



## **Request for Proposals**

***The Marina Coast Water District wishes to contract for an individual or firm to prepare a Water, Wastewater and Recycled Water Rate and Comprehensive Fee Study with a Cost Allocation Plan for the District  
May 16, 2017***

Proposals due

**4:00 PM  
June 12, 2017**

Proposals should be sent electronically to:  
Kelly Cadiente at  
[kcadiente@mcwd.org](mailto:kcadiente@mcwd.org)

Proposals sent by mail must be directed to:  
Marina Coast Water District  
11 Reservation Road  
Marina, CA 93933  
ATTN: Kelly Cadiente

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## **I. INTRODUCTION**

The Marina Coast Water District (“District”) is requesting proposals from a qualified individual or firm to prepare a comprehensive water, wastewater and recycled water rate & fee study with a cost allocation plan (“Study”). This Request for Proposals (RFP) is expected to result in a contract (Professional Services Agreement) with a cost not to exceed the listed amount. The selected consultant shall perform the tasks specified in the "Scope of Work" section IV of the RFP. The consultant is encouraged to suggest additions or modifications to the scope that will enhance or clarify the study and the suggestions should be incorporated into the proposal.

## **II. PURPOSE OF THE RFP**

The District is seeking proposals from qualified individuals or firms to perform a comprehensive water, wastewater and recycled water rate & fee study with a cost allocation plan. The intent of the Study is to independently assess the District’s existing user rates and other fees charged by the District; and develop fair and equitable rates that are based on a cost of service analysis.

The District is also in the process for applying for grants, which could involve a Federal Award. The District wishes to obtain services for a Cost Allocation Plan to meet Title 2, CFR, Part 200, Cost Principles for State, Local, and Indian Tribal Governments, as well as provide an equitable method for distributing indirect costs. December 28, 2018 is the District’s target for the completion on the Regional Urban Water Augmentation Project (RUWAP) Pipeline. All indirect costs must be allocated using a single, transparent method that is equitable to all partner agencies and rate payers.

## **III. BACKGROUND**

The Marina Coast Water District provides water service and wastewater collection service to 36,000 – 40,000 residents through approximately 8,200 connections in and adjacent to the City of Marina and on the former Fort Ord military installation. The District currently pumps all of its supply, approximately 4,200 acre feet of water (both Marina and Ord Systems) annually from groundwater wells. The District also conveys in excess of two million gallons per day of sewage to the Monterey Regional Water Pollution Control Agency for treatment.

The District assumed responsibility for operation of the water and wastewater utilities on Fort Ord pursuant to a water/wastewater facilities agreement dated March 13, 1998. In October 2001, title to the Ord Community facilities was conveyed to the District. Although, there are water inter-tie connections between the Marina and Ord systems, the Marina and Ord Community service areas are still maintained as separate operations, with separate financial records and accounts. The District has developed capital improvement programs for both the Marina and Ord Community service areas.

The District last completed its water and wastewater financial plan and rate study in August 2013. Copies of that financial plan and rate study are available for review on the District's website [www.mcwd.org](http://www.mcwd.org).

