

**LAS VIRGENES MUNICIPAL  
WATER DISTRICT**

**REQUEST FOR PROPOSAL FOR  
CONNECTION FEE STUDY  
(POTABLE WATER AND  
SANITATION)**

AUGUST 2022

**IMPORTANT DATES**

RFP ISSUED	AUGUST 3, 2022
REQUEST FOR INFORMATION DEADLINE: 12:00 PM	AUGUST 16, 2022
RELEASE OF INFORMATION REQUESTED	AUGUST 18, 2022
PROPOSAL DUE DATE/SUBMISSION DEADLINE: 4:30 PM	SEPTEMBER 12, 2022
AWARD DATE	OCTOBER 3, 2022
APPROXIMATE START DATE	OCTOBER 17, 2022

# SCOPE OF SERVICES FOR CONNECTION FEE STUDY

## 1. Overview

The Las Virgenes Municipal Water District (District) serves the western edge of Los Angeles County including the cities of Agoura Hills, Calabasas, Hidden Hills and Westlake Village. The District occupies 122 square miles and services a population of approximately 70,000. The District provides potable water, recycled water, and sanitation (wastewater) services to its customers through three separate enterprise funds. The sanitation and recycled water services are provided through a Joint Powers Authority with the Triunfo Sanitation District.

Las Virgenes Municipal Water District is organized under the Municipal Water District Act of 1911 (California Water Code 7100). A five-member board of directors, each elected by geographic divisions, provides governance. Directors serve overlapping four-year terms, and every two years - concurrent with installation of the newly elected board – they select board officers. The board also selects a local representative from LVMWD to serve on the Board of Directors of the Metropolitan Water District of Southern California.

The District is requesting proposals from qualified firms to prepare a comprehensive connection fee study for its three enterprises:

- Sanitation
- Potable Water
- Recycled Water.

The purpose of this study is to prepare a connection fee cost of service study, validate the appropriate rate structure, and recommend connection fees for the District that generate adequate revenue to cover:

- Current and future capital costs for new customers entering the system(s);
- Capital repair and replacement costs based on age and condition of infrastructure and systems;
- Major Capital Improvement project costs;
- An adequate reserve fund;

The study will analyze historical costs and the proposed ten (10) year Infrastructure Investment Plan (IIP) and develop a 5-Year connection fee schedule that complies with California Proposition 218 requirements.

The District last undertook a connection fee study in February 2016. A copy of the study is available on the District's website. The study implemented a "hybrid" approach (buy-in plus incremental cost components) for the update to potable water service connection fees, and a "buy-in" (equity buy-in) approach for the update to sanitation service connection fees.

## 2.Scope of Services

The following Scope of Services, as well as the entire RFP, will become part of the Agreement. The Scope of Services includes, but is not limited to, the tasks below, and any other tasks necessary to prepare a comprehensive Connection Fee Study. The completeness of the consultant's proposed scope of services will be a consideration in selecting the firm to prepare the District's rate study. The proposer is encouraged to adjust the list of tasks below as necessary to provide the District with a complete rate study.

1. Review historical investment, planned capital improvements and current connection fees for each District enterprise.
2. Provide a comparison of current connection fees against appropriate industry benchmarks, and comparable municipal entities in Southern California.
3. Evaluate the existing connection fee rate structures for conformance with existing statutory regulations and make recommendations for any changes that are necessary to achieve compliance that is equitable amongst all categories.
4. Evaluate existing connection fees and make recommendations for any changes.
5. Recommend a baseline connection fee for each enterprise to fund system improvements and expansion and consider annual inflationary, indexed adjustments to rates needed to maintain each enterprise.
6. Any recommendations made must consider or make provision for the following factors:
  - a. Current and future cost of providing services in conformance with established or anticipated changes to standards and regulations.
  - b. Age and condition of systems and the need to fund long-term capital replacements.
  - c. Changes in various systems as proposed in the most recent Sanitation, Potable Water, and Recycled Water Master Plans.
7. Develop an understanding of the most recent District Master Plans and the 10-Year Infrastructure Improvement Plan (IIP) and the impacts of those plans on connection fees.

