



Request for Proposal (RFP)

Water Rate Study

**Hixson Utility District
5201 Hixson Pike, P.O. Box 1598
Hixson, TN 37343**

Issue date: November 22nd, 2021

Submission Deadline: December 10th, 2021 2:00 P.M.

I. Introduction and Background

Hixson Utility District (“HUD”) is a water utility located in Hamilton County, Tennessee. HUD serves our natural aquifer-sourced water from two well fields to approximately 28,500 customers in the suburb of Hixson, and portions of the cities of Chattanooga, Red Bank, Lakesite, and Soddy-Daisy. The water system has approximately 455 miles of pipe and twelve tanks ranging from 180,000 to 2,000,000 gallons. Rates for our water service have not been increased in over 30 years. However, rates were restructured in 2015, 2016, and 2017, to better accommodate the utility to provide for our fast-growing service area.

II. Objective

HUD invites qualified consultants to submit proposals for the preparation of a water rate study. HUD previously contracted with a professional firm to perform a rate study and the recommendation was to restructure the rates by lowering the minimum usage. The goal of an updated rate study is to evaluate existing rates and develop a rate structure that enables HUD to adequately recover its cost of service for providing water and to maintain adequate reserves for capital improvement projects. HUD is requesting proposals from professional firms to provide a comprehensive review of the following aspects of our water utility:

1. Utility rates;
2. Rate structures;
3. Capital replacement costs;
4. Operating costs;
5. Revenues;
6. Required system development to accommodate growth; and
7. Appropriate rate levels and funding options to maintain adequate service levels.

The recommendations from this study should cover HUD’s operational and capital needs over the next five years and provide revenue projections for the next ten years.

III. Requirements for Proposal Submission

Proposals are due no later than 2:00 p.m. on December 10th, 2021 and must be received by that date and time. Proposals must be submitted to:

**Greg Butler, GISP
General Manager
5201 Hixson Pike
Hixson, TN 37343**

Questions regarding this RFP or submission requirements should be directed to Greg Butler at 423-877-3513 or email at gbutler@hixsonutility.com.

RFP Modification and Cancellation

HUD reserves the right to modify the RFP in any way HUD sees fit. Modification of the RFP, if any, will be posted as amendments with the original RFP. HUD also reserves the right to cancel the RFP for any reason. HUD is not liable for any time, resources, and materials that a proposer expends in responding to this RFP. Each proposer does so at its' own risk.

Timeline

An estimated timeline is listed below. HUD reserves the right to make changes to the schedule at any time.

Release of RFP	November 22, 2021
Final Questions Due	December 6, 2021
RFP Responses Due	December 10, 2021
Selection	December 15, 2021

Acceptance of Proposal Terms

A proposal submitted in response to this RFP constitutes a binding offer. An authorized representative of the proposing entity may withdraw proposals only by written request received before the proposal due date.

Proposer Validity Period

Each proposal must be valid for a period of 90 days from the proposal due date.

Authorship

Applicants must identify any assistance provided by agencies or individuals outside the proposer's own organization in preparing the proposal. No contingent fees for such assistance will be allowed to be paid under any contract resulting from this RFP.

All proposals submitted become the property of Hixson Utility District. It is understood and agreed that the prospective contractor claims no proprietary rights to the ideas and written materials contained in or attached to the proposal submitted.

IV. Scope of Services and Tasks

The consultant will be responsible for conducting a comprehensive cost of services and rate design study for the water utility, including the following major elements:

- A. Review historical account information, existing revenues, compare revenues to expenses, and determine if there are any deficiencies in the current rate structure.
- B. Determine the required rates and structure to meet operational expenses, capital improvement and funding costs for future needs of the systems.

C. Review the funding requirements for capital equipment replacement and recommend a prudent reserve policy for operations, capital replacement and emergencies.

D. Provide a recommended rate structure that will recover projected revenue requirements for a five-year period.

E. Review miscellaneous fees to assure they are reasonable and not outdated.

F. Recommend rates for a five-year period that will generate the level of revenue needs with a distribution of those costs on an equitable basis by customer category. Provide HUD with a MS Excel spreadsheet with rate options so that HUD staff can manipulate it for future evaluation.

