



REQUEST FOR PROPOSALS (RFP)

Sewer Rate Study

I. Request for Proposal Overview

The Minden Gardnerville Sanitation District (MGSD) will receive separate, sealed proposals for a sewer rate study at the MGSD Administration Office at the date, time, and place stated below. The proposal packages are to be delivered in person, sent by certified mail to the address listed below, and shall show the name of the consultant and must be clearly marked on the front of the package, "Sealed Proposal for Sewer Rate Study". A list of requirements to be included with the submittal response is outlined in Section VII.

Proposal Title: Request for Proposal: Sewer Rate Study

Submission Deadline: February 26, 2020 no later than 4:00 p.m. PST

Responses shall be delivered

to: April Burchett, Administrative Assistant
april@mgsdistrict.org

Location: Minden Gardnerville Sanitation District
1790 US Hwy. 395 N.
Minden, NV 89423

For Questions Contact: **Peter Baratti**, District Manager
peter@mgsdistrict.org
or **April Burchett**, Administrative Assistant
april@mgsdistrict.org
or by phone at (775) 782-3546

II. Background

Prior to 1964, municipal sewer service in the Towns of Minden and Gardnerville was rudimentary, with lines running to a local ranch on the outskirts of the Town of Minden for sewage disposal. In 1963, residents in the Towns saw the need for a sewage treatment facility in the area, and petitioned the District Court for the creation of a sewer improvement district. In 1964 MGSD was formed by court order under Chapter 311 of

Nevada Revised Statutes (NRS), and the Dangberg Company donated the land for the treatment plant, which was constructed in 1966-1967. Pursuant to the terms of the court order, “Minden-Gardnerville Sanitation District shall be a governmental subdivision of the State of Nevada and a body corporate with all the powers of a public or quasi-municipal corporation.”

The governing body of MGSD consists of five trustees, elected to four-year alternating terms.

In 1973 the Nevada State Legislature dissolved Chapter 311 of NRS and reorganized MGSD under NRS Chapter 318. MGSD currently operates under the provisions of NRS Chapter 318, and does not fall under the jurisdiction of the Public Utilities Commission (PUC). Permitting is under the direction of Nevada Division of Environmental Protection (NDEP), while MGSD’s financial authority is the Nevada Department of Taxation.

MGSD is located in Douglas County, Nevada, at the northern boundary of the Town of Minden in the Carson Valley, and the treatment plant is still located at the original site donated by the Dangberg Company. In the late 1960’s, it was located several miles out of town in a low spot in the Carson Valley, which was beneficial to facilitate gravity flow of the sewage to the plant without the use of costly lift stations.

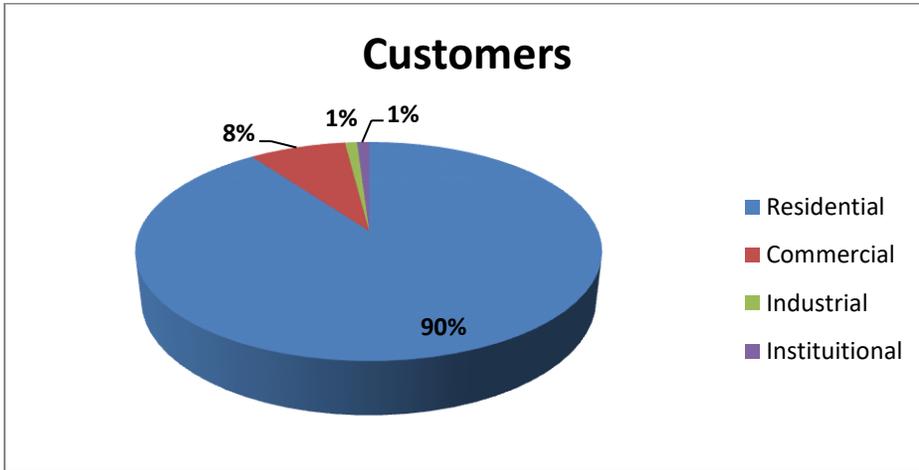
MGSD serves an estimated population of 3,000 in the Town of Minden and 5,500 in the Town of Gardnerville. In 1974, MGSD entered into an agreement with the Gardnerville Ranchos General Improvement District (GRGID) to accept effluent from the GRGID service area. While GRGID manages its own accounts and sewer line maintenance and repairs, MGSD is responsible for the treatment of the effluent from GRGID and is partially responsible for the maintenance and repair of the sewage transmission line from the GRGID district boundary to the treatment plant. MGSD considers GRGID to be one customer, and GRGID is billed quarterly user fees accordingly. Additional cost sharing fees for treatment are paid by GRGID under the terms of the 1974, 1977, and 1990 agreements with GRGID.