8. Develop an understanding of the District's reserve policy and other financial policies, and ensure any recommendations for changes in connection fees meet the cash flow objectives of those policies.
9. Comment as to the extent to which the projected connection fee revenues meet projected capital needs satisfy bond covenants and required and/or recommended reserve levels.
10. Propose a methodology for annual inflationary adjustments in compliance with Proposition 218.
  - a. Include a reserve analysis in the financial models.
11. Demonstrate that costs from any proposed modifications are equitably distributed in proportion to the benefit received by the various classifications.
12. Provide justifications for any special classes of customers under the recommended connection fee structure.
13. Demonstrate that any proposed connection fee structure complies with the rate covenants of the District's outstanding utility bonds.
14. Demonstrate that any proposed modifications to connection fees are in conformance with other District policy documents.
15. Develop a new spreadsheet model that reflects any changes to the connection fee structure and provide training to staff in running "scenarios" that will allow staff to understand how the model operates and how the results of various future recommendations that may be proposed can be illustrated.
16. Provide a model that has a user-friendly dashboard with interactive graphics that automatically produces a suite of reports and graphs as inputs are changed. The model will be the property of the District and may be used by the District for any purpose.
17. Conduct analyses as required to address the scope of services.
18. Meet or confer weekly with staff by zoom or similar platform.
19. Attend up to two (2) meetings of the Las Virgenes Municipal Water District Board of Directors to present the study result and obtain their input.
20. Be available for at least one (1) community meeting to discuss proposed connection fees. Consultant shall be prepared to present the study to the residents in a public format.
21. Attend up to two (2) public hearings on the proposed connection fees.
22. Supply a time schedule for developing the draft reports, draft final reports and final reports.

23. Preliminary Report
24. Provide preliminary financial model and proposed 5-Year connection fee implementation schedule with three (2) alternative options.
25. Report: District shall confer with Consultant on content of the Final Report to meet Prop 2018 requirements. Consultant shall prepare a Draft and a Final Report which shall include but not limited to the following:
26. Executive Summary- A narrative to summarize the scope of the study, consultant's findings and recommendations. The narrative should also include proposed sewer rates for the next five years starting with July 1, 2023;
  - a. Introduction - A brief description of the organizational structure, population, service area, utility enterprises, including facilities,
  - b. Methodology Used- A description of the methodology used for analyzing the connection fees and how the study complies with Proposition 218 and other applicable laws;
  - c. Overview capital improvement programs and connection fee activity over the last 5 years and current financial condition;
  - d. A description of the capital improvement program, including State and Federal regulatory requirements, a 5 year summary of proposed capital expenditures, and a statement regarding the sufficiency of improvements to meet operating needs and regulatory requirements and reasonableness of the cost estimates.
  - e. Proposed new connection fee schedule that provides adequate revenues generated from connection fees, that is defensible and equitable across customer classes, and complies with Proposition 218 rate setting. The report shall describe the methodology for the determination of cost responsibility, which may be identified by reference to appropriate industry rate making principles, including guidance associated with designing and developing connection fees.
  - f. Proposed connection fee adjustment schedule using an inflationary formula that is clearly defined and does not exceed the cost of providing the service.
  - g. Proposed connection fee projection that forecasts fees for 10 years.
  - h. Provide comparison of proposed and current connection fees of other communities with similar systems.
  - i. Describe customer classes and describe historical and projected activity.
  - j. Describe allocation of capital requirements to various customer classifications, by system function
  - k. Discuss adequacy of current connection fees and need for increase(s), if any.
  - l. Discuss proposed connection fees.
  - m. Discuss the equity of recommended connection fees for all types of property ownership and customer classes.

- n. The study shall include an assessment of the revenue stream generated by the recommended connection fees and their ability to continue to fully fund capital projects.
  - o. Submit electronic copy of the Draft and Final Report.
  - p. If needed, provide hard copy of the Draft Final Report prior to adoption.
  - q. Provide word as well as PDF format of the Draft and Final Report.
27. The consultant will provide guidance and advice to District staff to assure compliance with the Proposition 218 process as it applies to connection fees. Provide the District with a public outreach material that can be released by the District. It is the intent of the District to complete and adopt, if at all, new connection fees for all three enterprises together at the conclusion of the Proposition 218 process at a public hearing.

