

REQUEST FOR PROPOSAL

CONSULTANT SERVICES FOR A SACRAMENTO REGION WATER UTILITY COLLABORATION/INTEGRATION STUDY

A. INTRODUCTION:

A consortium of seven water supply agencies in the Sacramento Region is seeking a consultant for professional services to assist with the preparation of a Sacramento Region Water Utility Collaboration/Integration Study (Study). The seven agencies consist of Carmichael Water District, Citrus Heights Water District, City of Folsom, Del Paso Manor Water District (DPMWD), Rio Linda/Elverta Community Water District, Sacramento Suburban Water District (SSWD) and San Juan Water District (SJWD) (Agencies). For organizational purposes, SSWD will serve as the lead, or coordinating agency, for an evaluation of collaboration/integration opportunities considered in this feasibility and planning study.

STUDY OBJECTIVE: Identify ways the Agencies can become more efficient in working together to minimize cost to their customers and optimize the use of their water supplies, personnel, equipment, infrastructure and other resources, as well as improve their ability to influence state and federal policies. As part of the Study, the selected consultant should identify opportunities for coordinating or integrating policies, programs, services, projects and activities to create efficiencies, improve results and achieve an overall cost benefit to the Agencies' customers. The Scope of Work is a threshold study of the range of alternatives, including no change to existing operations, contracts between agencies, joint powers agreements, potential integration of selected projects, programs and services, as well as integration or consolidation of two or more of the Agencies into a single organization.

Background

In 2013, SSWD and SJWD entered into an agreement to begin identifying opportunities to improve collaboration and potentially merge operations into one consolidated district. A Phase 1 Study, focused on high-level evaluation of three options, was completed in 2014. A Phase 2A Study, focused on governance and organizational design of one alternative (consolidation), was completed in 2015.

At the June 2015 Joint Board Meeting, the SSWD Board of Directors made a decision to suspend all work on the consolidation analysis until SSWD coordinated with the SJWD Wholesale Customer Agencies (Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, and City of Folsom) to ensure that a process be developed whereby Wholesale Customer Agencies' issues and concerns can be addressed, and evaluate the independent research on SJWD water rights that SSWD commissioned. SSWD has determined that the design of this proposed Study will address these concerns, and SSWD is ready to move forward with further analysis as proposed in this RFP.

In March 2018, SSWD received correspondence from the SJWD General Manager, on behalf of the Board of Directors of SJWD, inquiring about the status of the merger discussions previously conducted by SSWD and SJWD. At SSWD's March 2018 regular Board meeting, the Board approved implementation of a 2X2 Committee to meet with SSWD's General Manager and develop goals and discussion points.

Due to interests of other local water agencies to move forward in discussions pertaining to collaboration/integration opportunities, it has now evolved into a broader level of involvement in the Sacramento Region.

Structure and Meetings

As noted, SSWD will be responsible for administration of the project, and will be the primary contact for the consultant. The project will be overseen by a Management Committee, composed of at least one executive from each of the Agencies. The consultant will meet with the Management Committee as necessary, but at least once to initiate the project, and then at the end of each Activity phase. In addition, during the analysis phase of the consultant's work, the consultant will need to communicate with each agency's subject matter expert staff as required.

The consultant will also need to plan to present the results of each Activity phase to an ad hoc committee of members of each Board of Directors or City Council of each of the participating organizations (3 meetings total). The consultant will present the final results of the study to a facilitated joint meeting of the Boards of Directors/City Councils of the Agencies.

The consultant needs to identify in the proposal the intersection points with Agency personnel throughout the Study.

B. REQUESTED SCOPE OF WORK:

1. SERVICES DESIRED:

The following is a requested scope of work to be utilized in submitting a response.

Scope of Work Activity 1: Describe the current environment

(a) Describe the utilities, background

Document the operational responsibilities of the various Agencies related to water services. Document the service standards, policies, procedures and organizational staffing for each agency. Provide an overview of how customers receive their water supplies in the areas served by the Agencies.

(b) Inventory services offered by each Agency

Create a template to be completed by the Agencies to identify the services offered by each Agency (i.e. water treatment and distribution, meter reading and billing, water efficiency on system and per customer basis, budgeting and

accounting, etc.) Identify program/service operating goals, operating costs, water supply costs, performance data and key projects that are either planned or in execution.

