

City of Myrtle Beach Request for Qualifications

**Water and Sewer Management Fee
and Cost of Service Analysis**

Issue Date: September 18, 2019



First in Service

Issued By:

**Purchasing Division
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REQUEST FOR QUALIFICATIONS

Water and Sewer Management Fee and Cost of Service Analysis

The City of Myrtle Beach is seeking the most qualified firm with whom to contract for water and sewer utility financial and related management program consulting services. Qualified firms will offer and integrate water and sewer utility financial and program management experience and expertise. It is anticipated that this solicitation will result in a Master Services Agreement for professional services associated with water and sewer utility financial advisor and related management program consulting services.

BACKGROUND

The City of Myrtle Beach currently serves approximately 17,000+ water and wastewater customers within the City limits. In addition, the City currently serves approximately 4,000+ water and wastewater customers located outside the City corporate boundaries. The City receives wholesale treated water and wastewater treatment services from the Grand Strand Water & Sewer Authority (GSWSA.)

The current water rate structure includes monthly fixed base charges assessed to all customers according to meter size, with no minimum usage allowance. The base charge is designed to recover costs associated with customer service, billing and collection, meter maintenance and repair, and a portion of fixed capital costs associated with the capacity required to meet non-peak winter seasonal demand for water services. Water volume charges are assessed per 1,000 gallons of metered monthly water use and incorporate an increasing tier volume rate structure that assesses the same rates to the residential and non-residential customers.

The current wastewater rate structure includes monthly base charges that vary according to water meter size, with no minimum usage allowance. The base charge is designed to recover costs associated with customer service, billing and collection, meter maintenance and repair, and a portion of fixed capital costs associated with the capacity to serve minimal wastewater flows. Under the current wastewater rate structure, all customers will be assessed a uniform wastewater volumetric charge per 1,000 gallons of monthly metered water consumption.

SCOPE OF WORK

Study Objectives

- Create a five-year financial plan model for the potable water and wastewater services that projects each service's revenues, operations and maintenance costs, capital improvement costs, reserve funding, and debt service costs.

- A cost of service analysis for each service that fairly and equitably distributes costs across customer classes. This includes ways of communicating system costs to end-users and making recommendations for restructuring billing format.

- Potable water and wastewater facilities and capacity fees that represent new development's share of capital costs required to accommodate their addition to the respective systems.
- An evaluation of impacts or required changes to water and wastewater rates for inclusion in current rates and/or for consideration in future rate changes. This would include a review of miscellaneous fees to ensure they are reasonable and not outdated.

Study Requirements/Deliverables

The scope of services listed below includes the major tasks required to complete the study. Firms should include any recommended additional tasks they believe are required to meet the objectives as defined above and the reasoning behind such an approach.

1. Conduct an in-person kick-off meeting with City staff to discuss project priorities, data needs, and the project schedule. Firm will also need to prepare a data request list that will be discussed during the meeting.
2. Develop a five-year financial risk based analysis model and capital improvement plan for the potable water and wastewater services that determines the revenue requirements based on projected revenues, operating and maintenance expenditures (including capital improvements), debt service coverage, and adequate reserve funding.
3. Prepare a cost of service analysis that fairly and equitably allocates costs to customer classes while adequately funding revenue requirements, including operations and maintenance, capital improvements, and debt service.
4. Provide general discussion on current policies and trends related to payment options, deposit amounts, connections/disconnections, etc., in comparison to other local water service utilities.
5. Review existing revenues, compare to expenses, and determine if there are any deficiencies in the current rate structure. Determine the required rates to meet expenses, capital, and funding costs for the future needs of the system. Review the funding requirements for capital equipment replacement and recommend a prudent reserve policy for operations, capital replacement, and emergencies.
6. Review impacts of projected new development and redevelopment on rates. As part of this review, the Firm should differentiate capital costs associated with rehabilitation/replacement of existing utilities from capital costs for improvements required for expansion of service as a result of new development.
7. Prepare draft and final reports that summarize the results and recommendations of the study and serve as a document of record. Draft and final deliverables shall be made available in Word, Excel, and PDF file formats. Word and Excel formats shall be editable by City staff. This includes a document that can be edited annually with current data over the next five (5) years that will calculate future year rate needs.

