

TOWN OF MANCHESTER, CONNECTICUT

WATER AND SEWER DEPARTMENT

REQUEST FOR PROPOSAL 21/22-23

EVALUATION AND STUDY OF WATER AND SEWER RATES

(A) Background and Intent

The Town of Manchester is soliciting proposals to perform a detailed study and evaluation of the Water and Sewer Department's revenue and current rates in supporting the operation and capital needs. The Water and Sewer Department is composed of two separate divisions and enterprise fund entities which receive revenues based upon existing independent Schedule of Rates, Charges, and Fees. These revenues provide the funding for all operating expenses, debt payment, as well as cash contributions to a reserve for each enterprise fund. Each enterprise fund also maintains a fund balance that can be utilized to fund capital projects or to balance annual operating expenses.

WATER DIVISION

The Water Division serves approximately 16,400 accounts. The Water Division consist of a 12 MGD maximum day surface water plant, ten (10) wells with varying treatment, seven (7) reservoir, ten (10) storage tanks and four (4) booster pump stations. It also has approximately 260 miles of various sizes of water mains and provides water for fire protection. The average day demand is 4.9 MGD. Annual revenue from the sale of water is approximately \$7.1M and the total annual revenue is \$9.2M. Annual operating expenses (including debt) total \$8.6M. The Water Division's current Fund Balance is \$6.9M.

SEWER DIVISION

The Sewer Division serves approximately 10,500 accounts and also provides sewerage treatment for two sewer districts, the Eight Utilities District and the Bolton Lakes Regional Sewer District. The Eighth Utilities District has an independent collection system connected to the Division and treated by the Town's Wastewater Treatment Plant. The Bolton Lakes Regional Sewer District also has an independent collection system connected to and treated by the Town's Wastewater Treatment Plant; this District is treated as one customer with one meter. The Sewer Division consists of an 8.2 MGD wastewater treatment plant, three (3) pump stations, and approximately 170 mile of various sizes of pipe. The annual revenues from sewer use charges total is approximately \$7.98M and the total annual division revenue from all sources is \$8.27M. Annual

operating expenses (including debt) total \$7.72M. The Sewer Division's current Fund Balance is \$5 million dollars. The Eighth Utilities District is charged a sewer use fee for sewage generated within the district based upon an agreement

The Town currently utilizes a rate system, which is attached to this document, in support of a capital improvement plan established by a rate study performed in 2007. The Town wishes to update the study since many assumptions, particularly growth in consumption, quickly became outdated following its completion, due to economic conditions. The current model provides for a target of maintaining 180 days' worth of working capital on hand in both the Water and Sewer funds.

The purpose of this study is to retain a Consultant to review and make recommendations for improvements to the following:

- (a) WATER AND SEWER RATES - Review the existing rate structure, operating budget and infrastructure improvement plans for each Enterprise Fund. Determine what if any need for future revenue generation. Existing and future capital improvement projects should be reviewed to determine their reasonableness, their schedule for implementation, and their impact on revenue. The use of Fund Balance should be reviewed and analyzed and determinations made on effective policies that should be implemented. The assumptions utilized in determining the Cash Flow for each Enterprise Fund should be reviewed and evaluated to determine if the Cash Flow properly projects future operating and revenue needs. Lastly, the Schedule of Rates, Charges and Fees for each Enterprise Fund should be reviewed to determine if there are more equitable alternatives that could be implemented, which would provide for the necessary revenue needs while limiting the rate impact on the individual customer.

(B) Qualifications

Eligible proposers will be those consultants, companies, or institutions that have the following qualifications:

- Demonstrated practical knowledge and expertise in regard to "best practices" related to municipal utility operations.
- Ability and experience with applying analytical and qualitative tools and models needed to undertake the work required under this RFP.

(C) Scope of Services

Consulting services must include but not be limited to analysis and reporting findings related to the following tasks:

TASK I IDENTIFY ANNUAL REVENUE NEEDS FOR EACH DIVISION

- Review current capital improvement plan and assess whether planned funding is appropriate based on the age of the system and other factors.
- Analyze annual variations in water use and current rate structure to identify revenue instability and potential alternatives/recommendations for revenue stabilization.
- Review historic billing and collection records to determine revenues from the various water rates, charges and fees.
- Review historic metered water use sales.
- Project range of revenues under current rates defining minimum and maximum values.
- Project annual revenue needs for next 5 to 10 years.
- Prepare a brief report and materials for presentation to Town staff and/or internal policy committee.

