

## ADDENDUM No. 1

### RFP No. 991

#### Cost of Service Study for Water and Wastewater Services Unit

**Due: December 21, 2016 at 2:00 P.M. (local time)**

The following adjustments shall be made to the Request for Proposal for Cost of Service Study for Water and Wastewater Services Unit, No. 991 on which proposals will be received on/or before December 21, 2016 by 2:00 P.M. (local time)

The information contained herein shall take precedence over the original documents and all previous addenda (if any), and is appended thereto. **This Addendum includes 15 page(s).**

**Offeror is to acknowledge receipt of this Addendum No. 1, including all attachments in its Proposal by so indicating in the proposal that the addendum has been received. Proposals submitted without acknowledgement of receipt of this addendum will be considered nonconforming.**

The following forms provided within the RFP Document must be included in submitted proposal:

- City of Ann Arbor Non-Discrimination Ordinance Declaration of Compliance
- City of Ann Arbor Living Wage Ordinance Declaration of Compliance
- Vendor Conflict of Interest Disclosure Form

**Proposals that fail to provide these completed forms listed above upon proposal opening will be deemed non-responsive and will not be considered for award.**

#### I. QUESTIONS AND ANSWERS

**Question #1:** Does the City currently have a multi-year financial forecast (i.e., revenues, operating and capital expenditures), which the consultant will review and use as the basis for cost allocations, or would the City like the consultant to develop a multi-year financial forecast used as the basis for cost allocations?

**Answer #1:** Yes, the City has a 5 year financial plan used as the basis for cost allocation. Review of this will be a part of the scope of this project.

**Question #2:** Is it possible for the City to provide, a copy of the sign-in sheet with the names of the proposers who attended the pre-proposal meeting, a list of the available data the City thought would be helpful in preparing the proposal (it was a slide in the PowerPoint presentation) and the PowerPoint presentation provided at the pre-proposal meeting?

**Answer #2:** The Sign-In Sheet and PowerPoint Presentation covered in the pre-proposal meeting is attached hereto.

**Question #3:** I am working on our proposal for the Cost of Service Study, and have a few questions about the “Past Involvement with Similar Projects” section. For the 5 projects requested, can we include projects we have done/are working on with the City of Ann Arbor? Along the same lines, do all the projects we include need to be complete or can projects in process that are substantially complete be included as part of our list of 5?

**Answer #3:** Yes, you can use projects done with the City of Ann Arbor. Substantially complete projects can be a part of the list as well.

**Question #4:** Do cover sheet, cover letter, table of contents and divider sheets count toward total page count?

**Answer #4:** Cover letter does count towards the page counts. Cover sheet, table of contents and divider sheets do not. However, please use judiciously to conserve paper.

**Question #5:** On Proposal Format, Item B on p.14, the RFP requests a list of similar projects that includes no more than five (5) projects. It also requests that a complete list of client references be provided for similar projects recently completed. If the complete list of client references includes more than five projects, do you want the complete list, or a list of only five?

**Answer #5:** Please limit both references as list of similar projects to no more than five (5) projects.

Respondents are responsible for any conclusions that they may draw from the information contained in the Addendum.

# Sign-IN

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# Cost of Service Study for Water and Wastewater Services Unit

## RFP #991

## Pre-Proposal Meeting



December 1, 2016



# Pre-Proposal Meeting

- Project Team
  - Lynne Chaimowitz – Water Treatment
  - Marti Praschan – Public Services Administration
  - Brian Steglitz – Water Treatment
  - Earl Kenzie – Wastewater
  - Molly Maciejewski – Public Works
  - Abigail Elias – Attorney's Office
- Attendees – sign in sheet

