



## Thurston County, Washington

Public Works Department, Water Resources Division  
9605 Tilley Road S, Suite C  
Olympia, Washington 98512

# REQUEST FOR PROPOSAL (RFP) NO. 034-2021-WR-R001 THURSTON COUNTY WATER AND SEWER UTILITIES RATE DESIGN & FINANCIAL ADVISORY SERVICES

### Solicitation Documents

All solicitation documents, including any addenda, are published on the Thurston County Public Works website at:

<https://www.co.thurston.wa.us/publicworks/delectus.html>.

### Proposal Due Date

Proposals are due no later than: 3:00 p.m. PT on April 22, 2021

### Proposal Acceptance Location

**Sealed Proposal will only be received by:**

Thurston County Public Works, Water Resources Division

9605 Tilley Road S, Suite C

Olympia, Washington 98512

*Office Hours: 8:00 a.m. to 5:00 p.m., Monday through Friday*

*Phone: 360-867-2300*

Thurston County reserves the right to reject any and all Proposals, cancel this solicitation, and to waive any informalities or irregularities in procedure.

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# THURSTON COUNTY WATER AND SEWER UTILITIES RATE DESIGN & FINANCIAL ADVISORY SERVICES

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**THURSTON COUNTY WATER AND SEWER UTILITIES RATE DESIGN & FINANCIAL**  
**ADVISORY SERVICES**

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**SECTION 1 – GENERAL INSTRUCTIONS TO PROPOSER**

**1.1 PROJECT DESCRIPTION**

Thurston County, Washington, Public Works Department, Water Resources Division (“the County”) is soliciting Proposals from qualified firms or individuals for water and sewer utilities rate design and financial advisory services.

It is the purpose of this solicitation to select a qualified firm or individual who can develop a rate structure for the County’s water and sewer utilities which best meets the operational and capital needs of the utilities, both current and future, and is reasonable and equitable. The resulting study must address the policy decisions which are made in developing the rate structure.

**1.2 PROCUREMENT SCHEDULE**

Following is the procurement schedule for this RFP. The dates shown below are estimated, are provided for information only, and are subject to change at the sole discretion of the County.

**Table 1: Solicitation and Anticipated Award Schedule**

Date of Issuance	3/18/21
Questions & Request for Clarification Due	4/1/21
Answers & Clarifications Provided By	4/15/21
Proposal Due	4/22/21
Anticipated Award	6/10/21

Proposals prepared in accordance with the RFP will be received by the County at the address below, until 3:00 p.m., PT on the Proposal Due Date. Late Proposals will not be considered for selection and will be returned to the Proposer unopened. The County is not responsible for late or misdirected delivery of Proposals.

A Proposer must submit in a sealed package one (1) original, three (3) duplicate copy sets, and one (1) electronic copy of the Proposal and Appendices. The original shall be marked ORIGINAL and all hard copies shall be unbound (no binder or comb binding – binder clips and/or rubber bands may be used). Proposer shall submit its Proposal, an exact duplicate of the original Proposal on USB Flash Drive in Adobe Acrobat™ format Version 7.0 or higher. If multiple flash drives are used, Proposer shall label the content on each disk/drive. Each package shall be clearly marked on the outside with the following label in the lower left-hand corner:

**REQUEST FOR PROPOSAL NO. 034-2021-WR-R001**

**THURSTON COUNTY WATER AND SEWER UTILITIES RATE DESIGN & FINANCIAL ADVISORY**  
**SERVICES**

## **RFP Opening Date & Time**

Proposer's name and address shall be on the outside of the envelope or container. Deliver responses to:

**Thurston County Public Works, Water Resources Division  
9605 Tilley Road S, Suite C  
Olympia, Washington 98512  
ATTN: Zainab Nejati, Technical Services Manager**

### **1.3 PROPOSAL FIRM OFFER**

Proposal shall remain firm and unaltered after the time of closing (i.e., 3:00 p.m. PT on the Proposal Due Date) and for ninety (90) calendar days from such date. The County and the Proposer may mutually agree to extend the period during which the Proposal shall remain firm and unaltered.

### **1.4 MODIFICATION/WITHDRAWAL OF PROPOSALS**

Written requests to modify or withdraw a Proposal received by the County prior to the scheduled time of closing (i.e., 3:00 p.m. PT on the Proposal Due Date) will be accepted and will be corrected after opening. No oral requests will be allowed. Requests to modify or withdraw a Proposal must be addressed and labeled in the same manner as the Proposal and marked as a MODIFICATION or WITHDRAWAL of the Proposal. Requests for withdrawal after the time of closing will be allowed at the County's sole discretion.