Inventory Agency Capital Improvement Programs and Advanced Planning Efforts for Infrastructure and Significant Asset Management Programs, including expected future costs.

(c) Inventory current collaborations

Create an inventory of current collaborations between/among the Agencies

(d) Describe existing financial approaches

Prepare a description of the current financial environment of the Agencies, including debt capacity and obligations, credit ratings, rate structure, financial policies, asset base, reserve levels, number of customers, annual revenues, property tax receipts, operating rates and connection fees and other relevant factors. Create a template to be completed by the Agencies to obtain information.

(e) Identify stakeholders

Identify current stakeholders of the Agencies and their interests (including customers (particularly those in Disadvantaged Communities), developers, employees and other stakeholders).

(f) Review and Revise Problem Statements

Evaluate the problem statements defined by the Agencies and recommend any additions or edits. The problem statements will help inform the scope of the Study. The draft list of problem statements accompanies this as Attachment B.

Scope of Work Activity 2: Conduct benchmarking

(a) Conduct peer benchmarking

Conduct a peer benchmarking study to compare key indicators for the Agencies, such as staffing, functions provided, organization structure, and collaborative efforts. Consult with the Agencies in establishing criteria for choosing the peer agencies.

(b) Identify performance measures to evaluate collaboration/integration alternatives/options

Ascertain evaluative benchmarks for the peer agencies and compare with the Agencies. At a minimum, benchmarks need to cover the following aspects of the projects/programs/organizations being assessed: 1) Legal; 2) Financial; 3) Management/Governance; and 4) Operational. The range of alternatives will include no change to existing operations, contracts between agencies, joint

powers agreements, potential integration of selected projects, programs and services, as well as integration or consolidation of two or more of the Agencies into a single organization.

Scope of Work Activity 3: Identify opportunities for the future

(a) Identify economies of scale

Identify services or purchases that are amenable to savings due to scale. Describe the potential benefits and challenges of combining such services.

(b) Identify opportunities and challenges for service integration

Identify opportunities and challenges for integrating services within the Agencies. Specify which services could be integrated, the associated costs and benefits, and key factors that would need to be addressed. Recognize that there will be a growth in service connections in the future. Provide a framework for next steps and phasing of implementation.

(c) Identify opportunities and challenges for facilities integration

Identify opportunities and challenges for combining or integrating facilities (i.e., buildings and grounds, but not water treatment and distribution) that would create cost savings to the Agencies and their customers. Describe the potential benefit and the factors that would need to be addressed in integrating such facilities. Recognize that there will be a growth in service connections in the future. Provide a framework for next steps and phasing of implementation. Provide any further suggestions to make this study a success.

Deliverables

It is understood that the consultant will begin the Study by completing the scope of work activity #1, followed by activity #2 and finish with activity #3. The consultant shall provide to the Management Committee a report at the completion of each of the three activities in the scope of work, detailing the information collected, the analysis conducted and any results or recommendations. The consultant shall also provide the Management Committee a final report, integrating the results of the three activities and a summary of the complete project.

2. MINIMUM QUALIFICATIONS OF CONSULTANT:

It is expected that the proposer will have experience with public sector projects of similar nature and scope, including the ability (whether directly or through a sub-consultant) to address relevant legal, financial, management/governance and operational issues. The successful proposer will demonstrate experience with a minimum of three municipally-directed projects pertaining specifically to evaluation of utility services.

3. INSURANCE REQUIREMENTS:

The firm or individual selected to perform the work will be required to provide with the contract insurance and indemnification in the amount shown in Exhibit B within Attachment A.

C. THE PROPOSAL:

1. FORMAT AND REQUIREMENTS:

The Proposal shall be 8-1/2" by 11", with the pages numbered sequentially, and double-sided. 1" margins shall be provided on all pages. Proposals shall be in a 12-point font and may be single or double-spaced.

Proposals shall be submitted in electronic format using Adobe Acrobat (.pdf).

