



REQUEST FOR PROPOSALS

CITY OF NORTH KANSAS CITY, MISSOURI

Proposals will be received at the office of City Clerk, City Hall, 2010 Howell Street, North Kansas City, Missouri, until **2:00 p.m., Monday, August 1, 2016** for the following:

**Water & Sewer Rate Study for the
City of North Kansas City, Missouri**

All proposals shall be submitted in a sealed envelope marked as follows:

**Office of the City Clerk
City of North Kansas City, Missouri
2010 Howell St.
North Kansas City, Missouri, 64116**

**Sealed Proposals For:
Water & Sewer Rate Study for the City of North Kansas City, Missouri**

Sealed proposals may be mailed or delivered by the above stated time and date.

The City reserves the right to reject any and all proposals and waive informalities in selection of the best proposal.

For a copy of the specifications, go to www.nkc.org, or you may pick up a copy at the Office of the City Clerk, Crystal Doss, at the address noted above. For questions, contact Shirley Land, Finance Manager at (816) 412-7813.

I. PURPOSE OF RFP

The City of North Kansas City is requesting proposals from firms for a rate analysis of the City's water and sewer rates to meet the City's needs over the next five years, but also extending projections for the next twenty years.

A. Water Rate Study

The need for this analysis is driven largely in part by a recent Water Supply and Treatment Evaluations and Improvements study completed by Burns & McDonnell. The study revealed the need for an estimated \$13,633,000 in improvements to the City's water plant and wells. It is necessary for the City to determine a means of financing these improvements, along with other capital improvements to the City's water and sewer systems that are planned in the future.

Further, in 2008, the City undertook a Master Plan Study of the water system identifying a number of projects over the next several years. The potential for these projects also needs to be considered in the analysis.

The City is fortunate to be the home of the riverboat casino, Harrah's North Kansas City, which contributes revenues from gaming to the City. The City may choose to fully subsidize the cost of these improvements, or to lend from that fund the entire amount necessary to finance the improvements then pay the fund back through water rates, or to take a middle position between the two. The awarded firm will be expected to analyze various options as part of this project.

Although it is anticipated that the City will likely elect to continue operating its own water plant and wells, another aspect of this study would be to analyze the effect on water rates if the City elected to decommission its plant and enter into a wholesale water purchase agreement with the City of Kansas City, Missouri.

B. Sewer Rate Study

The City of North Kansas City (City) owns and maintains approximately 42 miles of sanitary sewer lines, and approximately 28 miles of storm sewers. Funding for upkeep, maintenance and improvements for both systems is generated from payments by customers for sewer services.

The income and expenses of the sanitary sewers and storm sewers are both included in the Water Pollution Control (WPC) Budget. As an enterprise fund, the WPC Fund is supported solely from revenues generated from user fees. It should be noted that there is no debt service obligations in the WPC Fund.

II. INFORMATION ABOUT THE CITY

The City is a city of the third class and political subdivision of the State of Missouri. The City is located in Clay County, Missouri, in the greater Kansas City metropolitan area. The City encompasses approximately 4.6 square miles and has a 2010 population of 4,208 persons. The City of North Kansas City operates under a Mayor/Council form of government, with the Mayor and Council members elected for staggered two-year terms.

The City of North Kansas City owns its own water utility system. Current water usage in the North Kansas City Water Distribution System averages about 3.5 million gallons per day (mgd) with a maximum daily production of approximately 5.7 mgd serving 1,214 residential and 836 commercial service connections. A single Water Treatment Plant provides this water. The City has five (5) active water wells that serve as the source of supply of water for the Water Treatment Facility. The Water Treatment Plant has a firm capacity of 2 mgd.

The City utilizes Incode Accounting Software for its water billing and financial reports. Through Incode, the City is capable of providing a wide variety of financial reports for both enterprise funds which can be used for financial analysis.

More information about the City is available at <http://www.nkc.org>.

III. SCOPE OF SERVICES

A. Water Rates

Currently, water rates are based upon a flat rate meter charge, plus a rate based upon consumption after the first 3,500 gallons used monthly. Rates are discounted for larger water users. There are ten (10) classifications of users, all based upon the meter size.

The consultant will be responsible for conducting a comprehensive water cost of service and rate design study, including the following major elements. The analysis should assume these alternative methods of financing the estimated \$13.63 million in water plant improvements: (a) Complete subsidization from the Gaming Fund, with no impact on water rates; (b) No subsidization from the Gaming Fund, with water rates financing repayment of a loan for the project to be made from the Gaming Fund; (c) a hybrid of (a) and (b), with the Gaming Fund partially, but not completely, subsidizing the cost of the project. The analysis should also assume an option where the City wishes to decommission its water plant and wells and become a wholesale water customer of the City of Kansas City, Missouri.