TASK II ANALYZE RESERVE POLICIES AND GOALS FOR EACH DEPARTMENT

- Evaluate the funding levels for reserves against Department capital improvement plan and industry norms and develop recommendations and policy guidance.
- Evaluate and analyze the current net asset levels, determine current available working capital, and recommend the appropriate policy giving consideration to industry norms.
- Prepare findings for presentation for Town staff and/or internal policy committee.

TASK III ANALYZE RATE ALTERNATIVES FOR EACH DEPARTMENT

- Examine existing Rates, Charges and Fees and identify alternatives that may be more equitable or may better meet needs.
 - Alternatives such as rate blocks
 - Minimum service charges
 - Rate step alternatives
 - Seasonal rates
- Examine method used for cost recovery and provide recommendation for necessary revision.
- Identify rate revision options or alternatives and provide advantages/disadvantages to each option and identify impact on customers.
- Prepare brief report and materials for presentation to Town staff and/or internal policy committee.

TASK IV DEBT SERVICE

- Review current financing practices for water & sewer infrastructure, current debt levels, and existing projections of debt issuance to determine if best practices are being used.
- Compare use of short-term notes, bonded debt, Clean Water Fund Loans and/or other financing mechanisms in terms of cost/benefit for long-term financial stability.
- Provide, if appropriate, proposed options or alternatives.
- Prepare findings for presentation to Town staff and/or internal policy committee.

TASK V FIRE PROTECTION CHARGES

- Review current fire protection charges for appropriateness and in consideration of industry best practices.
- Provide, if appropriate, proposed options or alternatives.
- Prepare findings for presentation to Town staff and/or internal policy committee.

TASK VI COMPUTER SPREADSHEET

- Prepare spreadsheet model of financing for water and sewer enterprise funds and rates including operating expenses, debt payments and contribution to reserve.
- Provide training of Department staff on use of model.

(D) Anticipated Deliverables

As a result of the above analysis and findings and the agreement between the Consultant and the Town, the Consultant shall be expected to present the following:

- 1) Periodic meetings with Department Staff to discuss tasks, identify data needs and to discuss findings and recommendations of the study.
- 2) A written report outlining findings related to the work undertaken in *Section C – Scope of Services*, and recommendations based on these findings that will enable the Town to deliver services in the most efficient and effective manner possible.
- 3) Cost impacts and savings related to the report's recommendations.
- 4) Outline a proposed schedule and the actions necessary to implement the recommendations. Such plan shall consider and address impediments to implementing the recommendations, measures to address such impediments, and alternative recommendations in case such impediments cannot be overcome.
- 5) Computer spreadsheet capable of changing assumptions to project necessary rates to keep our present level of service while investing in our infrastructure

(E) Contract Period

The Town is seeking to have a draft report and recommendations in accordance with a schedule which will be negotiated as part of the service agreement. If implemented services are requested, the contract period may be extended.

(F) Proposal Format

Please organize your Proposal based on the requirements below:

1. Letter of interest;
2. Understanding and approach to the study;
3. Experience of the firm – list and description of similar studies;
4. Proposed project team and their background in conducting similar studies;
5. Firm name and address, and phone and email of appropriate contact person.
6. In a separate sealed envelope, include a fee proposal that includes a breakdown of costs for completing the scope of services outlined in this RFP.

It is the intention of the Town to review the proposals to determine the consultant's understanding, approach to the project and expenses in this type of study. Based upon this review, the Department will determine a short list for the interview process. The consultant will be notified of the selection for the short list and will be asked to prepare a detailed scope of services project schedule and a fee proposal broken down into major elements of the scope.

(G) Submission of Proposals

Respondents to this request shall submit one complete proposal packet **no later than 4:00 p.m. on August 24, 2021** to:

HAND DELIVERY

Town of Manchester, Connecticut
Maureen Goulet
Director of Purchasing
Lincoln Center
494 Main Street
Manchester, CT 06040

U.S. POSTAL MAIL DELIVERY

Town of Manchester, Connecticut
Maureen Goulet
Director of Purchasing
P.O. Box 191
Manchester, CT 06045-0191

If delivering by hand, please call the Purchasing Department at (850) 647-3031 to schedule an appointment to drop your proposal off. **If you are planning to come outside of business hours, there is a drop-box at Entrance 1 at Lincoln Center, but please contact the Purchasing Department prior to the bid due date and time so we can retrieve it prior to the deadline, as this box is not checked daily.** Proposals received after the stated deadline will not be accepted for consideration.

