



# CITY OF EL PASO DE ROBLES

*"The Pass of the Oaks"*

## REQUEST FOR QUALIFICATIONS

FOR

## PASO ROBLES WATER RATES STUDY

**Issued: December 2, 2021**

### **A. Introduction**

The City of Paso Robles, in San Luis Obispo County, California, would like to retain a professional engineering or financial consulting firm that specializes in municipal utility management and ratemaking processes (hereafter "Consultant") to prepare a new water user rates study. The following is an introduction to the City of Paso Robles and its water system, followed by a statement of the work.

The City of Paso Robles water system is comprised of approximately 180 miles of water mains, seven booster stations, four reservoirs, 20 production wells, well treatment facilities and two treatment plants. The City's water supplies include groundwater, surface water from the Salinas River, and surface water from Lake Nacimiento. Nearly all of the City's residents and commercial establishments, including multiple hotels, wineries, and a large brewery, are served by the potable water system.

The system is operated and maintained by the Water Division of the City's Public Works Department. Staffing includes water distribution operators, treatment plant operators, water quality staff, an administrative assistant, and utilities billing staff shared with the Wastewater Division. The Water Division is led by Water Resources Manager, Kirk Gonzalez, who will be the City's project manager and main point of contact for the water rates study. The Water Division is supported by the City's Capital Projects Engineer and Public Works Director.

The Water Division is repaying approximately \$4.2 million annually in debt service for revenue bonds for the City's participation in the Nacimiento Water project. The Water Division also recently completed construction of a \$7.7 million water tank financed with revenue bonds and with an annual payment of approximately \$668,000.

The City's water distribution system will facilitate new growth, especially in several large areas planned for housing on the east side of the City. The City is currently working with an engineering consultant to update its Water Distribution System Master Plan. The updated Master Plan will include a new list of capital projects needed to facilitate growth and a

recommended strategy (i.e., annual cost estimate) for renewal of the existing water distribution system. The updated Master Plan will be completed and presented to City Council for adoption in early 2022. The project list and renewal strategy in the Master Plan will be the basis of a multi-year capital improvement program budget that will be an important input to this project.

All costs associated with operation and maintenance of the City's water production, transmission, treatment and distribution facilities are paid by the City's Water Fund. Water Fund revenues come from charges for water service billed to approximately 10,800 customers and connection fees charged when new development connects to the water system. The City's Administrative Services Department administers billing and collections and maintains a full database of utility billing data that is available for this project. Revenue to the Water Fund was \$15.4 million in fiscal year 2019/20.

The City last updated its water user rate study in 2015. Based on the rate study, the City adopted new water rates (fixed monthly charge plus volumetric charge) which took effect in January 2017 and gradual increases to both the fixed and volumetric charges over the five year study period, with the last increase taking effect in January of 2021.

## **B. Statement of Work**

The project will include full analysis of the existing financial condition of the Water Fund and preparation of a spreadsheet-based financial model. The model will include all of the various key inputs described above, including operation and maintenance expenses, debt obligations, and a new capital improvement program. The project will require extensive collaboration with City staff, particularly the Water Resources Manager and the Finance Manager.

The City anticipates modest water rate increases will be needed. The purpose of the study will be to effectively communicate to typical ratepayers and elected officials the need for any increases and comply with California Constitution Article XIII (commonly referred to as "Proposition 218") rate change procedures.

Key deliverables for this project will likely include a series of technical memorandums, draft and final rate study reports, and an electronic version of the financial model. Technical memorandums should include results of analysis and recommendations to help City staff make timely decisions. The draft and final report should meet all the requirements described above and be written in a manner that is easy for a typical City water customer to understand.

Since water rate increases are anticipated, the Consultant's scope of work will also include preparation of a draft "Notice of Public Hearing for Proposed Water Rates Increases" that complies with Proposition 218.

Multiple face-to-face meetings and teleconferences with City staff will likely be needed to effectively complete this project. The City envisions a formal kickoff meeting, workshops with multiple City staff to make key decisions, and teleconferences to track progress along the way and presentation of the study to City Council when proposed for adoption.

The City intends to select a consultant and issue a notice to proceed in early 2022. The City would like the water rate study to be complete and ready for City Council adoption within six months of issuing the notice to proceed.

The City is open to additional related tasks that will add value and help the City's Water Division fulfill its mission to safely and reliably serve the community's needs for potable water in the most cost-effective manner possible.

### **C. Statement of Qualifications and Screening Process**

At this time, the City requests a simple Statement of Qualifications (SOQ) from professional consulting firms that are interested in this project. There is no specified format or content for the SOQ, except the document should: 1) clearly identify the firm, and any proposed subconsultants, 2) provide a statement of what especially qualifies your firm to perform this work, 3) briefly describe the experience, background, academic training and registration of key personnel who will actually be working on the project, and 4) be signed by an authorized corporate officer. The SOQ should be no longer than 10 pages (excluding resumes).

In order to help the City assess your firm's qualifications and ability to effectively communicate to ratepayers, please attach a sample or two of actual published notices of public hearing your firm authored for other similar projects/agencies (such examples are not counted in the 10-page document limit).

The City will convene a committee to review the SOQs and recommend a short list of firms (two or three) to invite to submit full proposals for further consideration. The City will expect the proposal to include a complete scope of services based on the statement of work above, as well as a fee estimate and project schedule.

### **D. Submittal Deadline**

Please submit four (4) hard copies and one electronic copy (pdf) of the Statement of Qualifications no later than **5:00 p.m. on Wednesday, January 5th, 2022.**

Proposals must be delivered to:  
City of Paso Robles  
Attn: Kirk Gonzalez  
Interim Water Resources Manager  
1000 Spring Street

Paso Robles, CA 93446

Contact information for questions regarding SOQ submittal:

Phone: (805) 227-7200 ext. 7238

Email: [kgonzalez@prcity.com](mailto:kgonzalez@prcity.com)