1. Review existing revenues, compare to expenses, and determine if there are any deficiencies in the current rate structure. Determine the required water rates to meet expenses, capital and funding cost for each scenario mentioned above.

2. Include projected demands including projections of increased water revenues from the new customers in the Armour Road Redevelopment area.
3. Review the funding requirements for capital equipment replacement and recommend a prudent reserve policy for operations, capital replacement and emergencies.
4. Review the rates and methodology for charging large water users and the effect of rate increases on those users.
5. Provide a recommended rate structure that will recover projected revenue requirements for a twenty-year period. Components of the base rates and volume charges should be clearly identified.
6. Review miscellaneous fees to assure they are reasonable and not outdated.
7. Provide general discussion on current policies and trends related to payment options, deposit amounts, connections, disconnects, etc., in comparison to other water service utilities.
8. Provide the City with a sufficient number of printed copies of the final report and one electronic copy in PDF format.
9. The rate study shall include an easy-to-use electronic model, in Microsoft Excel to be used by the City staff for future evaluations.
10. Present the report and discuss recommendations to the City Council at a work session.

B. Sewer Rates

Currently, sewer rates are based on the metered volume of water that is consumed, and a base fee, which is based on the size of the customer's water meter. The base fee is charged each month, whether or not there is water consumption.

Large industrial water users are billed sewer charges separately to account for water diverted into product or cooling towers, water pulled from wells and for environmental surcharges.

1. Review existing revenues, compare to expenses, and determine if there are any deficiencies in the current rate structure.

2. Include projected demands including projections of increased sewer revenues from the new customers in the Armour Road Redevelopment area.
3. Review the funding requirements for capital equipment replacement and recommend a prudent reserve policy for operations, capital replacement and emergencies.
4. Review the rates and methodology for charging large industrial users and the effect of rate increases on those users.
5. Provide a recommended rate structure that will recover projected revenue requirements for a twenty-year period. Components of the base rates and volume charges should be clearly identified.
6. Provide general discussion on current policies and trends related to payment options, connections, disconnects, etc., in comparison to other sewer service utilities.
7. Provide the City with a sufficient number of printed copies of the final report and one electronic copy in PDF format.
8. The rate study shall include an easy-to-use electronic model, in Microsoft Excel to be used by the City staff for future evaluations.
9. The consultant will present the Sewer Rate Study to the City Council at a work session and at a public hearing where rates are considered for adoption.

IV. EVALUATION CRITERIA AND SELECTION PROCESS

The City will evaluate proposals and will select the proposal which meets the best interests of the City. The City shall be the sole judge of its own best interests.

The City's evaluation criterion may include but shall not be limited to the following:

1. Overall responsiveness to the RFP,
2. Qualifications and experience of the respondent,
3. Unique strengths or capabilities of the respondent,
4. Cost, and/or
5. Such other factors as the City may deem relevant.

A City review committee consisting of the city staff will review all proposals and may interview a "short list" of respondents and make a recommendation of a preferred respondent to the City Council.

The City may also request additional information from respondents at any time prior to final approval of a consultant. The City reserves the right to select one or none of the respondents. The City will select the consultant which, in its sole judgment, it determines will be in the best interest of the City. The City may waive any nonconformity with this RFP. The City's decisions will be final.

V. INFORMATION REQUIRED IN THE RESPONSE

All responses to this RFP should include the following information. Please respond to each item in the order listed below:

- A. Letter of Transmittal: This letter will summarize, in a brief and concise manner, the respondent's proposal. The letter must name all of the persons authorized to make representations for the respondent, including titles, addresses, and telephone numbers of such persons. An individual authorized to bind the respondent to the provisions of the RFP must sign the Letter of Transmittal indicating the individual's title and authority.
- B. Qualifications, Experience and Competence:
1. Identify the specific personnel to be assigned to the North Kansas City project by name, title and area of expertise;
 2. List the assigned personnel's qualifications, including formal education and practical training and experience;
 3. Explain the firm's past experience in projects of this nature and the experience of the assigned personnel. This explanation should include a description of the type of tasks performed in similar projects.
 4. As an appendix, please provide a sample of a previous water and sewer rate study.
 5. Respondents must include a representative list of clients/references for similar work.
 6. Include any other information that will assist the City in determining the firm's qualifications, experience and competence.
- C. Proposed Method of Doing Work: Respondents must describe the approach they will take in achieving the scope of services.