#### **IV. SCOPE OF WORK**

##### **A. Rate and Fee Study**

- i. Provide a comparison of current water, wastewater and recycled system costs (operational, capital improvements, and bonded debt) against appropriate benchmarks.
- ii. Provide a comparison of current and proposed water and wastewater rates and capacity charges against surrounding public agency water and wastewater and recycled water purveyors.
- iii. Evaluate the existing water, wastewater user fee structure for conformance with existing statutory regulations and make recommendations for any changes that are necessary to achieve compliance.
  1. Provide recommendations that may assist in more equity within the existing rate structure and justifications for any proposed changes.
  2. Demonstrate that any alternative rate structure is easy to understand and administer and can be accommodated with the existing Springbrook billing system.
- iv. Recommend rate structures based on the following:
  1. Current and future cost of providing services in accordance with established and anticipated standards and regulations
  2. Projected demands of growing community
  3. Age and condition of the water and wastewater systems and projected replacements for infrastructure based on the District's five-year CIP
  4. Funding requirements for all current and long-term liabilities and debt obligations
  5. Impact of current and future water, wastewater and recycled water regulations
  6. Provide a methodology for annual inflationary adjustments in compliance with Proposition 218
  7. Cash flow and working capital
  8. Projected revenues, operating expenses, and other funding source requirements; with an understanding of the District's historical trends
  9. Other impacts as identified
- v. Evaluate the current capacity connection fee and make recommendations for any changes for "buy-in" and new capacity.
- vi. Evaluate all user fees and additional fees (Exhibits A – D).
- vii. Provide a ten-year forecast of revenues, operation and maintenance expenses, capital improvement costs, identify a five-year rate structure to ensure that adequate revenues will meet reserve policy levels, bond debt coverage requirements, and capital funding.

1. Alternate levels of capital funding will be based on the District's ten-year CIP, with the ability to adjust the model for different levels of CIP funding.
  2. Alternatives include debt financing as compared to pay as you go scenarios to be considered.
- viii. Provide a user-friendly computer rate model which the District can use for forecasting and planning. This model should be capable of being updated with actual costs and users for future annual review of rates. This model must have the ability to run CIP scenarios and quickly show impact on rates.
1. Train District staff in the use of running "scenarios" that will provide a full understanding of how the rate model operates.
- ix. The recommended rate structures shall be consistent with industry practice for utility rate making in California. The study shall recommend a rate structure based upon standard rate practices that meet the criteria.
- x. The recommended rate structure shall be planned for five years.
- xi. Prepare a draft and final report, supplied in both hard copy and electronic format, which includes the following items:
1. A brief description of the District
  2. Service area description, including population served
  3. The source of supply as appropriate and projections on future growth and statement of consultant regarding sufficiency to meet demand
  4. A brief description of the capital improvement program, a five-year summary of proposed capital expenditures and a statement regarding reasonableness of those estimates; and a ten-year projection
  5. The revenue and expense projections for the District and each cost center
  6. The rate comparison of existing revenues to meet the required needs of the utility and discussion of any recommended rates and inflationary increases necessary to the future needs of each utility
- xii. Provide data supporting conclusions and observations made for each of the areas above and cite within the Study.
- xiii. Present the information to the Board of Directors and the Public at three workshops.

### **Rate and Fee Study Timeline**

The District wishes to implement any rate adjustments for the Fiscal Year beginning July 1, 2018. Please provide a timeline of the proposed study. The project timeline must incorporate necessary time and tasks for review of the rate study, development and mailing of the Proposition 218 notice, and adoption of new rates by the MCWD Board of Directors. Adoption by the Board must include a first and second reading to be held at a regularly scheduled Board meeting, and a thirty (30) day effective date after the second reading. The District Board meetings are held on the third Monday of the month.

## **B. Cost Allocation Plan**

- i. Work with District staff to define and refine the project scope, purposes, uses and goals of the District's Cost Allocation Plan to ensure it is accurate and appropriate for the District's needs.
- ii. Meet with staff to conduct interviews as needed to gain an understanding of the District's practices and operations.
- iii. Work with the Finance Department in developing service provisions, cost categories, and allocation criteria for current and future programs.
- iv. Develop a Full Cost Allocation Plan that:
  1. Establishes a full cost allocation methodology for specific administrative overheads that properly allocates costs among District cost centers and reimburses the District
  2. Is in compliance with CRF, Title 2, Part 200, Subpart E – Cost Principles, Uniform Requirements, Cost Principles and Audit Requirements for Federal Awards
    - a. Methodology appropriate for calculation and allocation of indirect cost rate complying with subpart E – Cost Principles
- v. Includes a study of each program with overhead costs that are borne directly in whole or in part by the District's main operations and that can receive overhead cost reimbursement from the State and Federal Governments, partner agencies, and/or other sources.
- vi. Allows for additions, revisions, or removal of direct and indirect costs so the cost allocation plan can be easily adapted to a range of activities both simple and complex.
- vii. Provides the ability for District staff to continuously update the plan from year to year to accommodate organizational changes.
- viii. Provides a software application which would enable staff to add, delete, or update the final cost allocation plan as needed in future periods. This program may be as simple as an Excel model or as complicated as a software program that is Windows Operating System compatible.
  1. Train staff on the use and update of the software application.