### 3.Services To Be Provided By The District

The services to be provided by the District include, but are not necessarily limited to the following:

- 1. Furnish all reasonably available records and information, including financial reports, budget, and past connection fee studies.
- 2. Provide information on the most recent Capital Improvement Project lists.

### 4.Project Duration

The anticipated duration to complete the projects outlined in this work plan is through **December 31, 2022.**

The District has budgeted approximately 20 hours per week adjusting staff's schedule, as needed, to accommodate project needs and to facilitate the ability to meet the Utilities goals.

### 5.Proposal Format

All proposals shall include the following information:

- 1. Cover Letter- A signature by a principal or officer having the authority to negotiate and contractually bind and extend the terms of the written proposals is required.

2. Executive Summary – In a brief narrative, provide a description of your consulting firm. The contents of this narrative are to demonstrate to the District that the Consultant understands the Scope of Services. Include information on the following. Also include responses to the following:
  - Statement affirming the firm’s ability and willingness to execute the District’s Professional Services Agreement (Attachment A). Identify any conditions or terms of the Agreement with which the firm does not agree, including terms that the firm wishes to negotiate. Provide any proposed substitute language.
  - Legal Issues – Provide details of any past or pending litigation, or claims filed, against your firm, principals of the firm, or each of your key consultants, related to services performed for public agencies, or in actions that may affect its performance under a contract with the District.
  - Disclosures - Provide information on whether your firm or any principal of the firm has been, or currently is, the subject of any investigation by the County, State, and/or Federal agencies within the past five years. If so, identify the agency, contact person, the nature of the investigation, and any determination over the outcome of said investigation. Failure to provide the information may result in disqualification.
3. Approach to the Project: Describe your approach to this project and any special ideas, techniques or suggestions that you think might make the project proceed smoothly.
4. Experience: Describe the experience of the firm, and of the individuals assigned, with related projects of a similar nature. The team’s experience with creating various rate structures, including potable, recycled and sewer connection fee rates will be considered during the review process.
5. Qualifications: Describe your staff’s unique qualifications and training for this type of work. If using sub consultants, provide the company profile and define the responsibilities and services to be provided by the sub consultants.
6. References: References should place an emphasis on past projects in which the personnel to be used by proposer for this project were deployed. The references should include the name, title and contact information of the public agency officer or employee responsible for overseeing the proposer’s work.
  - List at least three (3) references, including name, address, and contact person, email and phone number.
7. Project Schedule: Describe your plan/schedule for completing the work. It is the District’s objective to hold a Public Hearing and count protest votes **by November 30, 2022** on the proposed connection fees. If meeting this public hearing date is not achievable, explain why you believe it cannot be met with a proposed alternative public hearing date.
8. Fee Schedule/Cost Proposal: Provide a not to exceed and all-inclusive Cost Proposal for the study.
  - The cost proposal shall include an estimate of the number of hours and clearly identify an hourly rate schedule for the proposed staff.
  - The proposal shall also include all costs and supplemental expenses related to photocopying, postage, travel, etc. (i.e.

Reimbursement expenses). To the extent that a proposal contemplates the use of sub consultants to perform any one or more of the above-described tasks on the proposer's behalf, the proposal shall include a List of Sub consultants identifying all sub consultants and state the fee for each sub consultant in the Fee Schedule.

9. Copy of A Rate Study – Include a copy of a connection fee study performed by the Consultant that most closely fit the Study Objectives, Study Requirements, Study Elements, and Services to be provided by the Consultant.