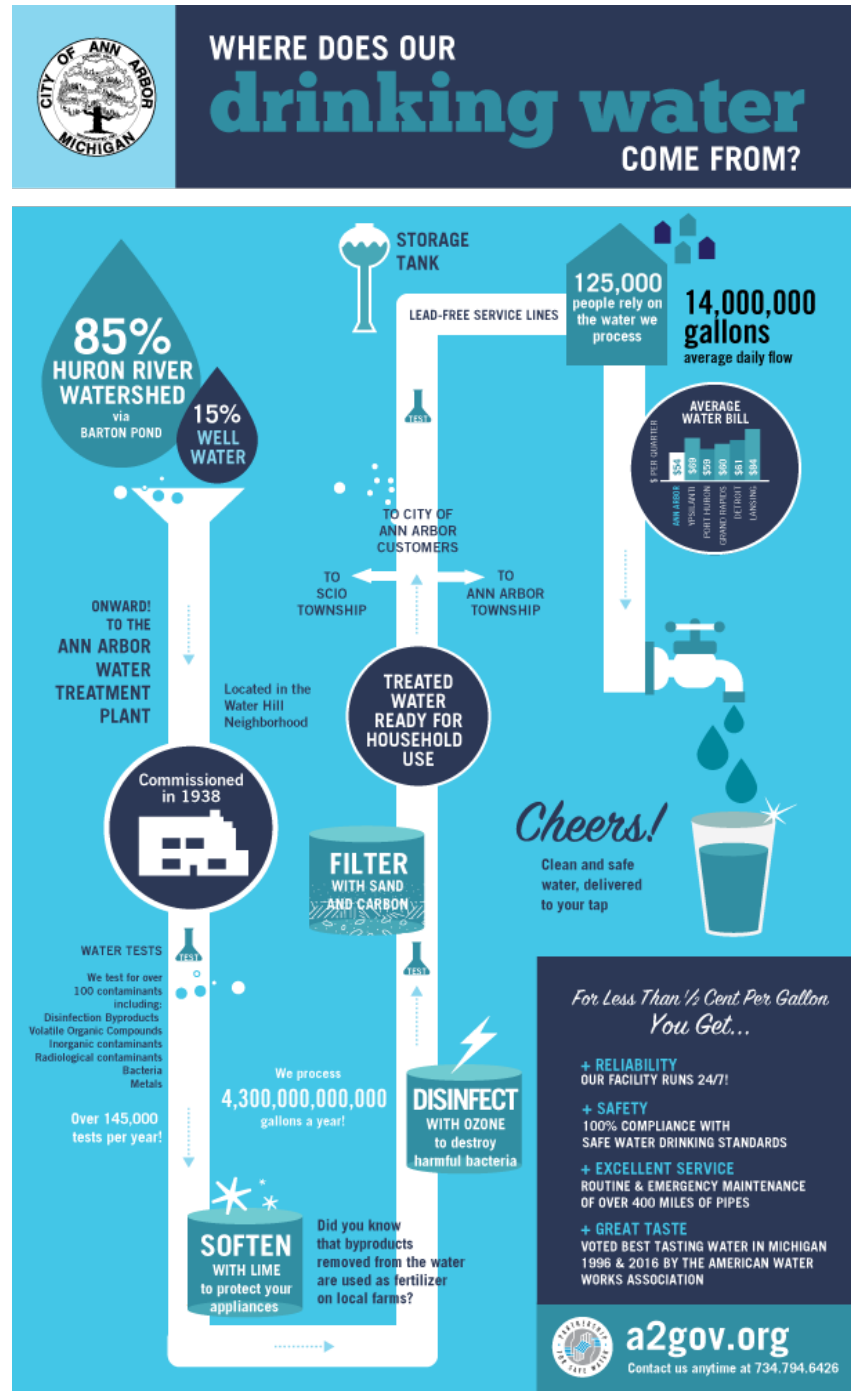


## Purpose

comprehensive water and wastewater  
cost of service and rate design study  
from experts in the fields of water/waste  
water utility engineering and financial  
services

# Background - Water

- Water supplied to ~120,000 residents, and 2 townships
- Facility commissioned in 1938
- Significant renovations planned in 2020





# Background – Waste Water

- Wastewater services to residents of Ann Arbor and 3 surrounding townships
- \$120 million dollar facility renovation in completion phase
- Comprehensive asset management study of the Sanitary Sewer System to be completed in early 2017







# Rate Structure - Current

## Water

- Residential rates: volumetric sales based on tiered rate structure – 4 tiers
- Commercial- flat rate based on tier placement. Tier placement based on peaking factor
- Average revenue requirement rate increases of 3% over the past 10 years
- Customer charge based on meter size

## Waste Water

- Flat rate
- Based on winter volume usage rate- to avoid water charges for outdoor rates
- Customer charge based on meter size

Early payment incentive of 10%



# Scope of Services

- Milestones with project team and Consultant/ define roles – define the process
- Review current rates and planning documents
- Reconciliation of revenues and expenditures for existing services
- Engage public (develop strategy, and implement to create a dialogue with the public on rates)
- Design rate model
- Make a recommendation and rate implementation plan
- Provide final report

# Deliverables

- Public engagement plan
- Report
  - Three alternative rate calculations per customer class
  - Recommended rate design, best practices to develop and implement financial decision making tools, any accounting changes necessary
  - Affordability provisions
  - Comparable utilities to Ann Arbor and their rate structure
- Cost-of-service model for future use

# Resources:



1. Current rates and practices  
(<http://www.a2gov.org/services/Documents/Water%20Rates.pdf>)
2. Current capital needs based on the Water and Wastewater Master Plans
3. Capital Improvements Plan, and Alternatives Analysis (2015)  
(<http://www.a2gov.org/departments/systems-planning/programs/Pages/Capital-Improvement-Planning.aspx>.)
4. 2003 cost of service study and model
5. 2015 Water and Wastewater Capital Recovery Charge Study
6. 2014 Water Distribution Level of Service & Reinvestment Study
7. City's ordinances and policies as they relate to water/wastewater utilities' rates and fees
8. City's indirect cost allocation method and the reimbursement to the General Fund for administrative and other costs
9. Negotiated contract rates for users not within City limits (e.g., neighboring townships)

**If you would like to review documents not publically available, you can schedule a time with Lynne Chaimowitz, Friday, December 2<sup>nd</sup> or Monday, December 5<sup>th</sup> between 2 p.m. and 5 p.m.**

# Timeline



- Written Question Deadline December 7, 2016 at 10:00 AM (Local Time)
- Proposal Due Date December 21, 2016 at 2:00 PM (Local Time)
- Tentative Interviews (if needed) Week of January 9
- Selection/Negotiations January 2017
- Expected City Council Authorizations after February 2017



# Required Forms – disqualified if not completed with bid package

- Attachments A: Legal Status of Respondent
- Attachment B: Non-Discrimination Ordinance
- Attachment C: Living Wage Ordinance Declaration of Compliance
- Attachment D: Vendor Conflict of Interest

Legal documents cannot be modified

Fee proposal—must be submitted in a separate sealed marked envelope with “fee proposal”



# Questions

- Any questions asked today, please provide in writing today, we need to have a formal addenda with questions.
- Today or via e-mail to [lchaimowitz@a2gov.org](mailto:lchaimowitz@a2gov.org) until 10:00 a.m. December 7, 2016