff available to the project team, the proposed project schedule, and the firm's concurrent workload or potential conflicting projects. Review team will examine the Consultants understanding of the City's desires and general approach to the project as described in the project description and scope of work.
- D. Other Factors – 10 Points

Reviewing Team:       City Manager – Melissa Bethel  
                              Public Works Director – Casey Myers  
                              City Grant-Writer – Ducote Consulting

The City reserves the right to seek clarifications of the proposed project approach, projected costs, or the assignment of resources, the right to negotiate a final contract which is in the best interest of the City, and the right to reject any or all proposals.

**XI. Funding Compliance**

This project is funded by a combination of Community Development Block Grant funds and Water/Wastewater Financing Program, both administered by Business Oregon, and will also be funded later by other federal agencies and federal funding. The selected contractor agrees to include any required federal contract clauses in their final executed contract for services with the City. These documents will be dictated by the funding agencies and communicated to the contractor by the City.