

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) _____ Waiver of First Requested
____ Recommendations of Boards, Commissions & Committees (Green)
____ Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: August 17, 2015 (COW) (B of T) **Date:** September 3, 2015

TITLE: Comprehensive Water and Sewer Rate Study

SUBMITTED BY: Carl Goldsmith, Director of Public Works *g*

BACKGROUND/POLICY IMPLICATIONS:

As part of the Village's 2015 Budget, the Village included funds to conduct a comprehensive rate analysis for the Water & Sewer Fund. The Village solicited statements of qualifications from sixteen (16) professional engineering or financial consulting firms. Based upon the qualifications and references, the Village staff has determined that the most qualified firm to perform the rate study is Municipal & Financial Services Group (MFSG) out of Annapolis, MD. MFSG has performed similar studies for the Villages of Downers Grove, Geneva, Skokie, Glenview, Wheaton and Batavia.

FISCAL IMPACT/FUNDING SOURCE:

Total Contract Amount: \$49,247.00

Budget Amount: \$50,000.00

Account #: 510.270.350.75350

PW Project Number: WA-15-15

Review (as necessary):

Village Attorney X _____ Date _____

Finance Director X _____ Date _____

Village Manager X _____ Date _____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



August 17, 2015

TO: Village President and Board of Trustees
THROUGH: Scott Niehaus, Village Manager
FROM: Carl Goldsmith, Director of Public Works *J*
SUBJECT: Comprehensive Water and Sewer Rate Study

The Village of Lombard operates the Water & Sewer Fund as an enterprise fund. As such, the Fund is designed to support the costs of all operation/maintenance and capital projects without a subsidy from any other funding source. As part of the Village of Lombard 2015 Budget, the Village Board included funds to cover the cost of a water and sewer rate analysis. The goal of the study is to ensure that the Fund is sufficiently supported in accordance with operational practices, capital needs and fiscal policies.

The Village of Lombard requested qualifications from qualified firms for a comprehensive Water & Sewer Rate Study to determine the revenue requirements, costs of service, fee structure and propose alternate rate designs and fund balance targets for the Village's Water & Sewer Fund. The Village of Lombard has not completed a formal water and sewer rate study since 2002. The Village will use the results of the study to determine the structure and levels of the water and sewer rates. The study will also be to be used as a planning tool for the next five years and in the future.

The objectives of the rate study, as defined by the Request for Qualifications are as follows:

- Evaluate the existing water and sewer rate structures for conformance with existing statutory regulations and make recommendations for any changes that are necessary to achieve compliance.
- To review Ten-Year Capital Improvement Plan and recommend financing strategies.
- To review funding strategies for projects such as meter replacement and meter reading technology upgrades, detention pond improvements, water tank painting, lift station replacement, watermain replacements, etc.
- To compare and recommend alternate rate structures that will distribute costs equitably and appropriately allocate fixed and variable costs, using AWWA recognized methods.
- To evaluate existing fees such as connection fees, turn on/off fees, hydrant meter water usage and rental fees, etc. and possible new fees such as public/private fire protection and stormwater fees.

In addition to these broad objectives, the consultant will explicitly include the evaluation of the following elements and analysis as part of their final report:

- **Current Rate Structure:** Assess the current rate structure's suitability for sustaining cost recovery based on customer demands.
- **Equity:** Assess the equity of recommended water and sewer rates for all types of property ownership.
- **Conservation Impacts:** Assess the interaction between the water conservation elements of the recommended rates and their impacts on the ability to fund water and sewer operations, as well as their impact on the economic well-being of the community.
- **Environmental Regulation:** The studies shall include an assessment of the revenue stream generated by the recommended rates and their ability to continue to fully fund water and sewer system costs under the impacts of future water quality and statutory regulations and standards.
- **Other Service Charges:** Assess existing customer service fee structure and identify other potential areas for service and system charges (shut-down activities, back-flow devices, plan reviews, water and sewer service shut-offs, etc.) and recommend changes, if appropriate. Assessment is to note any resulting increase in liability the Village may incur as a result of assessing the fees.
- **Electronic Rate Model:** Provide an easy-to-use electronic rate model for the District to use in future rate setting.