### **1.5 PROPOSALS ARE PUBLIC RECORD**

If your Proposal contains information considered to be exempt from the Public Records Act, Section 42.56 Revised Code of Washington (RCW), those items must be clearly marked as such and may be returned to you upon request once contract award has been determined.

### **1.6 EXAMINATION BY PROPOSER**

Each Proposer is responsible for examining the RFP, including the sample Contract, prior to submitting a Proposal. Failure to examine such documents and any errors made in the preparation of a Proposal are at the Proposer's own risk.

The dates contained in this RFP are for informational purposes only. The County makes no warranty as to the accuracy of the dates. Each Proposer shall make its own examination, investigation and research regarding the proper method of doing the work under this RFP and Contract, all conditions affecting the work to be done, the necessary labor, equipment and materials, and the quantity of work to be performed. The Proposer agrees that it has satisfied itself by Proposer's own investigation and research regarding all such conditions, and that Proposer's conclusion to enter into the Contract and execution of the Contract is based upon such investigation and research, and the Proposer shall make no claim against the County because of any of the estimates, statements, or interpretations made by any officer or agent of the County that may prove to be erroneous in any respect.

## **1.7 INQUIRIES AND ADDENDUM**

It is the responsibility of each Proposer to examine the entire RFP and, as necessary, seek clarification (inquiries). This RFP may only be modified by a written addendum issued by the County. Proposer shall not rely on verbal responses to inquiries. A verbal reply to an inquiry does not constitute a modification of the RFP.

All inquiries regarding this RFP shall be directed in writing (mail or e-mail) to the Thurston County Public Works, to the attention of:

**Zainab Nejati, Technical Services Manager**  
**Thurston County Public Works, Water Resources Division**  
**9605 Tilley Road S, Suite C**  
**Olympia, WA 98512**  
[Zainab.nejati@co.thurston.wa.us](mailto:Zainab.nejati@co.thurston.wa.us)

No communication regarding this RFP should be directed to any other County official or employee. All inquiries will be responded to in the form of a written addenda.

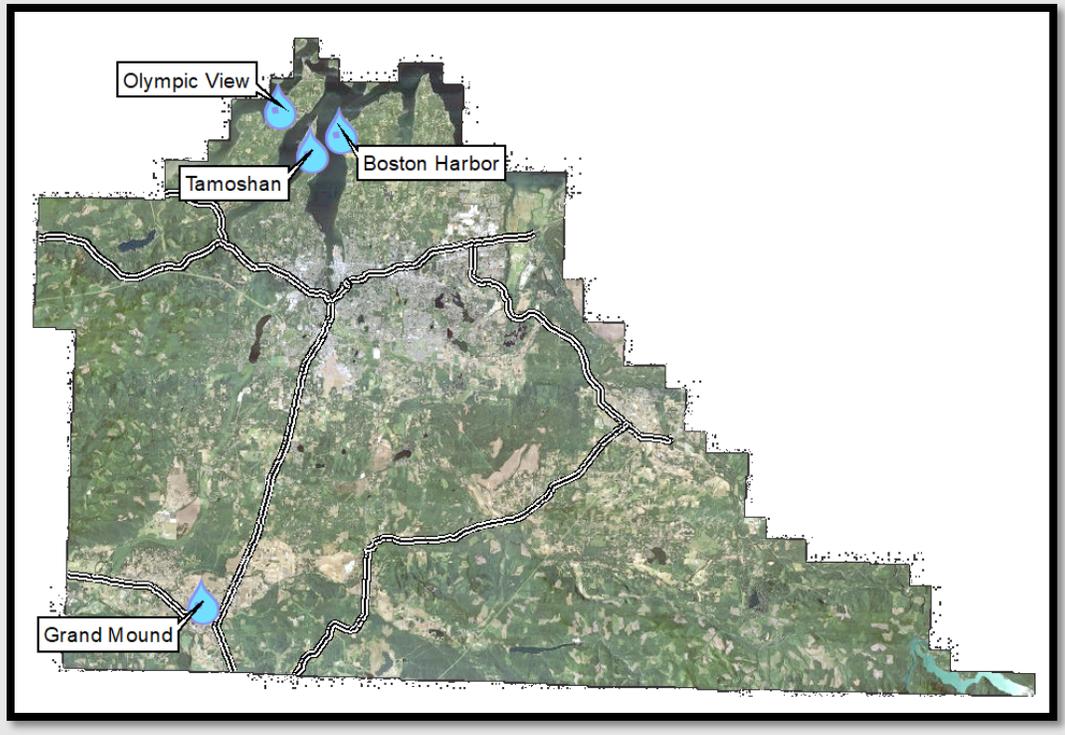
All inquiries must clearly identify the name of the inquiring firm or person and the RFP number, title and page number. The deadline for receipt of inquiries from Proposer is 3:00 p.m. (PT) on April 22, 2021.

