

Request for Information: RFP No. 16-07: Professional Services for a Comprehensive Organizational, Operational, and Financial Assessment of the Water Utility

1. *The RFP states “proposals must be ... no more than fifteen (15) pages in length, including cover letter and exhibits”. Can you please confirm that resumes will not count toward the 15 page limit?*

Resumes will not count towards the 15-page limit.

2. *The RFP refers multiple times to the term “Cost of Service”. Could you please clarify if the RFP is referring to:*
 - 1 – *The analysis of the costs involved in providing water utility services.*
 - 2 – *A Cost of Service Study, which is focused on the allocation of the utility’s costs among customer classes.*
 - 3 – *Both item 1 and 2 as described above.*

The RFP is referring to the analysis of the costs involved in providing water utility services.

3. *The RFP refers the reader to Appendix A for an example of a Professional Services Agreement. Can you please provide this Appendix.*

Appendix A has been posted at the City’s website at <http://beverlyhills.org/business/bidrfpinformation/currentformalbidrfps/>.

4. *What is the reason for the City conducting this study at this time?*

The City is in the process of re-evaluating and potentially revising its current rate structure. However, before the City Council will consider a new structure, it has directed staff to evaluate the City water department’s operations and organization to ensure that it is being operating as efficiently and cost-effectively as possible. The findings of the operations, organization and financial study will be utilized to complete the rate structure evaluation.

5. *What is the City’s goal concerning timeline (“as soon as possible”) for completing the study? Is there a firm deadline such as for a budget filing, legal or regulatory requirement or rate implementation?*

The City currently has a revenue shortfall in the Water Enterprise Fund as a result of decreased revenues due to water conservation and fixed costs. The City is developing a new rate structure in order to minimize and/or eliminate this revenue shortfall. However, before the new rate structure can be adopted, this operational, organizational, and financial assessment must be conducted. The City would like to have this assessment completed by early summer 2016, in order to have a new rate structure in place by October 2016. However, staff recognizes that there is a large scope of work for that timeline. As such, the City is looking for the responses to clearly lay out the timeline for completion of each deliverable/task in the scope of work.

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6. *What is the anticipated budget for this study?*

The City will review all responses to the proposals prior to determining the budget, so please provide your best estimate of the cost and timeline for the study.

7. *Concerning the previous and current organizational studies and master plan referred to in Task 1.1(a)1:*

a. *Please identify them.*

- Assessment of the Public Works and Transportation Department – 2007
- Water Utility Staffing Study – 2014

b. *Will you please provide copies?*

- Assessment of the Public Works and Transportation Department – Appendix B
- Water Utility Staffing Study – Appendix C

These can be found at <http://www.beverlyhills.org/business/bidrfpinformation/currentformalbidsp/rfp1607organizationaloperationalfinancialassessmentofwaterutility/>.

c. *Who conducted the work and what did the studies cost?*

- Assessment of the Public Works and Transportation Department (2007)
Firm: Matrix Consulting Group
Cost: \$119,740
- Water Utility Staffing Study (2014)
Firm: Raftelis Financial Consultants, Inc.
Cost: \$47,960

8. *What are the City's expectations concerning the level and effort for Task 1.2(c)?*

a. *For example, does the City anticipate online surveys, direct surveys, focus groups, outreach, some combination of these, or something else? Are there particular customers the City is interested in targeting?*

The City is seeking direct feedback on its customer service; however, there is no specific expectations regarding the mechanism of collecting feedback. There are not particular customers that the City is interested in targeting.

b. *Does the City have existing customer satisfaction survey results or other data to be utilized in this effort? If so, will you please describe them?*

No, the City does not have any customer satisfaction surveys focused specifically on the water utility.

9. *Concerning the 2015/16 Rate Study prepared by HF&H Consultants:*

a. *What is the status of this study?*

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The initial rate study was completed in December 2015 and was presented to the City Council in early January 2016. However, at that time, the City Council directed staff to complete an organizational, operational, and financial analysis to ensure that the Water Department was working as efficiently and cost-effectively as possible. As such, the findings of this audit will be incorporated into a new rate study.

- b. *Will you provide a copy? If not, will you be providing a copy to the selected consultant for use in this effort?*

A copy of the rate study can be found here: http://beverlyhills.granicus.com/MetaViewer.php?view_id=2&clip_id=4673&meta_id=281113.

- c. *Will the selected consultant for this RFP have access to the rate model and workpapers for use in this study?*

Yes.

- d. *What is the City's expectation concerning use of/reliance upon this study for Task 2 of the Scope of Work?*

This study can be used to inform the completion of parts of Task 2 of the Scope of Work. However, Task 2 should include an analysis of this data and of other data not included in the rate study, as well as recommendations for efficiencies and cost savings.

- e. *Please provide additional information on the HF&H rate study results and the statement on page 1 that "the results of this analysis will support the development of a new rate structure, and the City would like to have this structure in place as soon as possible."*

The findings of the organizational, operational and financial analysis will be considered by City staff and may be incorporated into the water department's operations. If there are changes in the operational and/or organizational structure that result in changes to the costs in operating the water department, these changes will be incorporated into the rate structure analysis. Given the current rate structure, there is a revenue shortfall due to increasing water conservation. The City's long-term rate structure is intended to be revenue-neutral and the City would like to have it in place by October 2016. However, the operational, organizational, and financial assessment must be completed before the City can continue to develop its structure.

10. *Please provide additional information on the minimum number of in-person meeting support (for commission meetings, committee and council presentations, among others) anticipated for this study.*

Staff anticipates that there will be at a minimum of 2 in-person Public Works Commission Meetings, a minimum of 1 Public Works City Council Liaison

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Meeting, a minimum of 1 City Council Meeting, as well as in person and phone meetings with staff.

11. *Please confirm that the 15-page submittal limit refers to 30 pages of actual content (i.e., 15 double-sided pages).*

The submittal limit is 15 single-sided pages.

12. *Can the City of Beverly Hills provide an organizational chart for the Water Utility?*

The organizational chart is provided as Appendix D.

13. *Can the City of Beverly Hills provide a functional matrix for the Water Utility?*

The City does not currently have a functional matrix for the Water Utility. An evaluation of the function of the Water Utility is desired as a part of this study.

14. *Has an indirect cost study been conducted for the City of Beverly Hills Water Utility?*

An indirect cost study has not been conducted for the City of Beverly Hills Water Utility.

15. *Does the City of Beverly Hills have an existing customer satisfaction survey?*

No, the City does not have an existing customer satisfaction survey.

16. *Does the City of Beverly Hills expect this study to include a review of the Water Utility's business software?*

The City of Beverly Hills does not expect this study to include a review of the Water Utility's business software.

17. *Does the City of Beverly Hills expect the Final Report to include an Implementation Plan for the recommendations developed during the study?*

Addendum No. 1 includes a Task 3 – Develop an Implementation Plan. This task includes developing appropriate phasing scenarios to best integrate short-term and long-term goals in order to achieve industry practices, as well as the City's estimated costs and planning effort that would be required to achieve each recommended solution.