In addition, MGSD serves the Bently Science Park, an industrial and institutional area north of Minden. The District’s boundary area is approximately 10 square miles, with its sphere of influence (SOI) encompassing an additional 20 square miles.

MGSD is also currently in negotiations with the Pine View Estates Subdivision, consisting of 250 homes located about 7 miles south of the Town of Gardnerville, for sewer service to that area. The US EPA issued a Proposed Administrative Compliance order against Pine View Estates’ Underground Injection Control Permit for contamination of the groundwater aquifer, and a tie-in to MGSD’s existing collection

system has been deemed the best remedy. It is MGSD’s intent to serve this area as one customer, similar to GRGID, with the HOA responsible for sewer line maintenance and repair within its subdivision as well as the transmission main to the location where it converts to gravity flow. From that point MGSD will be responsible for the main to the plant, a distance of approximately 3 miles.

MGSD provides service to 3,400 residential, commercial, industrial, and institutional customers. The breakdown is as follows:



MGSD’s financial activities are accounted for as a self-supporting enterprise fund. Revenues are derived primarily from sewer user fees and must be adequate to fund MGSD’s operating and capital programs. Additional revenue is obtained from connection fees, capacity fees, cost-sharing fees under the agreement with GRGID, as well as ad valorem and state city-county relief taxes.

MGSD’s collection system contains approximately 70 miles of pipe, which convey untreated sewage to the plant. Wastewater enters the headworks, is screened and pumped to grit basins, and grit is removed and dewatered. The screened wastewater is discharged to primary clarifiers, and then split and treated in trickling filters. Effluent is then mixed with return activated sludge from the secondary clarifiers in aerated contact basins, and then discharged to secondary clarifiers for final clarification before disinfection. After disinfection, treated effluent is conveyed to and stored at ponds located north of the plant, and then is conveyed by ditch to two local ranches for irrigation, and conveyed to the Bently ponds located on the east side of Carson Valley, where Bently stores the effluent for irrigation purposes.

Sludge from the primary and secondary clarifiers is digested in three anaerobic digesters. After being thickened and dewatered using a belt filter press, Class B biosolids are transported to Bently Ranch for composting.

Recovered methane gas from the digestion process is treated and used in a co-generation system to provide power and heating for the plant.

III. Purpose of this RFP

The purpose of this document is to facilitate the selection of a qualified consulting firm to prepare a wastewater rate study. Consultants are urged to submit concise proposals and include only items that are relevant to this specific project.

IV. Scope of Study

The following Scope of Study outlines the specific tasks to be performed by the consultant. If the consultant believes that the project can be enhanced in any way by the addition of other tasks, or the deletion of any specified tasks, such information should be included in the proposal.

A. Study Objectives

The rate study to be prepared as part of this work effort is intended to establish 5-year wastewater utility rates that will achieve the following objectives:

1. Provide cost-of-service analyses that identify both the direct and indirect cost of providing wastewater services.
2. Ensure that the revenues generated by the utility rates are adequate to maintain operations at current service levels and account for anticipated expense increases to include increased staffing and new programs.
3. Ensure that rate structures fairly distribute the cost of service among users.
4. Address the funding for maintenance of infrastructure by incorporating reasonable projections for facility replacement within the revenue requirements and rate calculations.
5. Establish policies with respect to adequate reserves for operations, rate stabilization, future treatment, and capital improvements.

6. Ensure user rates and the additional fees shown on MGSD's fee schedule are in conformance with other area wastewater providers.

B. Study Requirements

The Study Requirements involve all necessary analysis and documentation needed to perform the wastewater rate study.

1. Conduct a kickoff meeting with MGSD Administrative staff to review background information, including but not limited to:
 - Regulatory requirements, bond covenants, and other contractual requirements;
 - Operational and capital improvement needs;
 - Historical revenues, usage, expenses, debt service requirements, reserve policies, billing and collection procedures, rates and charges, and customer information
 - District Master Plan;
 - Projected revenues, usage, expenses, debt service, reserve policies, billing and collection procedures, rates and charges, and customer information; and
 - Other applicable information, as deemed necessary by the consultant and/or MGSD to complete the study.
2. Submit a detailed list and time schedule of tasks, information requirements, reviews, meetings, submission of reports, draft review, final submittal, etc.
3. Perform a financial analysis on utility operations, taking into account factors such as capital improvement program and master plan, operating costs, actual and authorized rate of return, regulatory changes and other issues that may affect the financial integrity of the system.
4. Review current billing policies, processes, procedures, and bill format versus industry benchmarks and best practices.
5. Review, and design as necessary rate structures, fees and any other service charges needed for MGSD to meet current and five-year CIP goals, debt service, and operational expenses. Rate structures shall consider and provide for the following factors:

- Current and future cost of providing wastewater services in accordance with established and anticipated standards, regulations, facility and capital improvement plans and/or master plans;
 - Projected demands;
 - Age and condition of infrastructure and systems;
 - Funding requirements for all current long-term liabilities and debt obligations; and
 - System reinvestment equal to annual depreciation expense.
6. The recommended rate structure(s) shall be planned for a period of at least five (5) years.
 7. Perform an analysis of the various reserves, restricted account and fund balances, and make recommendation for appropriate levels.
 8. Evaluate the existing District connection, capacity, annexation, and inspection fees and provide recommendations.
 9. Provide recommendation for ongoing analysis, timing and methods for future rate adjustments through the year 2026.
 10. Develop strategy for accomplishing necessary CIP expenditures including analysis of fee impacts.
 11. Answer questions, render opinions, and perform other consulting tasks related to MGSD as authorized by MGSD's Board of Trustees.
 12. Prepare a preliminary report for staff, a final draft report with recommendations and five-year financial forecast for presentation to the Board of Trustees.

C. Study Elements

In making rate structure recommendations, the final report shall explicitly include the following elements and analysis, as well as any other elements generally included or required by industry standard:

- A brief physical description of the District’s utility system;
- Current and potential service area description, including population characteristics;
- Overview of financial operations over the last five years;
- Annual operating income, rate of return, and cash flow targets;
- Annual contingency account balances and level of liquidity;
- Recommendations for changes to billing policies and practices, if any;
- Comprehensive Summary of Rate and Fee Structure(s): Assess performance of each alternative rate structure and provide recommendation of the optimal rate structure;
- Local rate comparisons; and
- Supporting Data.

V. **Services to be Provided by the Consultant**

The services to be provided by the consultant shall include, but not necessarily be limited to, the following listed below. The services include specific tasks as well as goals which the consultant is expected to achieve.

1. Provide a detailed project schedule, including milestones, major activities, and deliverables for all aspects of the project.
2. Provide monthly progress reports to accompany each invoice.
3. Conduct a review of existing wastewater rates and the financial status of the District.
4. Conduct analyses as required to address the defined scope of work.
5. Present a Preliminary Report to staff that includes tentative rate structures.
6. Present a Final Report incorporating staff comments and including the alternative rate structures and noting the recommended rate structure to the Board of Trustees. Attendance will be required at a Board of Trustees meeting.

VI. Project Time Schedule

Proposals due to MGSD:	February 26, 2020
Interviews with Firms:	March 3 to March 13, 2020
Award Contract:	No later than April 7, 2020
Preliminary Report Submittal to Staff:	Proposal specified
Comments from Staff to Consultant:	Proposal specified
Presentation of Final Report to Board of Trustees:	Proposal specified

VII. Submittal Instruction

The consultant shall submit fifteen (15) copies of the proposal, which shall include the items listed below. The copies are to be delivered in person or sent by certified mail to the address listed under Section I above.

- **Qualifications and Experience:** a description of the firm's qualifications for this type of work, the experience of the firm, and recently completed projects that are similar in nature to the scope of work.
- **Team Members:** a description of the consultant's team including names and qualifications of key personnel and sub-consultants and an organization chart showing how the team will work together.
- **References:** a list of at least three other municipalities, or similar organizations, for which the consultant has conducted similar rate analyses, including contact addresses and telephone numbers for each reference.
- **Proposed Compensation:** specification of a dollar amount of cost for each project task and for the entire project. The proposal must state clearly that compensation will not exceed the final cost for the entire project.
- **Proposed Project Timeline:** The proposal must specify an approximate project timeline through final approval of recommended rates based upon the project milestones listed above under Project Time Schedule.

VIII. Selection Process

All proposals will be reviewed by MGSD. Proposals will be evaluated based on the consultant's qualifications, experience, work history, interactions with other municipalities, and required compensation. A shortlist of finalists may be compiled by

District staff for interviews by the Board of Trustees. MGSD will negotiate a Professional Services Agreement with the selected finalist based on the finalist's proposal. If MGSD is unable to reach agreement with the selected finalist, the District will begin negotiations with other finalists until an agreement satisfactory to the Board of Trustees is reached.

MGSD reserves the right to waive any irregularities in any proposal and to select the proposal that is most advantageous to the District. MGSD reserves the right to reject any and all proposals or to request additional information from any respondent or from all respondents. MGSD reserves the right to reject any proposals received and to re-advertise the project.

IX. Incurring Costs

MGSD is not liable for any costs incurred by consultants prior to the signing of a contract between the consultant and MGSD. Expenses incurred in the preparation of submittal, presentations, and other incidental activities related to this solicitation are solely the responsibility of the respondent.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between MGSD and the firm selected.

X. Questions

Please direct any questions or requests for additional information to:

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(775) 782-3546
peter@mgsdistrict.org

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