The consulting firm for this project was selected using the Qualifications Based Selection (QBS) process. The Department of Public Works routinely uses the QBS process to select professional services firms for engineering and consulting projects. The QBS process seeks to identify the most qualified firm based upon experience and then seeks pricing from the firm based upon the agreed upon scope of services.

The Village solicited statements of qualifications from sixteen (16) professional firms. Based upon the qualifications and references, the Village staff has determined that the most qualified firm to perform the rate study is Municipal & Financial Services Group (MFSG) out of Annapolis, MD. MFSG has performed similar studies for the Villages of Downers Grove, Geneva, Skokie, Glenview, Wheaton and Batavia. The scope and fee were negotiated with MFSG and agreed to by both parties. The not-to-exceed fee for the Comprehensive Water and Sewer Rate Study is a not to exceed figure of \$49,247.00.

Please present this agreement and resolution to the President and Board of Trustees for their review at their regular meeting of September 3, 2015. If approved, please return one original signed copy to Public Works Administration for further processing.

RESOLUTION

R _____

**A RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR
A COMPREHENSIVE WATER & SEWER RATE STUDY**

WHEREAS, the Corporate Authorities of the Village of Lombard have received a proposed Agreement between the Village of Lombard and Municipal & Financial Services Group, regarding the Comprehensive Water & Sewer Rate Study project as attached hereto, marked Exhibit "A" and made part hereof (the "Agreement"); and

WHEREAS, the Corporate Authorities deem it to be in the best interests of the Village of Lombard to approve said Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS as follows:

SECTION 1: That the Agreement attached hereto as Exhibit "A" is hereby approved.

SECTION 2: That the Village President and the Village Clerk be and hereby are authorized and directed to execute the Agreement attached hereto as Exhibit "A", as well as any and all other documents necessary to carry out the provisions of said Agreement.

Adopted this 3rd day of September, 2015, pursuant to a roll call vote as follows:

Ayes: _____

Nays: _____

Absent: _____

Approved by me this 3rd day of September, 2015.

Keith Giagnorio
Village President

ATTEST:

Sharon Kuderna
Village Clerk

CONSULTANT EVALUATION FORM

Form of Contract

- The Form of Contract, as presented in the RFQ is acceptable and no modifications will be necessary.
- The Form of Contract, as presented in the RFQ is generally acceptable, but minor revisions will be necessary. A list all proposed revisions is attached.
- Major modifications must be made to the Form of Contract before a contract can be signed. A list all proposed revisions is attached.

Insurance: Attach Certificate of Insurance to this page. Attached.

Litigation: Attach a table corresponding to the sample in the instructions.

MFSG has never been either a plaintiff or a defendant in any litigation, administrative or regulatory matter.

PROJECT PROPOSAL FORM

Statement of Qualifications: Provide the CONSULTANT'S qualifications as outlined in the instructions. Please see pages 1-3 and 7-10 of our technical proposal of 07/24/15 (attached).

Project Staffing: Provide a staffing table in the format outlined in the instructions. An organization chart outlining the lines of communication and authority should also be included. Include resumes of staff associated with the project. Please see pages 4-6 of, plus the appendix to, our technical proposal plus pages 1-3 of our business proposal of 08/11/15 (attached)

Project Experience: Provide a project experience table in the format outlined in the instructions. Please see pages 7-10 of our technical proposal.

Proposed Services: A clear presentation of the proposed services to be provided in the firm's own format. Identify any item that your firm feels is missing from the proposed scope of services. Please see Section 4 (pages 11-20) of our technical proposal.

Proposed Schedule: Provide a Gantt chart of the proposed schedule. See Exhibit 7 on page 24 of our technical proposal.

Work Effort: Provide a table in accordance with the instructions. See pages 1-3 of our business proposal.

