



## San Jacinto River Authority

- General and Administration Division
- X GRP Division
- Lake Conroe Division
- Highlands Division
- Woodlands Division

### REQUEST FOR QUALIFICATIONS RFQ #11-048, GRP Pumpage Rate (Fee) Study

#### RFQ OVERVIEW

The San Jacinto River Authority (SJRA) is soliciting Statements of Qualifications (SOQs) from parties interested in undertaking the following project: Complete a Study on Pumpage Rates (Fees) for the SJRA Groundwater Reduction Plan (GRP) Program ("Study").

Statements of Qualifications (SOQs) will be accepted prior to September 8, 2011, 2:00 P.M. CST at the reception desk on the 3<sup>rd</sup> floor of the SJRA General and Administrative Building, 1577 Dam Site Road, Conroe, TX 77304. Responses received after the above-mentioned date and time will not be considered, and will be returned to the offeror in the condition they were delivered.

San Jacinto River Authority  
Attn: Steve Gibson  
Purchasing Department  
1577 Damsite Road  
Conroe, TX 77304

All communications regarding this RFQ must be made in writing and electronically to the Steve Gibson, GRP Program Buyer, [sgibson@sjra.net](mailto:sgibson@sjra.net). Any other contact with SJRA staff, consultants, or advisors regarding this contract may eliminate that firm from contract award consideration.

The proposed schedule for this Request for Qualifications is as follows:

Release RFQ to Consultants:	Thursday, August 18, 2011
Pre-Submittal Conference:	Thursday, September 1, 2011
Deadline for Questions and Inquiries:	Thursday, September 1, 2011
SOQ Submissions Due:	Thursday, September 8, 2011, 2:00 pm

#### GENERAL INFORMATION

The Lone Star Groundwater Conservation District (LSGCD) developed and issued a District Regulatory Plan (DRP Phase IIB) in 2010 to limit the total amount of groundwater withdrawn from the aquifers that serve Montgomery County by January 1, 2016. The San Jacinto River Authority (SJRA) has developed and received LSGCD approval of a Groundwater Reduction Plan that will assist its contracted GRP

Participants in meeting this regulatory requirement by reducing the total aggregated groundwater pumpage of its GRP Participants by at least 30 percent (%). In this plan, some GRP Participants will receive treated surface water to replace the portion of the groundwater that they will no longer withdraw from the local aquifers. The treated surface water will be blended with the portion of groundwater that is withdrawn to meet peak demands. Other GRP Participants will remain entirely on groundwater.

SJRA is implementing a wholesale treated surface water supply system that will include a new raw water intake and pump station, surface water treatment plant, finished water storage and pumping facilities, and an extensive transmission system to deliver potable surface water to selected GRP Participants within portions of Montgomery County. The SJRA is also evaluating additional alternative water supplies such as brackish water, reuse water and other surface water sources. The SJRA GRP Program includes water conservation, drought contingency and other demand management strategies.

The SJRA is currently assessing a GRP pumpage rate (fee) on all groundwater withdrawals by its GRP Participants to provide a source of revenue for the GRP Program. As of September 1, 2011, the GRP pumpage rate (fee) will be \$0.75/1000 gallons for FY 2012. It is anticipated that the GRP pumpage rate (fee) will require adjustments throughout the initial implementation period. Once treated surface water is delivered to some of the SJRA's GRP Participants, a wholesale water rate (fee) will be assessed on all treated surface water received by GRP Participants in addition to a pumpage rate (fee) that will continue to be assessed on all remaining groundwater withdrawals by the GRP Participants.

As a part of the SJRA's approach to responsible financial planning, a study is required to identify the potential GRP pumpage rate (fee) for the five year period beginning September 1, 2012 and ending August 31, 2017 along with the potential wholesale treated water rate potentially beginning in the fall of 2015.

As such the SJRA has the need for a Rate Consultant to undertake a Study on GRP Pumpage Rates (Fees) for the SJRA Groundwater Reduction Plan. As this Study represents an expansion of our current organizational and financial infrastructure, the SJRA will require the services of a Rate Consultant with a high level of experience in similar studies. The SJRA may consider the Rate Consultant to provide professional consulting services.