## **SECTION 2 – OVERVIEW OF SERVICES REQUESTED**

Thurston County, Washington, Public Works Department, Water Resources Division (“the County”) is soliciting Proposals from qualified firms or individuals for water and sewer utilities rate design and financial advisory services.

### **2.1 BACKGROUND INFORMATION**

Thurston County currently owns and manages seven separate utilities in four communities: Grand Mound, Tamoshan, Boston Harbor, and Olympic View. Of the four communities, Olympic View receives sewer service only from the County. The remaining three communities have both water and sewer although some residents may be connected to only one utility service. Three of these communities’ systems were taken over by Thurston County at the request of the community or because of financial difficulties. One, the Grand Mound Water and Sewer System, was developed and constructed by the County to serve an Urban Growth Area (UGA). The Grand Mound Water and Sewer System is the only system with appreciable growth potential.



**Figure 1. Location of Thurston County Water and Sewer Utilities**

Combined, these utilities serve approximately 800 connections. The customer base of Olympic View and Tamoshan is entirely single family residential. The Boston Harbor system is residential, with the exception of two connections: one marina and an elementary school. The customer base of Grand Mound is nearly 1/3 commercial, and these customers provide the bulk of system revenue.

**Table 2: Summary of System Information**

Community	Water Service	Sewer Service	Approximate Age	No. of Utility Accounts <sup>2</sup>
<b>Boston Harbor</b>	Yes	Yes	1990s	278
<b>Grand Mound</b>	Yes	Yes	2000s	116
<b>Tamoshan<sup>1</sup></b>	Yes	Yes	1970s	390
<b>Olympic View</b>	No	Yes	1996s	28

<sup>1</sup>Tamoshan system provides water and sewer service to the Tamoshan subdivision, and sewer service only to the Beverly Beach subdivision.

<sup>2</sup>Account holders may receive only one utility service.

Each utility operates independently with their own operating funds; and the rate structure for monthly base rate, consumption, and connection charges are system specific.

**Table 3: 2021 Monthly Base and Fixed Charges**

Utility/ Service	Fixed Service Charges per ERU <sup>1</sup>	Water Consumption Rate \$ per 100 Cubic Feet	Temporary Connection Fee Hydrants Meter Each Occurrence <sup>2</sup>	Hydrant Meter Monthly Service Charge <sup>2</sup>
<b>Tamoshan/Tamoshan/Beverly Beach</b>				
Water	\$79.98	\$2.67	\$160.00	\$52.00
Sewer	\$140.64			
<b>Boston Harbor</b>				
Water	\$40.97	\$2.69	\$160.00	\$52.00
Sewer	\$109.58			
<b>Grand Mound</b>				
Water	\$44.72	\$2.56	\$160.00	\$52.00
Sewer	\$92.15			
<b>Olympic View</b>				
Sewer	\$105.53			

<sup>1</sup>Equivalent residential unit (E.R.U) is defined in Thurston County Code Section 15.12.012.

<sup>2</sup>File application for service and pay non-refundable connection and hydrant meter set fees listed in Thurston County Code Section 15.12.010. Water usage shall be charged at the current rate per one hundred cubic feet of water.

Base rates are charged per equivalent residential unit (ERU). Single family residential customers are charged at a base rate of 1 ERU. Commercial customers are charged an ERU rate which is dependent on both the original ERUs charged when connecting to the system, and prior calendar year usage. The commercial account base rates are adjusted annually. The County does not currently charge fees for fire department connections.

The existing fund structure, detailed below, is challenging to administer and the County has previously investigated the legality and potential benefits of consolidating the utilities to one sewer, and one water utility serving all communities. This investigation culminated in the *Thurston County Utility Consolidation Feasibility Study* prepared by HDR, Inc., and provided in Appendix A.

## 2.2 FUND STRUCTURE

The County manages both operating and reserve funds for each community, with the exception of Olympic View with one fund for both operating and reserve activities. The fund set-up varies between each community. In some cases, operating and/or reserve funds for water and sewer are combined, while in other communities they are separate. Table 4 shows the fund set-up by community.

