



REQUEST FOR PROPOSALS WATER & SEWER RATE STUDY

July 23, 2021



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The City of New Buffalo is requesting proposals from qualified financial consultants to conduct a comprehensive water and sewer rate study for the community. The intent of the study is to independently assess and evaluate the City of New Buffalo's existing water and sewer rates and provide recommendations. The broad objective of the study is to adequately fund water and sewer utility operations, capital costs, and bonded debt while minimizing rates to the greatest degree possible.

The study will be based on a comprehensive review of the City of New Buffalo's water and sewer funds and budgets, existing asset management and reliability plans, customer classes, current usage data, information from City staff, the City's consulting engineers, and any other information deemed necessary.

WATER & SEWER SYSTEM OVERVIEW

A. SANITARY SEWER SYSTEM

The City of New Buffalo (City) owns a wastewater collection system then transmits its wastewater to the GRSD Sewer Authority (GRSD) for treatment. The wastewater system includes over 88,000 feet of gravity sewer, over 6,000 feet of force main, over 380 manholes, 4 lift stations, and 4 grinder stations. The City has 1,800 customers on the sanitary sewer system.

Processing of wastewater is handled by the Galien River Sanitary District (GRSD) Sewer Authority. The GRSD Sewer Authority is an intergovernmental agency responsible for wastewater treatment in southwestern Berrien County. The GRSD serves New Buffalo and Bridgman Cities, New Buffalo, Chikaming and Lake Townships, and portions of Lincoln, Baroda, and Weesaw Townships. The operations of the GRSD are overseen by a representative from each of the City of New Buffalo, City of Bridgman, New Buffalo Township, Chikaming Township, and Lake Township.

B. WATER SYSTEM

The City of New Buffalo owns and operates a 2.5 million gallon per day water treatment plant, located at 300 Marx Drive, that provides water to the citizens of the City of New Buffalo, the Four Winds Casino and portions of New Buffalo Township.

The City of New Buffalo's water distribution system consists of 151,302 feet of 28.66 miles of water main ranging in size from 4" to 16". Water main materials are cast iron, cement lined ductile iron, or C-900 plastic. In very special circumstances, HDPE has been allowed. There are 340 system valves located in the City of New Buffalo water distribution system. There are 295 hydrants located in the City of New Buffalo water distribution system. The City of New Buffalo has 1,800 service connections.

The City of New Buffalo has one 500,000 gallon elevated storage tank located at Oselka Park on the City's southeast side and one 300,000 gallon above ground storage tank located at the water filtration plant.

2020 Annual Production	
Average Day	532,000 gallons
Maximum Day	920,000 gallons
Minimum Day	289,000 gallons
Total:	189 million gallons

SCOPE OF WORK

A. STUDY OBJECTIVES

1. Provide a comparison of current water and sewer system costs (operations, capital improvements, bonded debt) against appropriate industry benchmarks.
2. Recommend baseline rate structures required to fund water and sewer systems and consider annual inflationary, indexed adjustments to rates needed to maintain each utility.
3. Recommend ways of communicating utility system costs including recommendations for restructuring utility bill format.

B. STUDY REQUIREMENTS

The study is to be performed in conformance with the following policy directions:

1. The recommended rate structures shall be based on cost of service and shall be sufficient to meet the revenue requirements of the City of New Buffalo.
2. The study shall recommend rate structures that consider and make provisions for the following factors:
 - a. Current and future cost of providing water and sewer service in accordance with established and anticipated standards and regulations.
 - b. Projected demands.
 - c. Availability of supply (seasonal fluctuations and long-term availability).
 - d. Age and condition of systems.
 - e. Funding requirements for all current long-term liabilities and debt obligations (bond and loans).
3. The recommended rate structures shall provide direct identification of revenues appropriated to major funded activities and infrastructure.
4. The recommended rate structures shall be consistent with industry practice for utility rate making in Michigan.
5. The study shall provide at least two recommended rate alternatives for each utility based upon standard rate practice that meet the criteria above. The consultant will make a recommendation as to which alternatives best meet the criteria.
6. The benefits of any proposed modifications shall be weighed against the financial impacts on rate-payers.
7. Justifications for any special classes of customers under the recommended rate structure shall be demonstrated.
8. The recommended rate structure shall result in no decrease in stability of the revenue stream, as compared to the current structure. Consideration should be given to funding past and future depreciation (replacement of facilities).

9. The recommended rate structure shall be easy to administer and understand.
10. The City of New Buffalo's billing system should be able to handle any proposed rate structure.
11. The recommended rate structure shall be planned for at least five years.