- Obtain and review operating, financial, management, contractual and policy data including but not limited to the following.
  - SJRA Groundwater Reduction Plan
  - Contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services between SJRA and GRP Participants and related supplements, and other agreements.
  - Water Supply Contract between City of Houston and SJRA
  - Loan covenants and payment schedules for all outstanding loans including but not limited to the TWDB WIF Deferred Loan

- Bond covenants and payment schedules for all outstanding bonds including but not limited to the 2011 Open Market Bonds
- Audited annual financial reports for previous fiscal year
- Budget versus actual line item revenues and expenses for FY 2011
- Budget for FY 2012
- Historical water usage (groundwater pumpage) by GRP Participants for previous five years
- Projections of future water demands by GRP Participants for study period including forecasted groundwater pumpage and treated surface water delivery
- Projections of capital expenditures of GRP Division for study period
- Projections of operations and maintenance expenses for study period
- Professional Services Agreements and Work Orders for consultants providing services for implementation of GRP Program
- Contract for Construction Manager at Risk for Surface Water Facilities
- Contracts for Construction of GRP Program facilities
- Miscellaneous Services Contracts for GRP Program
- Additional data as required
- Sample data obtained and test for accuracy.
- Conduct interviews with SJRA staff and bond/financial consultants during review of data to ensure understanding of information by Rate Consultant.
- Research capital, operating and contingency reserves used by similar public water utilities and provide guidance to SJRA regarding potential acceptable types, limits and methods of contribution to various capital and operating reserves appropriate for the GRP Division.
- Determine revenue and revenue requirements for the study period.
  - Determine revenue requirements.
  - Develop capital funding plan considering alternatives such as issuance of additional revenue bonds, utilization of loans through the TWDB and use of cash collected from GRP pumpage rate (fees) and treated surface water sales.
  - Develop a pro forma cash flow analysis of GRP Division financial operations.
  - Determine the timing and magnitude of needed revenue/rate increases.
  - Determine the minimum operating reserve level required to meet debt service coverage requirements.
- Conduct cost of services analysis.
- Conduct pumpage rate (fee) design for FY 2013 thru FY 2017.
  - Identify alternative pumpage rate approaches including innovative approaches to encourage water conservation and compliance to drought contingency measures.
  - Evaluate selected alternative pumpage rate structures and forms.
  - Provide comparison of revenues produced under alternative pumpage rate structures.
  - Determine costs associated with production of groundwater and idling of existing groundwater production capacity and identify the appropriateness of considering in rate (fee).

- Conduct wholesale treated surface water rate (fee) design for FY 2016 thru FY 2017.
  - Identify alternative wholesale treated surface water rate approaches including innovative approaches to encourage water conservation and compliance to drought contingency measures.
  - Evaluate selected alternative wholesale treated surface water rate structures and forms.
  - Provide comparison of revenues produced under alternative wholesale treated surface water rate structures.
  - Provide comparison of revenues produced under alternative combinations of pumpage rate and wholesale surface water rate structures.
- Participate in various progress meetings.
- Participate in an interim findings workshop and a final findings workshop with SJRA staff and bond/financial consultants.
- Provide formal presentations to GRP Review Committee, SJRA Finance Committee and Board regarding findings and recommendations.
- Other services as required.

Anticipated deliverables may include the following.

- Memorandum summarizing data and information assessment
- Memorandum summarizing feasible capital and operating reserves
- Memorandum summarizing revenue requirements including capital funding plan and pro forma cash flow analysis
- Memorandum summarizing GRP pumpage rate and wholesale treated surface water rate design
- Draft rate report
- Final rate report
- Other deliverables as required

The proposed schedule for the GRP Pumpage Rate (Fee) Study implementation is as follows:

Consideration of Agreement by SJRA Board:	Thursday, October 27, 2011
Project Kickoff Meeting:	Monday, October 31, 2011
Initial Findings Workshop:	February 2012
Final Findings Workshop and Draft Rate Report:	May 2012
Presentation to Finance Committee:	May 2012
Presentation to Review Committee:	May 2012
Presentation to Board:	June 28, 2012
Final Rate Report:	July 2012

The SJRA is requesting a Statement of Qualifications from qualified firms to provide professional services as a Rate Consultant. The respondent firm shall include appropriately qualified, experienced and licensed professionals to provide these as well as other services required within the proposed schedule.