This RFQ/P and any addenda will be issued on the Town of Manchester website at <http://generalservices1.townofmanchester.org/index.cfm/bids/> as well as electronically on Negometrix.com. Questions must be submitted by **August 19, 2021**, by email to gensvcs@manchesterct.gov. It is the responsibility of the proposer to review the website for addenda prior to submitting their proposal.

ELECTRONIC DELIVERY

Electronic proposals should be submitted to our e-procurement site, Negometrix. If you are already registered as a vendor, please use this link: <https://app.negometrix.com/buyer/2948/tenders>

If you are not registered as a vendor, please use www.negometrix.com to register as a vendor. There is no charge associated with registering.

**NOTICE OF BOARD ACTION
BOARD OF DIRECTORS
TOWN OF MANCHESTER, CONNECTICUT**

On June 1, 2021, the Board of Directors of the Town of Manchester, in its capacity as the Water Pollution Control Authority, revised the Schedule of Rates, Charges and Fees for the connection to, and the use of the sanitary sewer system. A complete copy of the adopted Schedule of Rates, Charges and Fees was filed in the Office of the Town Clerk on June 8, 2021. Any appeal from such charges must be taken within twenty-one (21) days after this filing.

**ADOPTED SCHEDULE OF RATES, CHARGES AND FEES
FOR THE MANCHESTER SEWER DEPARTMENT**

The existing Schedule of Rates, Charges and Fees for the sanitary sewer collection system, as presently in effect and on file in the Town Clerk's Office and the Water and Sewer Department, is hereby amended as set forth herein and shall be effective as of July 1, 2021 and for subsequent fiscal years as provided herein and shall continue in effect until such time as they may be further amended by the Board of Directors.

I. SEWER USE RATES

A. General Customer Billing

For metered customers served by the Town's sanitary sewer system, the use charge is as depicted in the table below and is based upon water consumption as indicated on the meter. Large volume customers may be billed on a monthly basis.

Effective 7/1/2021 - \$5.50 per 100 cubic feet

Metered customers who are served by a sanitary sewer system other than the Town's, will, at the discretion of the Town, pay all the prevailing user, capital, assessment and miscellaneous charges in effect for the sanitary sewer system servicing them.

B. Large Volume Customer Billing

Large volume customers may be billed on a monthly basis. All other provisions described in Section A, General Customer Billing shall apply.

C. Eighth Utilities District

The sewer use rate for the Eighth Utilities District will be based upon metered water at the rate of \$4.32 per 100 cubic feet and shall continue to be calculated annually in accordance with the agreement dated March 20, 1989 between the Town of Manchester and the Eighth Utilities District.

D. Non-automated or unmetered customers shall be charged as follows:

1. Residential Customers - Consumption based upon 150 gallons per capita per day with 3.75 capita per dwelling unit.

2. Commercial Customers - Consumption based upon 2,000 gallons per acre per day of land (i.e. building, parking, open space, easements, etc.) owned at the location of the Sewer Only Account, or acres of building floor space based upon gross square footage, whichever is greater.
3. Industrial Customers - Consumption based upon 5,000 gallons per acre per day of land (i.e. building, parking, open space, easements, etc.) owned at location of the Sewer Only Account, or acres of building floor space based upon gross square footage, whichever is greater.
This method of calculation will be used for accounts without a meter or accounts that are not equipped with automated meter reading equipment.

E. Surcharge Rates

In addition to the above sewer use charges, the Sewer Department will levy surcharges for excessive quantities of Biochemical Oxygen Demand (BOD₅) and Suspended Solids (SS) as follows:

BOD₅: \$0.073 per pound in excess of 350 milligrams per liter (mg/L), as determined by laboratory analysis.

SS: \$0.064 per pound in excess of 350 milligrams per liter (mg/L), as determined by laboratory analysis.

F. Septic Tank Discharge

Discharge at the Wastewater Treatment Plant of septage from the pumping of septic tanks:
\$60.00 per 1,000 gallons.