C. STUDY ELEMENTS

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

1. Current Rate Structure: Assess the current rate structure's performance as a baseline for comparing recommended changes.
2. Equity: Assess the equity of recommended water and sewer rates for all types of property ownership types.
3. Conservation Impacts: Assess the interaction between the water conservation elements of the recommended rate structure and their impacts on the ability to fund water operations as well as their impact on the economic well-being of the community.
4. Sensitivity Analysis: Assess the ability of the revenue stream generated by the recommended rate structures to continue to fully fund water and sewer system costs. Assessment is to include a sensitivity analysis where the long-term revenue generated under each alternative shall be illustrated when confronted with the impacts of growth.
5. Other Service Charges: Assess existing customer service fee structure and identify other potential areas for service and system charges and recommend changes.
6. Rate-payer Education/Communication: Recommend methods for communicating utility costs to include layout of the utility bill and how it might be used to identify actual costs of providing water and sewer services under recommended rate structures. Assess ease of communication associated with each recommended rate structure.
7. Annual operating fund balance targets.
8. Annual target contingency fund balances and level of liquidity.
9. Budgeting Horizon and Cycle: Assess appropriate budgeting horizon and cycle needed to support recommended rate structures.
10. Comprehensive Summary of Recommended Rate Structure(s). Assess performance of each recommended rate structure and provide recommendation on preferred rate structure.
11. Supporting Data. Provide data supporting conclusions and observations made for each of the areas above and site within study.

D. SERVICES TO BE PROVIDED BY CONSULTANT

1. Bookmark current and proposed rates to those of neighboring communities in Berrien County and Indiana.
2. Conduct a review of the existing water and sewer rates and status of the utility funds. Develop a general familiarity with the City of New Buffalo's billing system.
3. Meet or confer with staff and engineering consultants as needed and attend two meetings (evening) with the City Council at a working session to present the interim status of the study and obtain their input. Meet with a project steering committee during one evening to obtain comments.
4. Conduct analyses as required to address the scope of work.
5. Preliminary Report:
 - a. Prepare a preliminary study report and tentative rate structures.
 - b. Submit 10 copies.
 - c. Present preliminary report and tentative rate structures to staff and/or committee for comments.
 - d. Present preliminary report and tentative rate structures to the City Council.

5. Final Report

- a. Incorporate changes pursuant to comments received at the first presentation.
- b. Submit 15 copies, plus one reproducible copy.
- c. Provide an electronic report in MS Word format, with spreadsheets in Excel format.
- d. Present the final report and recommended rate structures to the City Council and members of the public at a regular Council meeting.

6. Supply a time schedule for developing the preliminary and final reports. The final report shall be delivered to the City by December 15, 2021.

E. SERVICES TO BE PROVIDED BY THE CITY OF NEW BUFFALO

The services to be provided by the City of New Buffalo include, but are not necessarily limited to the following:

1. Furnish all reasonably available records and information, including financial reports, budgets, and consumption data.
2. Furnish a copy of the City's Stormwater Asset Management, and Wastewater Asset Management Plan (SAW) report
3. Provide a copy of the community's most current water reliability report.
4. Provide staff and engineering support and assistance as required and agreed to in advance of study.

PROPOSAL SUBMITTAL

The following information is to be submitted as part of the proposal. The proposal is not to be more than 15 single-sided pages in length including single page resumes of persons to be assigned to the project. Five copies of the proposal are to be provided. Other material may be attached as deemed appropriate, to include a copy of a rate study performed by the applicant that most closely fits the scope of work outlined above. The 15-page portion of the proposal is to be organized into the following categories:

1. Project Approach: 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. Provide at least three references.
3. Qualifications: Describe your firm's unique qualifications and training for this type of work. Cite specific accounting certifications or accreditations.
4. Schedule: Describe your plan/schedule for completing the work.

Deadline for submission of proposals:

1. Interested firms should submit proposals by 5:00 p.m. August 31, 2021 to:

Amy Fidler, City Clerk
City of New Buffalo
224 W Buffalo Street
New Buffalo, MI 49117

2. Proposals should be marked:

“Water and Sewer Rate Study—City of New Buffalo”

SELECTION OF CONSULTANT

Proposals will be evaluated by a committee made up of a committee comprised of City employees, City Council members, residents and members of the City’s consulting engineering firm. They will be evaluated on the basis of cost, experience, qualifications, your approach to the project, and any innovative ideas you have for making the project successful.

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 City Council for contract award.