8. Conduct rate workshops with staff as necessary for the completion of these tasks.
9. Present the study to City Council and the public. If requested by the City, conduct a minimum of two (2) community meetings to inform the public or any rate changes.
10. Any additional meetings that the Firm or the City believes are necessary to ensure that everyone is well informed as to the status and major milestones of the project.

Mandatory Pre-Qualification Conference

A mandatory pre-qualification conference will be held on Monday, September 30, 2019, beginning promptly at 10:00AM (local time) at the City of Myrtle Beach Purchasing Office, located at 3231 Mr. Joe White Avenue, Myrtle Beach, SC 29577. Physical attendance by a firm representative is required. No remote attendance options are available. On-time attendance and sign-in are required for firm consideration. Late attendees will not be admitted.

PROJECT TIMELINE

Action	Date
Release of Solicitation	September 18, 2019
Mandatory Pre-Qualification Meeting	September 30, 2019 at 10:00AM 3231 Mr. Joe White Avenue Myrtle Beach, SC 29577
Questions Due (asowers@cityofmyrtlebeach.com)	October 4, 2019 at 10:00AM
City Response to Questions	October 9, 2019
Qualifications Due	October 18, 2019
Evaluation Period Ends	October 25, 2019
Reference Checks (as needed)	October 28-29, 2019
Negotiations/Selection of Finalists	October 30-31, 2019
Anticipated Contract Award	November 5, 2019

The City of Myrtle Beach reserves the right, at its sole discretion, to adjust the schedule as it deems necessary.

Submittal Requirements

The following information is to be submitted as part of the qualifications packet. The packet is not to be more than 20 single-sided pages in length including single page resumes of key personnel to be assigned to the project. Five copies are to be provided. (Other material such as a copy of a rate study performed by the applicant that most closely fits the scope of work outlined above may be sent as a supplement.) The packet is to be organized into the following categories:

- **Project Approach**: Describe your approach to this project, how you plan to address the study objectives, and any special strategies, techniques, or suggestions that you think might make the project proceed smoothly. Evaluation weight: 60 points

- Experience: Describe the experience of the firm and of the individuals assigned with related projects of a similar nature. Provide at least three municipality references. Evaluation weight: 15 points
- Qualifications: Describe your firm's unique qualifications and training for this type of work. Cite specific certifications or accreditations. Evaluation weight: 20 points
- Schedule: Describe your plan/schedule for completing the work. Evaluation weight: 5 points

Deadline for submitting qualifications will be Friday, October 18, 2019 at 2:00PM (local time.)
All packets should be sent to:

Ann Sowers
City of Myrtle Beach
Purchasing Division
3231 Mr. Joe White Avenue
Myrtle Beach, SC 29577

Qualifications should be marked Water/Sewer Rate Study. No e-mail submissions will be accepted. The City of Myrtle Beach will not be responsible for late or misdirected mail.

Questions concerning the scope of work should be sent to Ann Sowers at asowers@cityofmyrtlebeach.com

Selection of Firm

All qualifications received on time will be reviewed and screened by the City. Qualifications will be evaluated for the firm's quality of experience and the strength of the approach described, after which the City staff will negotiate a Professional Services Agreement with the selected finalist. If the City is unable to reach agreement with the selected finalist, the City will begin negotiations with other finalists, until an agreement satisfactory to the City is reached. The final agreement will be presented to the City Council for approval.

The City reserves the right to waive technicalities or irregularities, accept proposals and award a contract, to postpone acceptance of the proposals and the award of the contract, to reject any and all proposals received and re-advertise the project, to negotiate for a partial scope of work, or to negotiate separately with any source whatsoever in any manner necessary to serve the best interests of the City.