PROPOSAL

I/We hereby agree to furnish to the VILLAGE, consulting services in accordance with provisions, instructions, and specifications of the VILLAGE. The Proposal Form must be signed by an authorized agent. If the CONSULTANT is a corporation, the corporate seal must be affixed. The unit rate(s), proposed fee(s), amount(s), date of signature, and any other relevant information must be stated.

The successful CONSULTANT will be required to agree to and sign the VILLAGE contract and appendices (sexual harassment policy, tax liability, and CDL testing.) They are provided for the CONSULTANT'S information in Appendices 1 & 2.

This Proposal shall be binding for one (1) year following the scheduled proposal due date.

My signature certifies that the proposal as submitted complies with all terms and conditions as set forth in the Request for Proposals for a Water and Sewer Rate Study.

PROJECT PROPOSAL FORM (CONTINUED)

I/We hereby certify that I/We am/are authorized to sign as an agent(s) of the firm:

If an individual or partnership, all individual names of each partner shall be signed:

By:

Print Name:

Position/Title:

By:

Print Name:

Position/Title:

Company Name:

Address line 1:

Address line 2:

Telephone:

If a corporation, an officer duly authorized should sign and attach corporate seal

PLACE CORPORATE SEAL HERE
Maryland is a non-seal state.

By: Edward J. Donahue III

Print Name: Edward J. Donahue III

Position/Title: President

Company Name: Management and Financial Services Group, LLC
..... d/b/a Municipal & Financial Services Group

Address line 1: 911-A Commerce Road

Address line 2: Annapolis, MD 21401

Telephone: 410.266.9101

APPENDIX 1

VILLAGE OF LOMBARD CONTRACT (Sample Form)

CONTRACT DOCUMENT NUMBER (WA 15-15)

This agreement is made this 25th day of August, 2015, between and shall be binding upon the VILLAGE of Lombard, an Illinois municipal Corporation hereinafter referred to as the "VILLAGE" and the Management and Financial Services Group, LLC, d/b/a Municipal & Financial Services Group, hereinafter referred to as the "CONSULTANT" and its successors.

Witnessed, that in consideration of the mutual promises of the parties delineated in the contract documents, the CONSULTANT agrees to perform the services and the VILLAGE agrees to pay for the following services as set forth in the contract documents:

Comprehensive Water & Sewer Rate Study

1. This contract shall embrace and include all of the applicable contract documents listed below as if attached hereto or repeated herein:
 - a. (WA 15-15) Request for Proposal consisting of the following:
 - i) Cover Sheet
 - ii) Table of Contents
 - iii) General Provisions
 - b. CONSULTANT'S Proposal Dated July 24, 2015
 - c. Required Certificates and Signatures and Certificate of Insurance
2. The VILLAGE agrees to pay, and the CONSULTANT agrees to accept as full payment for the services which are the subject matter of this contract in accordance with the General Provisions.
3. This Contract represents the entire agreement between the parties and may not be modified without the written approval of both parties.

IN WITNESS WHEREOF, the Village of Lombard, Illinois by Keith Giagnorio, Village President, and the CONSULTANT have hereunto set their hands this _____ day of _____ 20__.

If an individual or partnership, all individual names of each partner shall be signed or if a corporation, an officer duly authorized shall sign here:

Management and Financial Services Group, LLC
d/b/a Municipal & financial Services Group

Print Company Name

Accepted this 25th day of August, 2015.

Individual or Partnership _____ Corporation XX (LLC)

Edward J. Donahue III
By Edward J. Donahue III

President
Position/Title

By

Position/Title

THE VILLAGE OF LOMBARD, ILLINOIS

Accepted this _____ day of _____, 20__.

