

**Request for Proposals
Town of Elon
Water & Sewer Rate Study**



TOWN OF ELON
DEEP ROOTS • NEW HORIZONS

**Proposals Due by
December 4th, 2020 5:00 PM**

**Town of Elon
104 S. Williamson Ave.
Elon, NC 27244**

Table of Contents

Page No.

1. Purpose.....	3
2. Schedule and Submittal.....	3
3. Written Questions.....	3
4. Background.....	3
The Water System.....	3
The Sanitary Sewer System	5
Utility Billing	6
Financial.....	7
5. Scope of Service	7
6. Projected Timetable	7
7. Proposal Submittal Requirements	8
8. Evaluation Criteria.....	9
9. Form of Submission.....	9
10. Terms and Conditions	9

**REQUEST FOR PROPOSAL
WATER & SEWER RATE STUDY
SCOPE OF SERVICES & PROPOSAL**

1. Purpose

The Town of Elon is requesting proposals from consultants to conduct a comprehensive water and sewer rate study. This will include evaluating the current rate structure, comparing it to benchmarks in the industry and recommending alternative rate structures. The overarching goal of the study is to adequately fund water and sewer operations, capital improvements costs and bond debt while at the same time keeping rates affordable.

2. Schedule and Submittal

Issued: November 2, 2020

Written questions due: November 13, 2020 by 5:00 PM

Addendum issued (if needed): November 18, 2020, no later than 5:00 PM

Proposals Due: December 4, 2020, no later than 5:00 PM

3. Written Questions

Questions or comments regarding this RFP (except to inquire about the number of addenda issued) must be in writing and received by the Town of Elon no later than 5:00 PM, November 16th, 2020.

Written questions are to be emailed to mhagood@elon.gov. Prospective bidders shall respond via email with their intent to submit a proposal so they may receive any forthcoming addenda. The Town shall not be obligated to answer any questions received after the above specified deadline or any questions submitted in a manner other than as instructed above.

4. Background

In FY 2019-2020 the Town served approximately 12,000 residential customers. There are around 2,600 water connections and 2,300 sewer connections. The Town's service area includes the area within the corporate Town limits and parts of the ETJ. Elon University and the Twin Lakes Community are the two largest water and sewer users.

The Water System

The Town purchases all of its water from the City of Burlington with a maximum allocation of 1.6 MGD. The agreement with the City of Burlington expires on 5/7/2027. The Town provided an average of 600,000 gallons of water per day to its customers over the last three fiscal years.

The Town currently bills on a bi-monthly schedule with a minimum bill for up to 3,000 gallons. Current and historical Town water rates, by fiscal year, are shown below.

Water Rates	17-18	18-19	19-20	20-21
Inside Town Rates				
Minimum, up to 3,000 gallons	\$15.72	\$16.20	\$16.68	\$17.67
Each additional 1,000 gallons	\$5.24	\$5.40	\$5.56	\$5.89
Outside Town Rates				
Minimum, up to 3,000 gallons	\$31.44	\$32.40	\$33.36	\$35.34
Each additional 1,000 gallons	\$10.48	\$10.80	\$11.12	\$11.78

Other Fees and Charges. The Town installs taps to the public water system for single family residences. Commercial and industrial customers may choose to contract with a licensed utility contractor to connect to the water system or they may elect to have the Town install the tap. The Town prepares individual cost estimates for commercial and industrial taps with meter sizes larger than one inch. In addition to these water tap fees (which cover making the actual physical connection to the Town’s water mains), the Town charges a one-time water system development fee for the right to connect to the water system (based on meter size). The fee applies to all land uses. The water tap fee for customers outside the Town limits is double the fee charged to customers inside the Town limits. The system development fee schedule is the same for customers inside and outside the Town limits. The average revenue from tap and meter fees over the past four fiscal years was approximately \$20,000. The system development fees vary greatly depending on Elon University projects and other new development.

The following tables set forth the current water tap fees and system development fees:

Tap Size	Inside	Outside	Meter Fee	Sprinkler Inside	Sprinkler Outside
3/4" Water	\$1,400.00	\$2,800.00	\$250.00	\$1,400.00	\$2,800.00
1" Water	\$1,500.00	\$3,000.00	\$350.00	\$1,500.00	\$3,000.00
1.5" Water	Est Indv or Developer Installed	Est Indv or Developer Installed	Est Indv or Developer Installed	Developer Installed	Developer Installed
2" Water					
3" Water					
4" Water					
6" Water					

Water System Development Fees	
Water Meter Size	Water
	\$/Connection
3/4"	\$1,100.00
1"	\$1,800.00
1 1/2"	\$3,600.00
2"	\$5,800.00
3"	\$12,800.00
4"	\$23,100.00
6"	\$47,600.00
8"	\$102,600.00

The above System Development Fees are to be collected as follows:

- For New Development involving the subdivision of land, the System Development Fee shall be collected at the time of plat recordation or when water and/or sewer service is otherwise committed by the Town.
- For all other New Development, the System Development Fee shall be collected at the time of application for connection of the individual unit of development to the water and/or sewer system.