### **Cost Allocation Plan Timeline**

The District desires to implement the cost allocation plan in conjunction with the Fiscal Year 2018-2019 Budget. Please provide a timeline of the proposed plan.

## **V. PROPOSAL FORMAT AND CONTENT**

The proposal for the Fee Study and Cost Allocation Plan shall include the information specified within this Proposal Format and Content section. A title page should separate the Study and the Plan. If responses are the same for Sections 1-2, reference can be made within the proposal to avoid duplication. The numbering sequence and titles for each section shall follow the format as contained in this Request for Proposal.

## **A. General**

- i. Title page showing the request for proposal's subject; the firm's name, the name, address and telephone number of a contact person; and the date of the proposal
- ii. The title page should indicate "Proposal for Fee Study" or "Proposal for Fee Study and Optional Cost Allocation Plan"
- iii. Table of contents
- iv. Signed letter briefly stating the firm's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement
- v. A statement that the proposal is a firm and will be valid for ninety (90) days.
- vi. Signature of a person authorized to bind consultant to the terms of the proposal.

## **B. Qualifications and References**

- i. Qualifications of the firm
  1. Identify the size of your firm and the location of the office from which the work will be conducted
- ii. References
  1. Please provide a list of consulting experiences similar to the type and size of MCWD
  2. List three (3) client references that are of similar size and scope of service utilization as the Agency. If providing a proposal on the Cost Allocation Plan, as well as the Rate Study, please provide three references for each type of study. If the same client contracted for a Rate Study and Cost Allocation Plan, referencing the same client is acceptable. Please indicate that information next to the description of services provided. Include the following information for each reference:
    - Customer name
    - Contact name and title
    - Telephone and fax number
    - Street address, State, zip code
    - Number of Years as Customer
    - Description of services provided

The Agency reserves the right to contact each of the references listed for additional information regarding your firm's qualifications.

3. Qualifications of Professional Staff – Identify the key engagement partners, managers, and other staff members who would be assigned to conduct the Study and indicate their qualifications. If submitting proposals for both the Fee Study and Cost Allocation Plan, include qualifications for staff members assigned to each area of study

4. Subcontractors – Please clearly indicate whether subcontractors will be used in fulfilling either proposal. If the firm plans to use subcontractors, please provide an overview of the firm, project involvement, and qualifications of staff

### **C. Study Approach**

- i. Describe your approach to this project any special ideas, techniques or suggestions that you think might make the project proceed more smoothly.
- ii. Set forth a work plan, including an explanation of the methodologies to be followed to perform the services required of this proposal. Indicate what type of documents will be referenced in performing this project, such as the District's budget and related materials, financial statements, and utility data
- iii. The proposal shall provide a listing of the records and documentation that the District is expected to provide
- iv. The proposal shall describe your schedule for the project.

### **D. Agreement**

- i. A copy of the proposed agreement is attached (Attachment F). Evidence of Insurance and IRS Form W-9 must be received prior to agreement implementation.

## **VI. EVALUATION OF PROPOSALS AND NEGOTIATIONS**

All proposals submitted will be reviewed by an evaluation panel consisting of the Marina Coast Water District and/or other personnel. At the completion of the proposal review, the panel may elect to invite the top scoring firms to make a presentation at no cost to the District. The District may request Best and Final offers. Based on the presentation and the Best and Final offers, if requested, the panel will select the proposal that best fulfills the District's requirements. The District may negotiate with that firm to determine final pricing, and contract form. There will be no public opening and reading of bids.