Keith Giagnorio, Village President

Attest:

Sharon Kuderna, Village Clerk

APPENDIX 2

VILLAGE OF LOMBARD CONSULTANT'S CERTIFICATION

Edward J. Donahue III, having been first duly sworn depose and states as follows:
(Officer or Owner of Company)

Management and Financial Services Group, LLC
d/b/a Municipal & Financial Services Group, having submitted a proposal for:

(WA 15-15) to the Village of Lombard, hereby certifies that said CONSULTANT:

1. has a written sexual harassment policy in place in full compliance with 775 ILCS 5/2-105(A) (4).
2. is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, or if it is:
 - a. it is contesting its liability for the tax or the amount of tax in accordance with procedures established by the approve Revenue Act; or
 - b. it has entered into an agreement with the Department of Revenue for payment of all taxes due and is currently in compliance with that agreement.
3. is in full compliance with the Federal Highway Administration Rules on Controlled Substances and Alcohol Use and Testing, 49 CFR Parts 40 and 382 and that all employee drivers _____
(Name of employee/driver or "all employee drivers")
is/are currently participating in a drug and alcohol testing program pursuant to the aforementioned rules.

Edward J. Donahue III

By: Edward J. Donahue III, President

Officer or Owner of Company named above

Subscribed and sworn to
before me this 24th
day of August, 2015.

Michael Maker

Notary Public

MICHAEL MAKER
Notary Public
State of Maryland
Anne Arundel County

APPENDIX 3

LOCAL GOVERNMENT PROMPT PAYMENT ACT (COPY)

AN ACT to create the "Local Government Prompt Payment Act", and to amend certain Acts named therein.
P.A. 84-731, approved Sept., 21, 1986, eff. July 1, 1987.

5601. Short title

1. This Act shall be known and may be cited as the "Local Government Prompt Payment Act".

5602. Application

2. This Act shall apply to every county, township, municipality, municipal corporation, school district, school board, forest preserve district, park district, fire protection district, sanitary district and all other government units. It shall not apply to the State or any office, officer, department, division bureau, board, commission, university, or similar agency of the State, except as provided in Section 7.1
Amended by P.A. 85-1159, 2-2, eff. Aug. 4, 1988.

Paragraph 5607 of this chapter.

5603. Approval of bills

3. The appropriate local government official or agency receiving goods or services must approve or disapprove a bill from a vendor for goods or services furnished the local governmental agency within 30 days after the receipt of such bill or within 30 days after the date on which the goods or services were received, whichever is later. When safety or quality assurance testing of goods by the local governmental agency is necessary before the approval or disapproval of a bill and such testing cannot be completed within 30 days after receipt of the goods approved or disapproved of the bill must be made upon completion of the testing or within 60 days after receipt of the goods, whichever occurs first. Written notice shall be mailed to the vendor immediately if a bill is disapproved.

5604. Payment of bills - Penalty

4. Any bill approved for payment pursuant to Section 3.1 shall be paid within 30 days after the date of approval. If payment is not made within such 30 day period, an interest penalty of 1% of any amount approved and unpaid shall be added for each month or fraction thereof after the expiration of such 30 day period, until final payment is made.

Paragraph 5603 of this chapter.

5605. Failure to approve bills - Penalty for late payment.

5. If the local government official or agency whose approval is required for any bill fails to approve or disapprove that bill within the period provided for approval by Section 3.1 the penalty for late payment of that bill shall be computed from the date 60 days after the receipt of that bill or the date 60 days after the goods or services are received, whichever is later.

Paragraph 5603 of this chapter.

LOCAL GOVERNMENT PROMPT PAYMENT ACT (CONTINUED)

5606. Time periods

6. The time periods specified in Section 3, 4 and 5.1 as they pertain to particular goods or services, are superseded by any greater time periods as agreed to by the local government agency and the particular vendor.

Added by P.A. 85-1159, 2.2, eff. Aug. 4, 1988.

Paragraph 5603, 5604 and 5605 of this chapter.

5607. Funds appropriated or controlled by state - Certification

7. If funds from which the local governmental official or agency is to pay for goods or services are funds appropriated or controlled by the State, then the local governmental official or agency may certify to the State Treasurer, Comptroller and State agency responsible for administering such funds that a specified amount is anticipated to be necessary within 45 days after certification to pay for specified goods or services and that such amount is not currently available to the local governmental official or agency. The State Treasurer, Comptroller and State agency shall then expedite distribution of funds to the local governmental unit to make such payments. The certification shall be mailed on the date of certification by certified U.S. mail, return receipt requested. Any interest penalty incurred by the local governmental unit under Section 3 or 4.1 because of the failure of funds to be distributed from the State to the local governmental unit within 45 day period shall be reimbursed by the State to the local governmental unit as an amount in addition to the funds to be otherwise distributed from the State.