II. NEW METER INSTALLATION FEE (Sewer Only Customers)

Every new sewer only customer will be charged a one-time fee* for the installation of a meter including the related meter reading equipment. The fee will be based on meter size. Other sizes and styles of meters (other than Positive Displacement) will be charged based upon actual cost.

Meter Size	Cost
5/8"	\$344
3/4"	\$371
1"	\$419
1 1/2"	\$1,183
2"	\$1,369
3"	\$1,642

*Fee due and payable at the time of permit issuance.

III. SANITARY SEWER OUTLET CHARGE

Each property owner within the authorized sanitary sewer service area of the Town of Manchester connecting either to the Town of Manchester, Sanitary Sewer Collection System or a sanitary sewer collection system currently covered by an intertown agreement shall pay a sanitary sewer outlet charge. The property owner shall pay the applicable outlet charge in effect at the time of permit application. At the discretion of the Town, charges shall be in accordance with either the intertown agreements or the following schedule and are due and payable at the time of permit issuance.

A. New Developments

1. Comprehensive Urban Development Zone (CUD)

The CUD Zone is the area bounded north by the town line of Manchester and South Windsor; east by Deming Street; south by Interstate Route I-84; and west by Buckland Street.

a.	For all residential dwellings including private homes, apartment units, condominiums	\$ 600.00 each dwelling unit
b.	For all motels, hotels, convalescent homes and hospitals	\$ 300.00 each room
c.	For all institutional type buildings such as schools and churches	\$1,500.00 per acre of land (i.e. building, parking, open space, easements, etc.) approved for development, calculated to the nearest 1/10 of an acre (\$600 minimum). Charges are due for entire parcel unless a phasing plan has been approved by the Planning and Zoning Department
d.	For all retail, commercial and industrial use	\$3,000 per acre land (i.e., building, parking, open space, easements, etc.) approved for development, calculated to the nearest 1/10 of an acre (\$600 minimum). Charges are due for entire parcel unless a phasing plan has been approved by the Planning and Zoning Department

2. All Town of Manchester Authorized Sanitary Sewer Service Areas (Exclusive of CUD Zone)

Meter Size	Unmetered Connections*	Sewer Outlet Charge
5/8"	Single family residential or up to 20 gpm	\$ 2,600
3/4"	Between 21 -30 gpm	\$ 3,900
1"	Between 31 – 50 gpm	\$ 6,500
1 1/2"	Between 51 – 100 gpm	\$ 13,000
2"	Between 101 – 160 gpm	\$ 20,800
3"	Between 161 – 320 gpm	\$ 41,600
4"	Between 321 – 500 gpm	\$ 64,900
6"	Between 501 – 630 gpm	\$129,800
8"	Between 631 – 1,000 gpm	\$207,800
10" or greater	>1,001 gpm	\$311,600

*Applicable to the unmetered connections of the Bolton Lakes Regional Water Pollution

Control Authority Sanitary Sewer Area only; outlet charge based on a calculation of the total gallons per minute (gpm) of all water-using fixtures per dwelling.

B. Existing Customers

Sanitary sewer outlet charges for additional connections or incremental increases based upon the following fee schedule:

Additional Connections/Incremental Increases

Size	Fee
4"	\$ 500
6"	\$ 600
8"	\$ 700
10"	\$ 800
12"	\$ 900

Said outlet charge shall be used to reimburse the Town of Manchester Sewer Department for downstream improvements to the Wastewater Treatment Plant and other facilities such as force mains, pumping stations, and trunk, interceptor and/or relief sewers.

IV. SANITARY SEWER INSPECTION FEE

A. Connection/Repairs

Any new connection or repair of an existing connection to the sanitary sewer system shall be inspected by Sewer Department personnel. An inspection fee of \$100 per connection or repair shall be charged and paid at the time of permit issuance.

B. Mainline Sewers

All mainline sanitary sewers (public and private) will be required to be inspected by Sewer Department personnel. An inspection fee of \$4.00 per linear foot of public mainline sewer shall be charged and paid at the time of permit issuance. Linear footage shall be as determined by the plans approved for construction by the Sewer Department.

C. Video Inspection

Prior to issuance of certificate of substantial completion for the installation of new sanitary sewers, video inspection will be required. Video inspection services may be procured from the Sewer Department at the request of the developer. The cost of such service will be as indicated below (See VI 2).