**Table 4: Summary of System Fund Setup**

Community	Operating	Reserve
<b>Boston Harbor</b>	Combined	Combined
<b>Grand Mound</b>	Separate	Separate
<b>Tamoshan</b>	Separate	Combined
<b>Olympic View<sup>1</sup></b>	N/A	N/A

<sup>1</sup>One fund for both operations and reserve activities.

### **2.3 PROJECT DESCRIPTION**

Thurston County Public Works Water Resources Division is seeking professional consulting services to prepare an equitable cost allocation study of both water and sewer rate structures for the County’s utilities. The intent of the study is to assess and evaluate the water and sewer utilities existing rate setting principles, including:

- financial planning and revenue requirements analysis,
- cost of service analysis,
- rate design analysis, and
- organizational structure (e.g. one utility vs. separate utilities)

to adequately fund water and sewer utility operations, maintenance, preservation, and future capital costs while minimizing rates and rate volatility to the greatest degree possible. Recommendations should be designed to provide stability and ease of administration for the County and the ratepayers and aimed at equitable allocation of cost among ratepayers.

### **2.4 SCOPE OF WORK**

As part of the study, Proposer will examine various rate design approaches which recover revenues to fully support operations, maintenance, preservation, and capital improvements. The services necessary to produce the equitable cost allocation study will include all necessary analysis of the financial planning and rate structures for each of the utilities. In general, the scope of work shall involve the following tasks:

- Meeting with County staff to discuss overall project goals, existing policies, and challenges.
- Identify, collect, and review Water Resources Division information needed to conduct the study.
- Prepare policy paper(s) analyzing rate structure options including considerations for irrigation accounts, rate structures that encourage water conservation, meter-based rates, consolidated postage stamp rates, and the influences of rate structures on economic development.

- Calculate and project revenue requirements for each water and sewer utility individually, and on a consolidated basis (one water, and one sewer utility serving all communities). Analyze requirements based on anticipated operating and capital expense needs, as well as various debt financing instruments, state revolving fund loans, grants, use of cash balances, etc.
- Conduct a cost-of-service study for each water and sewer utility. Allocate revenue requirements among customer classes using generally accepted cost-of-service allocation techniques.
- Propose a minimum of two rate designs based on revenue and cost analyses which address consolidated (one water, and one sewer utility serving all communities) and unconsolidated utility (existing condition) scenarios. Develop rate alternatives, following discussions with the County, which are equitable for ratepayers, meet revenue requirements for providing water and sewer services, and are easy to understand and administer.
- Prepare a final Equitable Cost Allocation study. The final draft shall be a high-quality and useful report that is concise, clearly written and can withstand scrutiny by other experts. Recommendations should be well-grounded with data supporting conclusions and observations for feasibility.

In addition, the scope of work should include analysis of the County's General Facilities charges. This task should be identified as an optional task in the scope of work and priced separately.

## **2.5 TIMELINE FOR SERVICE DELIVERY**

Proposer base task services provided under the resulting contract are expected to be completed within six months from execution of contract.

The period of performance may be extended for a period of up to one (1) year should the County choose to execute optional tasks. The target date for exercising the extension is February 2022.

## **2.6 ESTIMATED VALUE**

The expected value of the resulting contract, excluding optional services, is estimated to be between **\$40,000 - \$60,000**.

# **SECTION 3 – PROPOSAL INSTRUCTION**

## **3.1 REQUIREMENTS FOR PROPOSAL**

In order to be deemed responsive to this RFP, Proposers must submit the following information: These requirements are in addition to any other requirements identified herein.

- A title page including the name, local address, website address, phone number, email address, and primary contact of the firm proposed for this contract.