## 6.Evaluation Criteria

Each proposal shall be evaluated based on the proposer's expertise, experience and training and the expertise of its key personnel along with prior contracting history, approach to the Project, cost, proposed schedule and compliance with the RFP requirements including the terms of the attached PSA. The District shall weight each such factor as follows:

- a) Expertise, Experience & Training Plus Prior Contracting History (35%) – The expertise, experience and training of the proposer and its key personnel and previous experience with similar work in similar fields and qualifications and depth of the staff that will perform the work on this project. This factor includes evaluation of the proposer's prior contracting history, including the review of the proposer's certifications relating to false claims, debarment and civil litigation.
- b) Project Approach (35%) – The proposer's responsiveness in developing a comprehensive plan while meeting regulatory requirements and the specific needs of the District.
- c) Schedule Control (10%) – Proposal for completing the project in a timely manner, inclusive of the proposer's ability to identify critical paths for the timely and competent completion of all work contemplated by the Project.
- d) Compliance with RFP (10%) – The ability of the proposer to comply with all instructions set forth under this RFP as well as the proposer's ability to agree to all of the terms and conditions of the attached PSA without modification, particularly as relates to indemnification, insurance requirements and standards of care.
- e) Cost Schedule (10%) – The cost will be considered in performing an integrated assessment of the proposal leading to selection of the best value.

**Consultants should thoroughly address the above selection criteria to receive the maximum possible points.**

## 7.Selection Process

A selection committee, comprised of District staff will review the proposals. Proposals will be ranked on qualifications and the selection committee may choose to interview several of the top ranked proposers. However, at its sole discretion the selection committee may dispense with interviews and select a proposer to perform the work.



## 8. Proposal Requirements

The Consultant's proposal must be comprehensive, concise and to the point. Current company brochures and resumes of key personnel should be included as well as examples of previous work. However, a proposal is a voluntary response on the part of a Consultant, and this RFP does not commit the District to pay any costs incurred in its preparation. The District reserves the right to accept or reject optional elements of this proposal, or the proposal in part, or its entirety.

This RFP is a solicitation for proposals only, and is neither intended, not to be construed as an offer to enter into an agreement or engage in any formal rule competitive bidding or negotiation pursuant to any statute, ordinance or regulation.

All data, documents, and other products used or developed during the project will become the property of the District.

**The deadline to submit a proposal is September 12, 2022 at 4:30 p.m.** Proposals received after the deadline will not be considered. Please submit one electronic copy by email to Doug Anders, Administrative Services Coordinator at [danders@lvnwd.com](mailto:danders@lvnwd.com).

It is the proposer's responsibility to ensure that the most complete and current version of the solicitation, including addenda, is used in the development of the proposal. Submission of a proposal shall constitute acknowledgement and acceptance of all terms and conditions contained in this RFP and all exhibits and attachments hereto.

Proposers shall be bound to the terms of their proposal following the Submission Deadline, however, the District, in its sole and absolute discretion, reserves the right to accept post deadline modifications if it is determined that such modifications are in the best interests of the District. The District also reserves the right to waive minor non-substantive informalities or allow the proposer to correct them.

- a) Proposers shall be solely and exclusively responsible for all costs incurred in connection with the preparation and submission of the proposals; demonstrations; interviews; preparation of responses to questions and requests for additional information; for contract discussions; or for anything in any way related to this RFP. The District is not liable for any costs incurred by a proposer in response to this RFP. Whether or not a proposer is awarded a contract pursuant to this RFP, no proposer shall be entitled to reimbursement for any costs or expenses associated with the proposer's participation in this RFP process.
- b) Late proposals will not be considered.
- c) The District reserves the right to reject any and all proposals received as a result of this RFP. The District's potential award of a contract will not be based on any single factor nor will it be based on the lowest cost proposal. If a contract is awarded, it will be awarded to the proposer who in the judgment of the District has presented an optimal balance of relevant experience, technical expertise, quality of service, work history and other factors that the District may consider relevant and important in determining which proposal is best for the District.
- d) The District reserves the right to cancel or modify this RFP. There is no guarantee that the District will award a contract.
- e) The District reserves the right to investigate the qualifications of any proposer under

consideration including proposed subcontractors and parties otherwise related to the proposer and require confirmation of information furnished by a proposer, or require additional evidence of experience and qualifications to provide the services or otherwise discharge the obligations required by this RFP.