V. **MISCELLANEOUS SANITARY SEWER FEES**

A.	Water and Sewer Permit	\$ 50.00
B.	Meter Removal on Existing Sewer Only Accounts	\$ 65.00/Unit
C.	Returned Checks	A \$20.00 charge will be added to the Bill for each check that has been refused for deposit by the bank (sewer only customers)

VI. **CHARGEABLE WORK/REPAIRS**

A. Recovery of Costs

Charges for all work such as, but not limited to, service installations and repairs to facilities such as mains, laterals, manholes, etc., which are beyond the responsibility of the Sewer Department will be based upon the actual cost of labor, tools, materials, and equipment. Equipment rates shall be as indicated below (See VI (2)). In addition, the cost of labor will be surcharged an additional 36% for overhead and the costs of materials will be surcharged 25% to cover stocking and handling charges.

1. Service Installation

The Sewer Department may, at its discretion, install sanitary sewer laterals from the sanitary sewer to the street line on the basis of the following charges:

a) Installation in Existing Subdivisions

<u>Size</u>	<u>Fee</u>
6" or 8" lateral	Based upon actual costs of labor, tools, materials, equipment, engineering and administration. In addition, the cost of labor will be surcharged an additional 36% to reflect overhead and the cost of materials will be surcharged 25% to reflect stocking and handling charges.

b) Installation in New Subdivisions

In a new subdivision or where a developer must install a sanitary sewer, the developer shall install all sanitary sewer facilities, including house connections, at their own expense in accordance with the requirements of the Town of Manchester Sewer Department.

2. Equipment Rates

The rates indicated below shall apply when said equipment is utilized for any chargeable work/repairs performed by Department personnel. The cost of an operator is not included in the rates and will be charged portal to portal based on the actual cost of labor plus 36%.

Car	\$10/HR	Jet Vac	\$130/HR
Utility Truck	\$15/HR	Skid Steer Loader	\$ 30/HR
Dump Truck – 6 wheel	\$ 35/HR	Tractor w/Mower	\$ 28/HR
Dump Truck – 10 wheel	\$ 46/HR	Compactor	\$ 4/HR
Dump Truck – 12 wheel	\$ 50/HR	3” Mud Pump	\$ 2/HR
Excavator	\$ 100/HR	4” Mud Pump	\$ 6/HR
Backhoe	\$ 50/HR	Compressor	\$ 15/HR
Loader	\$ 52/HR	Spreader	\$ 14/HR
Trailer	\$ 4/HR	Sweeper	\$ 7/HR
Roller	\$ 15/HR	Miscellaneous Tools	\$ 2/HR
Shoring Box w/Plates	\$ 10/HR	Pavement Saw	\$ 45/HR
Video Inspection Vehicle	\$150/HR	Brush Chipper	\$ 25/HR
Hydraulic Breaker	\$ 26/HR	Generator	\$ 12/HR
Rodder	\$ 60/HR		

Notes: All hourly charges are calculated portal to portal with a minimum 1 hr. charge for labor and equipment rates

3. Extra Costs:

The above listed fees are to be considered minimum for connections to VCP or PVC pipe. Any extra material needed will be additional. If the connection involves unusual depth (i.e. greater than 8') for more than 40' of trench, high water table (i.e. less than 8' from surface), the excavation of rock or removal and replacement of concrete pavement, the actual costs of installation shall be charged. Extra costs will be surcharged an additional 36% for labor and overhead and 25% for materials to cover stocking and handling charges.

VII. EXCEPTION METERS

A. Large Commercial and Industrial Customers

The Sewer Department will permit the use of exception meters, installed and maintained by the customer, at the customer's expense, for the purpose of measuring process water that is not discharged to the sanitary sewer system. The quantity of water so measured will be deducted from the total quantity of metered water use prior to calculations of the sewer use charge.

VIII. LATE PAYMENT

A. Penalty

The above schedule of rates, charges and fees to be charged to customers of the Manchester Sewer Department will become effective on July 1, 2021. Charges are due and payable upon receipt of the bill by the customer. Any bill not paid within thirty (30) days of invoice date shall thereupon be delinquent and shall bear interest from the invoice date at the rate and in the manner provided by the General Statutes of the State of Connecticut for delinquent property taxes.

APPROVED AS TO FORM

Patrick J. Kearney, Administrator
Water and Sewer Department

TOWN ATTORNEY

Dated at Manchester, Connecticut
This 8th day of June 2021