- D. Project Schedule; Please provide an anticipated project schedule from the time the respondent is awarded the contract to the completion of the work inclusive of presentation to the City Council.
- E. Cost: Respondents must provide a detailed explanation of the fee to be charged for the development of the rate study. The proposed fee must include all items necessary to achieve the scope of services.
- F. Additional Data: Any additional information which respondent considers pertinent.

VI. RESPONSE INSTRUCTIONS/TERMS

Respondent Questions and Information Requests

- A. Contact With the City: If any respondent has questions relating to the RFP such questions must be directed to the following City contact:

Shirley Land
Finance Manager
City of North Kansas City, Missouri
816-412-7813
E-Mail: sland@nkc.org

Contact regarding the RFP with persons other than the authorized contact person (either other City staff or City elected officials) may result in the disqualification of the submitted response to the RFP.

- B. Questions: All questions must be submitted in writing by e-mail. Telephone conversations must be confirmed in writing by the interested party.
- C. Responses to Questions: Depending upon the nature of the question, the City may choose to share the response with other *registered respondents* (see below) if it feels the information would either correct or clarify or elaborate on information contained within the RFP. In addition, the City will issue an addendum to the RFP when a submittal instruction needs to be added or changed. Respondents may request any information the City may have on-hand, and the City will determine if the request or the information found will be shared with other *registered respondents*.
- D. Registration of RFP: Additional information, amendments and addendums will be made to respondents known to have the RFP. In order to receive the latest information regarding this solicitation, you must register as an interested respondent to the RFP by submitting

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your contact information with *Shirley Land* at the above e-mail contact address and the City will send any updates by e-mail to each respondent.

- E. Confidentiality of Communications: Except as set forth above, all respondent communications with the City will be considered confidential prior to the public disclosure of the RFP's.
- F. Time for Questions: Questions concerning the RFP will be taken on or prior to Monday, July 25, 2016. After this date no further questions will be answered by the City.

Submission of Proposals

- G. Part V Information: Please provide the information requested in Part V hereof, "*Information Required In the Response*", in numbered order.
- H. Time Line:

Issue RFP:	July 7, 2016
Last day for Questions:	July 25, 2016
Proposals Due:	August 1, 2016, at 2:00 p.m. CDT

- I. Submission of Proposal: All respondents to the RFP shall submit **five (5)** sealed copies of their proposals to the City Clerk. In addition, one electronic copy will be provided on electronic media. The proposal must be sent or delivered to and marked as follows:

Office of the City Clerk
City of North Kansas City, Missouri
2010 Howell St.
North Kansas City, Missouri, 64116

Sealed Proposals For:
Water & Sewer Rate Study for the City of North Kansas City, Missouri

The entire proposal shall be packaged and sealed in one package. If the proposal is sent by mail or overnight delivery service, the vendor shall be responsible for actual delivery of the response to the proper address above.

The City will receive and consider all proposals submitted according to this request for proposals until **2:00 p.m., Monday, August 1, 2016.**

Other Terms

- J. Proposal a Part of Contract: The proposal document shall become an integral part of any

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such contract fully executed between the City of North Kansas City and the successful consultant.

- K. Use of Ideas Presented: The City retains the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.
- L. Supplemental Materials: Supplemental materials will not be accepted after the proposals have been opened, unless requested by the City.
- M. Amendments: The City reserves the right to amend, modify or withdraw this RFP for any reason, or no reason whatsoever, and at the City's sole and absolute discretion.
- N. Obligations: This RFP does not commit the City to select any respondent or enter into an agreement with any respondent.
- O. Contract Negotiation: The City reserves the right to negotiate with any respondent. As part of the negotiation process leading to the selection of a Consultant, the City may request additions or modifications to any proposal. It is the present intent of the City not to negotiate substantive portions of an applicant's proposal and to rely on the information submitted in these proposals in awarding a contract. The City reserves the right to award the contract without further discussion on the proposals submitted.
- P. Rejection of Proposals: The City reserves the right to reject any or all proposals if deemed to be in the best interest of the City. The City reserves the right to waive informalities in the RFP.
- Q. Confidentiality of Proposals: All responses to this RFP and documents and meetings relating thereto may remain closed records or meetings under the Missouri Sunshine Act until a contract is executed or until RFP responses are rejected. All responses to this RFP, proposals and supplementary material will become the property of the City when submitted. Thereafter, all responses to the RFP and all proposals will become public information.
- R. Approval By City Council: The selection of a consultant is subject to the approval of the City by its City Council, at its sole discretion.
- S. No Liability For Expenses: The City will not be liable for any expenses incurred by respondent in replying to this RFP or for expenses incurred by the successful respondent during the negotiation of an agreement between the respondent and the City.