## I. INSTRUCTIONS TO PROPOSERS

### A. Statement of Qualifications Requirements

1. SOQs shall not exceed fifteen (15) pages including transmittal letter and attachments; and excluding covers and plain section dividers. SOQs shall be printed on single side 8 ½" by 11" pages with not less than 1 inch margins, not less than 1.25 line spacing and not less than 11 point font.
2. Transmittal Letter – Provide a transmittal letter signed by an officer of the respondent firm who has the authority to commit the firm to the Study.
3. General Information of the respondent firm
  - a. Firm name
  - b. Corporate address
  - c. Address, phone number and fax number of Texas office supporting this Study
  - d. Primary contact name, phone number and email address
  - e. Website address
  - f. Federal tax identification number
  - g. Number of years firm in business
  - h. Type of organization(s) (individual, partnership, or corporation)
  - i. Date of organization (month and year)
  - j. Location(s) of business
  - k. Name(s) and date(s) of predecessor organization(s)
  - l. Total number of employees supporting this Study
  - m. Number and type of professionals and corresponding registrations/certifications supporting this Study
  - n. Type and limits of insurance coverage
4. Team Organization Chart
5. Experience of the individual Project Manager - Provide the following information to clearly demonstrate the experience and capabilities of the individual Project Manager proposed for the Study.
  - a. Name
  - b. Position/Title within respondent firm
  - c. Role/responsibility for this Study, including availability and time commitment to the Study
  - d. Current location and location during execution of the Study
  - e. Education
  - f. Applicable registration or certification
  - g. Years of experience directly related to the aspects of the water rate studies.



- d. Role/responsibility for this Study
  - e. Current location and location during execution of the Study
  - f. Education
  - g. Applicable registration or certification
  - h. Years of experience directly related to the specific aspects and anticipated services for the Study
  - i. Experience relevant to the specific aspects and anticipated services for the Study
8. Recent/Current Projects - Provide client contact name, current phone number and email address for all water rate studies in the United States for which the Respondent Firm completed within the last five calendar years, and the water rate studies for which the Respondent Firm is currently under contract to provide related services.
  9. Approach - Provide approach to the Study
  10. Other Information - Provide other information pertinent to the Study regarding respondent firm and its support resources.
  11. Potential Conflicts of Interest - Firms seeking to do business with SJRA are responsible for maintaining compliance with the applicable provisions of Chapter 176, Local Government Code, related to disclosure of conflicts of interest. The Conflict of Interest Questionnaire is available for downloading on the Texas Ethics Commission's website at <http://www.ethics.state.tx.us/forms/CIQ.pdf> and should be submitted to the SJRA under separate cover. The completed Conflict of Interest Questionnaire will be posted on SJRA's website as required by Chapter 176.

**D. Equal Employment Opportunity Requirements**

The SJRA highly encourages applicants to maintain non-discriminatory practices in their employment programs. This means applicants should not discriminate against any employee or applicant for employment because of race, color, national origin, religion, sex, age, handicap, or political belief or affiliation.

**II. GENERAL**

- A. This RFQ does not commit SJRA to enter into a contract, nor does it obligate it to pay any costs incurred in the preparation and submission of Qualifications and subsequent discussions, interviews and/or presentations in anticipation of a contract.
- B. SJRA reserves the right to
  1. reject any and all Statements of Qualifications received;

2. cancel the entire RFQ;
3. remedy technical errors in the RFQ process;
4. negotiate with any, all, or none of the respondents to the RFQ;
5. request proposals from a shortlist of respondents to the RFQ;
6. conduct interviews with a shortlist of respondents to the RFQ;
7. waive informalities and irregularities; and
8. modify the selection process.

C. SJRA retains the right to select, approve or disapprove all subconsultants.

## EXHIBIT A

**Policies and Minimum Limits of Liability**

<b><u>Kinds of Insurance:</u></b>	<b><u>Limits of Liability*:</u></b>
A. Workers' Compensation Texas Operations Employer's Liability	Statutory  Bodily Injury by Accident \$500,000 Each Accident Bodily Injury by Disease \$500,000 Each Employee Bodily Injury by Disease \$500,000 Policy Limit
B. Commercial General Liability Including but not limited to: 1. premises/operations 2. independent contractors' protective products and completed operations 3. personal injury liability with employment exclusion deleted 4. contractual, owned, non- owned, and hired vehicles or mobile equipment	\$2,000,000 General Aggregate \$2,000,000 Products/Completed Operations Aggregate \$1,000,000 Each Occurrence \$2,000,000 Personal and Advertising Injury
C. Professional Liability	\$1,000,000 per claim \$2,000,000 Aggregate
D. Business Automobile Liability Including all Owned, Hired, and Non-owned Automobiles	\$1,000,000 Combined Single Limit Per Occurrence
E. Umbrella Liability	\$1,000,000 Per Occurrence \$2,000,000 Aggregate Bodily Injury and Property Damage

\* Aggregate limits are per 12-month policy period unless otherwise indicated; defense costs shall be excluded from limits of liability of each policy.

All required insurance shall be maintained with responsible insurance carriers acceptable to SJRA and lawfully authorized to issue insurance of the types and amounts set forth in this Article 11. Carriers should have a Best's Financial Strength Rating of at least "A-" and a Best's Financial Size Category of Class VI or better, according to the most current edition of Best's Key Rating Guide, Property-Casualty United States ***or be of sufficient size and financial strength as adjudged by SJRA to meet the financial obligations evidenced in the certificate of insurance.***