- f) Following the Submission Deadline, the District, pursuant to the California Public Records Act (Govt. Code Section 6250 et seq.) reserves the right to make copies of all submitted proposals available for inspection and copying by any interested member of the public, except to the limited extent the District determines that any information contained in a proposal is legally privileged under the California Public Records Act. By submission of a proposal, proposers acknowledge and agree that their proposal and any information contained therein may be disclosed by the District to interested members of the public, including other proposers.
- g) The District reserves the right to approve or disapprove of particular subcontractors, joint venture partners, or other proposed team members.
- h) The District reserves the right to evaluate responses in terms of the best interests of the District, applying criteria provided in this RFP and any other criteria the District, in its sole discretion, deems pertinent.
- i) By the submission of a proposal, each proposer accepts and agrees to execute a written Professional Services Agreement (PSA) in the form attached hereto as Exhibit 1. By submission of a proposal, each proposer agrees to execute a PSA with the District in the form attached hereto as Exhibit 1, inclusive of all stated terms and conditions relating to indemnification, required insurance and standard of care requirements. If a proposer is unable to agree to any of the terms or conditions of the PSA in the form attached hereto, the proposer must identify the provision(s) in question and provide an explanation as to why the proposer cannot comply with such provisions. If a proposer's objection to a certain provision of the PSA is merely a question of added cost, the proposer shall indicate in the proposal the difference in cost associated with complying with the provision(s) versus the cost associated with the District's waiver or modification of the provision(s). The District shall be under no obligation to make modifications to the PSA after a contract has been awarded and proposers shall be deemed to have incorporated all costs associated with compliance with the PSA into their proposal. A proposer's inability to comply with one or more provisions of the PSA shall be a factor that will be considered by the District in determining which proposal will serve the best interest of the District when all other factors are taken into account.
- j) All proposals must remain valid for a minimum period of ninety (90) calendar days after the Submission Deadline. Responses may not be modified or withdrawn by the proposer during this period except in accordance with this RFP and with written permission granted by the District.
- k) All questions or requests for clarification shall be submitted via email to Doug Anders at [danders@lvmwd.com](mailto:danders@lvmwd.com) by the REQUEST FOR INFORMATION DEADLINE. All questions received by this deadline will be addressed and posted on the District's RFQ portal by the RELEASE OF INFORMATION REQUESTED DATE.
- l) If it becomes necessary to revise any part of this RFP, written addenda will be posted on the District's RFQ portal. It shall be the sole responsibility of the proposer to check for any addenda to the RFP that may be issued by the District.

- m) It is presumed that each proposer has read and is thoroughly familiar with the scope of services to be performed under this RFP.
- n) The proposer agrees that, if a contract is awarded to a proposer, the proposer shall make no claim against the District or any of the funding agencies because of any estimate or statement made by any employees, agents, or consultants of the District which may prove to be erroneous in any respect.
- o) Proposers may withdraw their proposal prior to the Submission Deadline.

#### 9. Insurance Requirements

The selected consultant shall provide the following at the time of contract execution.

Insurance coverage must include naming the Las Virgenes Municipal Water District as additional insured (Form CG2010 or Equivalent), policy number, expiration date, and amounts (limits). GENERAL LIABILITY CARRIER MUST HAVE A CURRENT A.M. BEST RATING OF "A VI" OR HIGHER. WORKERS' COMPENSATION CARRIER MUST HAVE A CURRENT A.M. BEST RATING OF "A-VII" OR HIGHER. CARRIERS MUST BE ADMITTED IN CALIFORNIA. MINIMUM ACCEPTABLE LIMITS: GENERAL LIABILITY; GENERAL AGGREGATE \$2,000,000 AND PRODUCTS-COMP/OP AGG \$2,000,000. WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY: E.L. EACH ACCIDENT \$1,000,000 AND E.L. DISEASE-EA EMPLOYEE \$1,000,000 AND E.L. DISEASE – POLICY LIMIT \$1,000,000. Sample is available upon request

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