2. PROPOSAL CONTENTS:

The Proposal shall include the following:

- A. Letter of Transmittal. Identify the individual or parties, and provide its (their) address along with the name of a contact person and a telephone number (one page maximum).
- B. Include a general statement of the consultant's approach to conducting a financial and operational review of public utilities (three pages maximum).
- C. Describe the Firm's experience with public sector projects of a similar nature and scope. Emphasis should be placed on projects undertaken within the past three years (three pages maximum).
- D. Identify all personnel who will be assigned to work on this project. Include brief summaries of their background and experience, as well as the assigned responsibilities for this project (two pages maximum).
- E. A general statement of the consultant's approach to conducting the required Study. This discussion should estimate the total cost for the Study (four pages maximum).
- F. Identify any sub-consultants and include the same information as described in "D".
- G. Provide a budget, broken down by each scope of work activity and subtask. Identify a separate budget for tasks associated with collaboration/Integration and consolidation.

- H. Provide a timeline for completion of the project. Any assumptions regarding turnaround time for review should be clearly noted.
- I. Provide references for your firm's three most representative projects. Include the following:
- 1) Name of public agency
 - 2) Name and title of contact person.
 - 3) Telephone number of contact person.
 - 4) Brief description of the project including start and completion dates and your firm's role in the project.
 - 5) The telephone number and contact names of private firms involved in the project.
- J. Provide a summary of all past projects involving any Agency. This summary shall include:
- 1) Name of public agency
 - 2) Name and title of contact person.
 - 3) Telephone number of contact person.
 - 4) Brief description of the project including start and completion dates and your firm's role in the project.
 - 5) The telephone number and contact names of private firms involved in the project.
 - 6) To avoid a conflict of interest, if your firm, is/has provided professional services to any of the Agencies please list the name of the agency and services provided.

3. PROJECT APPROACH:

Include a brief discussion describing your firm's approach to preparing the Study. Detail your strategy and include your vision for the final deliverable resulting from this Study (four page maximum).

D. THE PROCESS:

Mandatory Proposers Meeting:

A mandatory proposers meeting will be held **Tuesday, October 15, 2019, at 2:00 p.m., at 3701 Marconi Avenue, Sacramento, CA 95821**, to provide all consulting teams with information concerning the Scope of the Study and to ask any questions. Moreover, any written questions should be submitted to Heather Hernandez via email to: hhernandez@sswd.org by no later than **4:00 p.m. on Friday, October 25, 2019**. All questions and answers will be distributed via email by **Thursday, October 31, 2019**, as well as posted on SSWD's website at sswd.org. The name of the consulting team submitting questions will not be identified.

Submittal of the Proposal: The Proposal shall be submitted using Adobe Acrobat (.pdf format) to Heather Hernandez via email hhernandez@sswd.org by no later than **4:00 p.m. on Thursday, November 7, 2019**.

Proposal Review: Qualifications will be evaluated by a Management Committee comprised from the Agencies. Submittals will be evaluated according to project understanding by the consultant, and the qualifications of your firm in providing services of a similar nature and how relevant that experience is to this project.

The top two to six proposals will be invited for one or more interviews during the week of November 18, 2019. The interviewing panel will be comprised of a representative from each agency participating in the Study.

The Consultant selected to perform the Study will be notified by Wednesday, November 27, 2019.

Award: The top ranked party will be invited to enter into negotiations with the Agencies on the terms of a Consultant contract based on a final proposal to be submitted at that time. The negotiations will occur in December of 2019. If a satisfactory agreement cannot be negotiated, then the same process will be undertaken with the next highest ranked party on this list until a satisfactory agreement can be reached. The Agencies anticipate executing a contract in January of 2020 to begin providing services immediately.

The Consultant, as an independent contractor, will report to the Management Committee comprised of staff from the Agencies. SSWD staff will provide contract administration and project coordination. The Agencies reserve the right to reject all proposals, directly contract with any proposer or non-proposer and request additional information.

Conflict of Interest: By submitting a Proposal, the Respondent declares and warrants that no elected or appointed official, officer or employee of the Agencies has been or shall be compensated, directly or indirectly, in connection with the award of the Agreement or any work for the proposed project.

E. CONCLUSION:

If you have any questions, or need additional information, please contact Dan York at dyork@sswd.org or 916-679-3973.

Sincerely,

Dan York
General Manager, SSWD

Attachments: A – Professional Services Agreement
B – Initial list of Problem Statements