- The name and title of the person authorized to execute a contract on behalf of the Proposer. A letter of interest signed by the person authorized to execute a contract on behalf of the Proposer. The letter must describe the Proposer, its size and organization, the number of and location of offices, and general operational structure. Include in the letter of interest the names and number of years the Proposer has been in business under current or previous names or additional assumed business names. The letter should also mention the key highlights of the Proposal.
- Briefly describe previous projects in which the Proposer was engaged that are comparable or relevant to this project. Provide brief resumes (no more than 3 pages) of each staff member to be assigned to this project. Please include qualifications and experience of sub-consultants to be engaged by the Proposer, including any past projects that were worked on together.
- How will the project be organized and managed? Describe how the Proposer will organize, manage, and report on the status of the project. Indicate who within the organization will have final authority for the work.
- Specific methodologies to address the study objective. Identify and discuss the data you would expect to need for the project. Please include any other important technical issues that could arise. Address any potential challenges/risks and how those would be mitigated.
- A statement outlining any exceptions to the County's requirements or clarifications to the requirements.
- Any additional services or procedures of benefit to the County not specifically required herein, which the Proposer offers to provide.
- Firm fixed price cost Proposal for the complete scope of work, including required and optional tasks. Enter amounts into the pricing form found in Appendix C. For each task submit a breakdown of estimated hours to show how firm fixed price cost was determined. See Appendix B for an example cost breakdown. Each cost option shall include all possible direct and indirect costs, travel, insurance, overhead, labor, profit, rebates, service fees, and any other expenses. Proposer may also include additional recommended services, if desired, which should be clearly identified as optional services and should be included as separate line items in the Proposal.
- Provide firm fixed hourly rates for ad-hoc services which shall be firm for the term of the contract. Proposer must clearly state the hourly rates and title for each individual.
- The caption, case number, Court, Counsel, and general summary of any litigation pending, or judgment rendered within the past 3 years against the Proposer.
- Note the extent, if any, to which the Proposer or any person in a controlling capacity associated therewith or any position involving the administration of federal, State or local funds, is currently under suspension, debarment, voluntary exclusion, or determination of eligibility by any agency; has been suspended, debarred, voluntarily excluded or determined ineligible by any agency within the past 3 years; does have a proposed debarment pending; has been indicted, convicted or has a civil judgment rendered against said Proposer by a court of competent jurisdiction in any matter involving fraud or misconduct within the past 3 years.

### 3.2 PROPOSAL FORMAT

Please use the following as a guideline to format your Proposal.

**Font Size:** Please use fonts no smaller than 10 point.

**Format:** In order for Thurston County to adequately compare and evaluate qualifications and project approach objectively each response to specific requests and criteria should be clearly labeled.

**Page Count:** Maximum Proposal length **not** including title page, letter of interest, table of contents, resumes, and required forms should not exceed 25 pages single -sided.

These requirements are in addition to any other requirements identified herein.

## SECTION 4 - EVALUATION CRITERIA

### 4.1 EVALUATION CRITERIA

Proposers will be evaluated on the following criteria:

Criteria	Possible Points
<b>Proposal Presentation</b> The information is presented in a clear, logical manner, and is well-organized. All required information is provided.	5
<b>Qualifications and Experience</b> The qualifications of the Proposer and key individuals assigned to this project meets the needs of the County.	35
<b>Capacity &amp; Availability</b> The Proposer has the size, resources, and commitment to provide timely services based on the County needs.	5
<b>Approach to Work</b> The Proposer's approach to work demonstrates an understanding of the Scope of Work, including compliance with requirements, innovative offerings, services offered, and other related matters.	30
<b>References</b> References either submitted with the Proposal or known to the County.	10
<b>Cost</b> The Proposal cost is reasonable, demonstrates an understanding of scope, and is an exceptional value for the approach to work.	15
<b>Total Points Possible</b>	100

## **4.2 INTERVIEWS**

Interviews will be held at the sole option of the County. If interviews are conducted, selected Proposer should plan to have the identified key personnel assigned to the project team make the presentation. Selected Proposers may be asked to provide supplemental or additional information for review by the evaluation committee prior to the interviews.

Interviews are intended to enhance the County's understanding of a written Proposal and will not be separately scored.

## **SECTION 5 - BASIS FOR AWARD:**

After a Proposal is selected based on the criteria in Section 4.1, the County expects to negotiate the details of work to be performed based upon the Proposal and the County's needs and appropriate pricing of selected tasks. If negotiations fail for any reason, including price, the County may choose to negotiate with others to obtain an appropriate contract for needed services.

## **SECTION 6 - CONTRACT AGREEMENT:**

Appendix D is a copy of the Draft Contract Agreement. By submission of a Proposal, offeror agrees to the terms and conditions set forth in the Contract Agreement.

**APPENDIX A – THURSTON COUNTY UTILITY CONSOLIDATION FEASIBILITY STUDY**

Provided as separate document.

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## **APPENDIX B – EXAMPLE COST BREAKDOWN**

Provided as separate document.

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**APPENDIX C – PRICING FORM**

Provided as separate document.

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**APPENDIX D – DRAFT CONTRACT**

Provided as separate document.

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