Added by P.A. 85-1159 2-2, eff. Aug. 4, 1988.

Paragraph 5603 or 5604 of this chapter.

Village of Lombard

Comprehensive Water and Sewer Rate Study

Business Proposal for Professional Services



August 11, 2015

Prepared by



Municipal & Financial Services Group

1. Administrative and General

This document presents the business proposal of the Municipal & Financial Services Group (MFSG) to complete a comprehensive water and sewer rate study for the Village of Lombard. The proposal was prepared in response to the Village's RFP issued June 10, 2015.

This proposal was prepared in the Annapolis, Maryland office of MFSG, a Maryland limited liability company, under the direction of David Hyder, vice president of the firm, who is empowered to represent, negotiate for, and bind and commit the firm:

Municipal & Financial Services Group
911-A Commerce Road
Annapolis, Maryland 21401
David.Hyder@mfsgllc.com
410.266.9101 voice / 410.266.5545 facsimile
Taxpayer ID # 52-2215040

MFSG is a women-owned firm certified as such by the State of Maryland (Certification Number DOT-MBE-03-191), and is also registered as a small business by the State of Maryland (ID #1522215040).

2. Period of Proposal

This proposal is valid for 120 days from the date of its submission and may be extended by mutual written agreement.

3. Basis of Cost Proposal

We develop our cost proposals by estimating the number of hours of effort that will be required by key individual/classification of employee, and multiplying this number by the standard hourly rate that has been established for each administrative classification of employee. To this estimate of our professional fees, we add the costs of subcontracting firms and estimated out-of-pocket expenses (e.g., travel, telephone, printing, express services, etc.) at actual cost, with no profit or overhead added. Any discounts received (car rentals, hotels, etc.) are passed through to the client. The standard hourly rates that were used in this proposal are as follows:

Exhibit 1. Hourly Rates

Team Member	Classification	Hourly Rate
Donahue	Principal / Officer	\$275
Hyder	Senior Manager	\$250
Moher	Manager	\$150
Callocchia	Senior Consultant	\$125
MFSG Staff	Various	\$120

We guarantee the hourly billing rates set forth above for all work performed through December 31, 2015. On January 1, 2016 and on the first day of each succeeding calendar year, billing rates may be adjusted.

4. Cost Proposal

Professional fees and expenses are based on the scope of services requested by the Village and our estimate of the level of effort to provide the services. Exhibit 2 presents the number of hours anticipated by individual by task to complete the study.

Exhibit 2. Cost Proposal

Village of Lombard Comprehensive Water & Sewer Rate Study		Hourly Rate	Donahue	Hyder	Moher	Callochia	MMSG Staff	Total Hours	Percentage of Hours	Total Cost
			\$275	\$250	\$150	\$125	\$120			
1.	Project Management / Data Collection			4	4			8	3%	\$1,600
2.	Kickoff Meeting		4	4	4	2		14	5%	\$2,950
3.	Revenue Requirements			12	8	8	8	36	14%	\$6,160
4.	Demand and Usage Analysis			4	4	10	4	22	8%	\$3,330
5.	Develop Cost of Service			10	10	8	6	34	13%	\$5,720
6.	Evaluation of Revenue Adequacy / Financial Plan			4	8	8	4	24	9%	\$3,680
7.	Rate Alternatives Analysis		2	10	14	8	4	38	15%	\$6,630
8.	Financial Model and Training		4	10	16	12	8	50	19%	\$8,460
9.	Reporting		4	8	8	4	12	36	14%	\$6,240
	Subtotal		14	66	76	60	46	262		
	% of Hours		5%	25%	29%	23%	18%		100%	
	Total Cost		\$3,850	\$16,500	\$11,400	\$7,500	\$5,520			\$44,770
	Direct Costs									\$4,477
	Total Cost									\$49,247