

Manville Sewer Utility

Request for Proposal

Sewer Rate Study

The Borough of Manville is requesting proposals from qualified consultants to conduct a comprehensive sewer rate study. The intent of the study is to independently assess and evaluate the Manville Sewer Utility's (hereinafter "Utility") existing sewer rates and provide recommendations. The broad objective of the study is to adequately fund sewer utility operations, capital costs, and bonded debt while minimizing rates to the greatest degree possible.

The study will be based on a comprehensive review of the Utility's sewer fund and budgets, Somerset Raritan Valley Sewerage Authority rates, customer classes, current usage data, future planned growth of the Borough of Manville, and any other information deemed necessary.

SCOPE OF WORK

A. STUDY OBJECTIVES

1. Provide a comparison of current sewer system costs (operations, capital improvements, bonded debt) against appropriate industry benchmarks.
2. Recommend baseline rate structures required to fund sewer systems and consider annual inflationary, indexed adjustments to rates needed to maintain each utility.
3. Recommend ways of communicating utility system costs.

B. STUDY REQUIREMENTS

The study is to be performed in conformance with the following policy directions:

1. The recommended rate structures shall be based on cost of service and shall be sufficient to meet the revenue requirements of the Utility.
2. The study shall recommend rate structures that consider and make provisions for the following factors:
 - a. Current and future cost of providing sewer service in accordance with established and anticipated standards and regulations.
 - b. Projected demands.
 - c. Availability of supply (seasonal fluctuations and long-term availability).

- d. Age and condition of systems.
 - e. Funding requirements for all current long-term liabilities and debt obligations (bond, notes, and loans).
3. The recommended rate structures shall provide direct identification of revenues appropriated to major funded activities and infrastructure.
 4. The recommended rate structures shall be consistent with industry practice for utility rate making in New Jersey.
 5. The study shall provide at least two recommended rate alternatives for the utility based upon standard rate practice. The consultant will make a recommendation as to which alternatives best meet the criteria. All alternatives shall assume a “base plus consumption” format.
 6. The benefits of any proposed modifications shall be weighed against the financial impacts on ratepayers.
 7. Justifications for any special classes of customers under the recommended rate structure shall be demonstrated.
 8. The recommended rate structure shall result in no decrease in stability of the revenue stream, as compared to the current structure.
 9. The recommended rate structure shall be easy to administer and understand.
 10. The Utility’s billing system should be able to handle any proposed rate structure.
 11. The recommended rate structure shall be planned for at least five years.

C. STUDY ELEMENTS

In making its rate structure recommendations, the final report shall explicitly include the following elements and analysis:

1. **Current Rate Structure:** Assess the current rate structure's performance as a baseline for comparing recommended changes.
2. **Equity:** Assess the equity of recommended sewer rates for all types of property ownership.
3. **Conservation Impacts:** Assess the interaction between the conservation elements of the recommended rate structure and their impacts on the ability to fund operations as well as their impact on the economic well-being of the community.
4. **Sensitivity Analysis:** Assess the ability of the revenue stream generated by the recommended rate structures to continue to fully fund sewer system costs. Assessment is to include a sensitivity analysis where the long-term revenue generated under each alternative shall be illustrated when confronted with the impacts of growth.
5. **Other Service Charges:** Assess existing customer service fee structure and identify other potential areas for service and system charges and recommend changes.
6. **Rate-payer Education/Communication:** Recommend methods for communicating utility costs to include layout of the utility bill and how it might be used to identify actual costs of providing sewer services under recommended rate structures. Assess ease of communication associated with each recommended rate structure.
7. **Annual fund balance targets.**
8. **Annual target contingency fund balances and level of liquidity.**
9. **Budgeting Horizon and Cycle:** Assess appropriate budgeting horizon and cycle needed to support recommended rate structures.
10. **Comprehensive Summary of Recommended Rate Structure(s).** Assess performance of each recommended rate structure and provide recommendation on preferred rate structure.
11. **Supporting Data.** Provide data supporting conclusions and observations made for each of the areas above and site within study.

D. SERVICES TO BE PROVIDED BY CONSULTANT

1. Conduct a review of the existing sewer rates and status of the utility funds. Develop a general familiarity with the Utility's billing system.
2. Meet or confer with as needed with the Utility staff, Borough Administrator and Committee.
3. Conduct analyses as required to address the scope of work.
4. Preliminary Report:
 - a. Prepare a preliminary study report and tentative rate structures.
 - b. Submit 3 copies.
5. Final Report
 - a. Incorporate changes pursuant to comments received after the Utility staff, Borough Administrator and Committee, review preliminary study report.
 - b. Submit 12 copies, plus one reproducible copy.
 - c. Provide a disk with report in MS Word format, with spreadsheets (if any) in Excel format.
 - d. Present the final report and recommended rate structures to the Borough Council and members of the public at a regular Council meeting.
6. Supply a time schedule for developing the preliminary and final study reports. The final report shall be delivered to the Utility within 120 days of contract award.

E. SERVICES TO BE PROVIDED BY THE UTILITY

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

1. Furnish all reasonably available records and information, including financial reports, budgets, and consumption data.
2. Provide a loaner copy of the Comprehensive System Plan and Waste Facilities Plan.
3. Provide staff and engineering support and assistance as required and agreed to in advance of study.

PROPOSAL SUBMITTAL

A. The following information is to be submitted as part of the proposal. The proposal is not to be more than 5 single-sided pages. Five copies of the proposal are to be provided. Other material may be attached as deemed appropriate, to include a copy of a rate study performed by the applicant that most closely fits the scope of work outlined above. The 5-page portion of the proposal is to be organized into the following categories:

1. **Project Approach:** Describe your approach to this project and any special ideas, techniques, or suggestions that you think might make the project proceed smoothly.
2. **Experience:** Describe the experience of the firm and of the individuals assigned with related projects of a similar nature. Provide at least three references.
3. **Qualifications:** Describe your firm's unique qualifications and training for this type of work. Cite specific accounting certifications or accreditations.
4. **Schedule:** Describe your plan/schedule for completing the work.

B. Deadline for submission of proposals:

1. Interested firms should submit proposals by NOON on June 28, 2019 to:

Michael Pitts, CFO / QPA
Borough of Manville
325 N. Main Street
Manville, NJ 08835

2. Proposals should be marked:
"Sewer Rate Study – Manville Sewer Utility"

SELECTION OF CONSULTANT

Proposals will be evaluated by a committee made up of Utility staff, municipal engineer, and the Borough Administrator. They will be evaluated on the basis of experience, qualifications, your approach to the project, and any innovative ideas you have for making the project successful.

Final selection will be based on the evaluation of proposals unless it is deemed necessary by the committee to conduct interviews of closely experienced consultants. The consultant determined best qualified to perform this project will be recommended to the Borough Council for contract award on either July 15, 2019 or August 12, 2019.