G. Present the findings of the study to HUD Board of Directors.

H. Prepare communications materials for the public in the event a rate increase is proposed and approved by the Board.

V. Timeline Requirements

A. Proposer is expected to initiate work as soon as the contract is awarded and is expected to present to the HUD Board of Directors in March 2022 with an issuance of the final report prior to May 1, 2022.

B. All working papers, reports, and records relating to the work performed must be retained, at the selected consultant's expense, for a minimum of five years, unless the selected consultant is notified in writing by HUD of the need to extend the retention period. The selected consultant will be required to make working papers available upon request to the appropriate parties.

VI. Proposal Content

Proposal responses must adhere to the requirements outlined in this section:

A. Introduction. Provide a cover letter containing name and address of the organization with the name, address, telephone and fax number, and e-mail address of the contact person who will be authorized to make representations for the firm.

B. Scope of Work and Schedule. Briefly discuss firm's ability to complete each task outlined above, along with submitting a cost proposal to complete the scope of work within the identified timeline.

C. Qualifications and Personnel. Provide information on the following areas of interest:
(One page maximum per area)

1. Brief outline of the firm's background, qualifications, and ability to perform the scope of services. In addition to public finance experience, it is preferred the

chosen firm also have experience in civil engineering. Identify any sub-contractors proposed for the project.

2. Identify the project manager and provide contact information.

3. Provide acknowledgement of firm's ability to complete scope of work by established deadline.

4. Identify three successfully completed projects of a similar nature, preferably with direct involvement of water utility districts in Tennessee. Each project listed must include the name of the agency, project manager, phone number, and description of work performed.

D. Additional Information. Proposals may include any other information the Proposer deems essential to the evaluation.

VII. Review and Selection Procedure

A proposal evaluation committee comprised of HUD Staff will review each proposal. The following weighted evaluation criteria will be used in selecting a consultant:

- A. Experience with similar projects – 35%
- B. Relevant qualifications of key personnel (preference to have someone on staff with Civil Engineering experience) – 10%
- C. Proposed schedule – 25%
- D. Quality of approach for Scope of Work – 30%

Incomplete Proposals

Failure to meet the Scope of Services, submit required documents, or follow any of the listed conditions in this RFP may result in the proposal being disqualified. Such disqualification is at the sole discretion of HUD staff or the Board of Directors.

HUD reserves the right to reject any or all proposals for any reason. Minor irregularities of the proposal may be waived at the discretion of HUD.

VIII. Terms and Conditions

Award of Contract

The contract award will not be final until Hixson Utility District and the prospective contractor(s) have executed a contractual agreement. The contractual agreement consists of the following parts: (a) the basic provisions and general terms and conditions including terms required under the public contracting laws of the State of Tennessee, (b) the special terms and conditions, (c) the project description and goals (Statement of Work and Schedule of Deliverables), (d) the payment and delivery terms and (e) specific project deliverables.

Discrimination

It is the policy of Hixson Utility District to require equal opportunity in employment and services subject to eligibility standards that may be required for a specific program.

No person shall, on the grounds of race, color, religion, sex, handicap, national origin, age, citizenship, marital status, political affiliation or belief, be denied employment or benefits, or be discriminated against as a consumer, administrator or staff person under any program or activity receiving funds under this RFP.

In compliance with Department of Labor Regulations implementing Section 504 of the Rehabilitation Act of 1973, as amended, no qualified handicapped individual shall be discriminated against in admission or access to any program or activity.

The prospective contractor must agree to provide equal opportunity in the administration of the contract, and its subcontracts or other agreements.

Conflict of Interest

All proposals submitted must contain a statement disclosing or denying any interest, financial or otherwise, that any employee or official of Hixson Utility District or the appropriate Advisory Board may have in the proposing agency or proposed project.

Federal, State, and Local Laws and Regulations

A selected Proposer will be required to comply with all applicable laws, regulations, codes, standards, and ordinances during the term of the awarded contract.