Existing outstanding assessments are to be paid in lieu of the Development Fee for the specific use of the assessment.

Substantially all developed areas within the Town limits have Town water service available.

The Sanitary Sewer System

The Town's current sanitary sewer system provides wastewater collection for approximately 2,300 billed accounts. The Town has an agreement with the Town of Gibsonville at the Travis Creek Pump Station for them to accept part of our wastewater flow but the arrangement will change in October 2021 when the Town of Elon purchases the pump station and outfall line from the Town of Gibsonville. The City of Burlington receives and treats all of our sewer.

The average daily usage of the sanitary sewer system for last fiscal year was 755,000 gallons per day. The existing maximum capacity from the City of Burlington is currently 1.6 MGD but will increase with the purchase of the Travis Creek Pump Station.

The Town currently operates one lift station.

Sanitary Sewer Rates. The Town's sanitary sewer rate structure is similar to the water rate structure. The volumetric charge is a uniform rate that is based on 100% of a customer's water consumption per 1,000 gallons of water consumption. We currently have around 30 customers that are sewer only (water service not provided by the Town) and are not metered. These customers are charged a flat rate for service and the Town reimburses the City of Burlington half of the rate that we charge. Current and historical sewer rates are shown below.

Wastewater Rates	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>
Inside Town				
Rate per 1,000 gallons	\$9.67	\$9.96	\$10.26	\$10.88
Outside Town				
Rate per 1,000 gallons	\$19.34	\$19.92	\$20.52	\$21.76
Sewer Only Flat Rate	\$119.00	\$122.58	\$126.26	\$133.84

Other Fees and Charges. The Town installs taps to the wastewater collection system for single family residences. Commercial and industrial customers may choose to contract with a licensed utility contractor to connect to the sanitary sewer system, or they may elect to have the Town install the tap. The Town prepares individual cost estimates for commercial and industrial taps larger than four inches. In addition to these sewer tap fees (which cover making the actual physical connection to the Town’s wastewater collection lines), the Town charges a one-time sewer system development fee for the right to connect to the wastewater collection system (based on water meter size). The sewer tap fee for customers outside the Town limits is double the fee charged inside the Town limits. The sewer system development fee schedule is the same for customers inside and outside the Town limits. Existing outstanding assessments are to be paid in lieu of the Development Fee for the specific use of the assessment.

The following tables set forth the current sewer tap fees and connection fees:

Tap Size	Inside	Outside
4" Sewer	\$1,000.00	\$2,000.00
6" Sewer	Est Indv or Developer Installed	Est Indv or Developer Installed
8" Sewer		

Wastewater System Development Fees	
Water Meter Size	Wastewater \$/Connection
3/4"	\$1,500.00
1"	\$2,500.00
1 1/2"	\$5,000.00
2"	\$8,000.00
3"	\$17,500.00
4"	\$31,500.00
6"	\$65,000.00
8"	\$140,000.00

Substantially all developed areas within the Town limits have sewer service available.

Utility Billing

Water and Sewer Services are billed bi-monthly and approximately 2,600 bills are issued. Bills are mailed on the first day of January, March, May, July, September, and November and are due by the last day of the month. If the bill has not been paid, a second notice is mailed on the first of the following month and a \$5.00 late fee is added. Accounts continuing to be delinquent ten days after the due date are assessed a

\$20.00 delinquent fee and water will be disconnected.

Financial

The budget ordinances for the past five fiscal years can be found on our website at:

<https://www.townofelon.com/town-government/departments/finance/budget/>

5. Scope of Service

The consultant shall perform the following tasks and provide the following items as part of the rate study:

- A. There will be an initial meeting to include all participants. The purpose of the meeting will be to discuss the goals and schedule of the project. The consultant will provide a detailed schedule of the project with major milestones identified.
- B. The consultant shall analyze the performance of the current rate structure and compare it to other NC utilities with a similar customer base. The current rate structure should be assessed for sustainability and ability to generate the necessary revenue.
- C. Assess existing fee structure and identify other potential areas for service and system charges and recommend changes, if appropriate. The benefits of any proposed modification shall be weighed against the financial impacts on rate payers.
- D. The consultant shall assess the interaction between any water conservation elements of the recommended rate structure and their impact on the ability to fund water and sewer operations.
- E. Develop an understanding of the Capital Improvement Plan and the impacts of those plans on future rates.
- F. Develop a proposed rate schedule that reflects the Board's priorities and obligations and contains a forecast for proposed rates over a 5-year period that can be integrated into the Town's existing Capital Improvement Plan.
- G. Develop a rate projection that forecasts rates to 20 years based on expected cost increases over time including increases in the cost of purchasing water and sewer services from the City of Burlington. Must have ability to run CIP scenarios and quickly show impact on rates.
- H. Provide justifications for any special classes of customers under the recommended rate structure.
- I. Demonstrate that any alternative rate structure is easy to understand and administer and can be accommodated within the existing billing system.
- J. The consultant shall help develop a communication plan to educate the community, Board Members and staff on the rate study and alternate rate structures.
- K. Deliver a spreadsheet model that reflects any changes to the rate structure accepted by the Board and provide training to staff in running scenarios that will allow staff to fully understand how the model operates and how the results of various future recommendations that may be proposed can be illustrated.

6. Projected Timetable

November 2, 2020	RFP Issued
December 4, 2020	Due Date for Proposal - 5:00 PM
December 7-11, 2020	Staff reviews proposals and schedules interviews if necessary
December 14-18, 2020	Staff holds interviews (if needed)
January 4-12, 2021	Recommendation sent to and approved by Board of Aldermen
TBD*	Contract details finalized and signed
TBD*	Kickoff Meeting to discuss schedule
TBD*	Draft Report Due & Presentation to Staff (60 days after execution of contract)
TBD*	Final Report Due & Presentation to Board of Aldermen

* Will be negotiated with Consultant prior to signing contract

- A. A Draft Report should be available within 60 days after award and execution of contract and should be presented to staff. The draft should include but not be limited to the items highlighted in the scope of services. Five copies of the draft report are requested.
- B. A final report should be completed by the date agreed upon by both parties before the contract is executed. Ten copies are requested and an electronic copy in MS Word format and spreadsheets in Excel.
- C. The final report will be presented to the Board of Aldermen at a regular meeting.

7. Proposal Submittal Requirements

The following should be included in your proposal. The proposal shall not be more than 25 single sided pages. Four copies of the proposals shall be submitted.

- A. Describe your approach and understanding of the project and any special ideas, techniques or suggestions that you think might make the project proceed smoothly. Major tasks should be described thoroughly.
- B. A description of a minimum of 3 similar water/sewer projects completed in the past five (5) years for Municipalities and/or Water Authorities.
- C. Three References including name of organization, phone number, address, and email address.
- D. Have any water/sewer rate models and or feasibility studies that you prepared turned out to be significantly inaccurate? If so explain.
- E. Qualifications of the firm and training for this type of work. Please cite specific accounting certifications or accreditations.
- F. Resumes of the staff that will be used on the project and what their role will be.

- G. Name, address, phone number of any sub consultant along with their qualifications for the project and resumes of any key personnel.
- H. Describe your plan/schedule for completing the work.
- I. Standard Hourly Rate & not to exceed fixed cost.
- J. Out-of-pocket expenses and not to exceed out-of-pocket expenses.

8. Evaluation Criteria

The evaluation of the proposals will be based on the items listed above in Section 7 as well as compliance to applicable laws and regulations and overall clarity and completeness of response to the proposal.

9. Form of Submission

The Town will receive proposals in the office of and addressed to:

Town of Elon
Attention: Misty Hagood, Finance Director
104 S. Williamson Ave.
PO Box 595
Elon, NC 27244

The proposal can be delivered via U.S. Postal Service, commercial carrier or by hand. It is the responsibility of each bidder to ensure their proposal is received on time.

10. Terms and Conditions

- A. Submission of a proposal indicates acceptance by the agency of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Town and the agency selected.
- B. The Town reserves the right without prejudice to reject any or all proposals, to waive any non-material irregularities or informalities in any RFP, to accept or reject any item or combination of items, and to request additional clarification of proposals.
- C. All proposals received become the property of the Town and information included therein or attached thereto, shall become public record upon their delivery to the Town. Any information deemed by the bidding agency to be protected as a trade secret shall be submitted separately in a sealed envelope along with a statement supporting this assertion.
- D. Any and all costs associated with the preparation of a response to this request are the responsibility of the bidder and are not to be passed on to the Town.
- E. IRAN DIVESTMENT ACT CERTIFICATION. Contractor hereby certifies that Contractor, and all subcontractors, are not on the Iran Final Divestment List ("List") created by the North Carolina State Treasurer pursuant to N.C.G.S. 143-6A-4. Contractor shall not utilize any subcontractor that is identified on the List.
- F. The contractor affirms that they are registered with and participate in the Federal work authorization program, E-Verify as it relates to their company and mandated by law in North Carolina by G.S. 160-20.1