Proposals will be evaluated on the following criteria:

- Qualifications of the firm
- Qualifications of the personnel
- Related experience
- References
- Ability to understand the Agency's needs
- Completeness of response
- Reasonableness of cost and price
- Availability schedule

A selection panel will be convened of District staff, which will include Finance, Customer Service, and possibly other departments.



## **VII. CONDITIONS AND STIPULATIONS**

The District reserves the right to reject any and all proposals, cancel all or part of this RFP, and waive any non-material irregularities or informalities and to request additional information and clarification regarding any particular service from the proposing firms.

By requesting proposals, the District is in no way obligated to select any proposal or pay expenses of the proposing firms in connection with the preparation or submission of a proposal. The District reserves the right to reject any firm for any reason. The proposal should be the best effort possible by the firm, since the District reserves the right to award the contract with no further negotiations. Conversely, the District reserves the right to negotiate with the successful proposer any additional terms and conditions not contained in their proposal, which are in the best interest of the District or to otherwise revise the scope of this RFP. All proposals, whether accepted or rejected, shall become the property of the Marina Coast Water District. All proposals received become public records. The District's decision to award a contract will be based on many factors including, but not limited to service, cost, experience, and ability to deliver, or for any other reason deemed by the District to be in the best interest of the District. No single factor, such as cost, will determine the final decision to award. This RFP and the firm's response, including all promises, warranties, commitments, and representations made in the successful proposal, shall become binding contractual obligations, and will be incorporated by reference in the final agreement between the Marina Coast Water District and the selected firm. All terms and conditions not specifically identified as exceptions will be considered acceptable to Contractor.

## **VIII. ESTIMATED TIMELINE (DATES ARE SUBJECT TO CHANGE)**

- May 15, 2017 – Board approve RFP for independent audit services
- May 16, 2017 – Distribution of RFP
- May 30, 2017 – Deadline for questions
- June 12, 2017 – Closing Date
- June 13 – 20, 2017 – Proposal evaluations and possible interviews
- June 26, 2017 – Present Recommendations to District Board for contract award
- October 2, 2017 – Rate Workshop #1
- November 6, 2017 – Rate Workshop #2
- December 4, 2017 – Rate Workshop #3

## **IX. CONTACTS**

For questions regarding the scope of the proposal or the proposal process, please submit questions through email only to:

Kelly Cadiente, Director of Administrative Services at [kcadiente@mcwd.org](mailto:kcadiente@mcwd.org)

**X. DEADLINE FOR SUBMISSION OF PROPOSALS**

The District must receive proposals by June 12, 2017, 4:00 PM:

Electronic Submissions should be sent to:

Kelly Cadiente, Director of Administrative Services at [kcadiente@mcwd.org](mailto:kcadiente@mcwd.org)

Physical and U.S. Mail Address:

Marina Coast Water District  
Kelly Cadiente, Director of Administrative Services  
11 Reservation Road  
Marina, CA 93933

Proposals must be received by the deadline of June 12, 2017, 4:00 PM. Postmark does not constitute receipt.

**XI. ATTACHMENTS**

- Exhibit A: MCWD Central Marina User Fees Ordinance 56
- Exhibit B: MCWD Central Marina Capacity Fee Ordinance 57
- Exhibit C: MCWD Ord Community Capacity Fees Resolution No. 2014-18
- Exhibit D: MCWD Ord Community User Fees Resolution No. 2014-20
- Exhibit E: MCWD Other Rates, Fees and Charges
- Exhibit F: MCWD Professional Services Agreement

Thank you for your interest in working with the Marina Coast Water District for this service. We look forward to receiving your proposal.