Request for Qualifications (RFQ)
Feasibility Study for the Development of a Regional Production Water Utility
Central Iowa Regional Drinking Water Commission
March 2014

Introduction

The Central Iowa Regional Drinking Water Commission (CIRDWC) is seeking the services of a professional consulting firm to assist in determining the feasibility of the development of a regional production water utility for Central Iowa.

The Central Iowa Regional Drinking Water Commission (CIRDWC), a body of elected and appointed officials from Central Iowa, formed by 28E agreement to provide water system planning for the entire region. CIRDWC consists of 22 central Iowa communities, most of which purchase their water on a wholesale basis from Des Moines Water Works.

Members of CIRDWC include:

- Board of Directors for the Warren Water District
- Board of Directors for the Xenia Rural Water District
- Board of Supervisors for Polk County, Iowa
- Board of Water Works Trustees of the City of Des Moines, Iowa
- Board of Water Works Trustees of the City of Indianola, Iowa
- Board of Water Works Trustees of the City of Urbandale, Iowa
- Board of Water Works Trustees of the City of West Des Moines, Iowa
- City of Altoona, Iowa
- City of Ankeny, Iowa
- City of Bondurant, Iowa
- City of Carlisle, Iowa
- City of Clive, Iowa
- City of Cumming, Iowa
- City of Johnston, Iowa
- City of Mitchellville, Iowa
- City of New Virginia, Iowa
- City of Norwalk, Iowa
- City of Pleasant Hill, Iowa
- City of Polk City, Iowa
- City of St. Charles, Iowa
- City of Waukee, Iowa
- City of Windsor Heights, Iowa
CIRDWC’s mission is “To improve Central Iowa and influence public policy through coordinated planning and cooperation in an effort to promote the wise use of resources with the goal of assisting Members to provide efficient, effective infrastructure and operations to deliver adequate, safe, and affordable drinking water to the region.”

Des Moines Water Works (DMWW) was established as a municipal utility in 1919. At its inception, water revenue bonds were issued to purchase the utility, and those bonds were repaid through water revenues collected from rate payers. The Water Works is governed by a 5-member Board of Trustees appointed by the Mayor of Des Moines. The Board meets monthly, and under Ch. 388, Code of Iowa, exercises full management authority over the utility.

Des Moines Water Works provides water to over 500,000 people in central Iowa, including retail and commercial customers within the city of Des Moines. DMWW also directly serves customers in the following service areas on a contract basis through a 28E Total Service agreement:

- Unincorporated Polk County
- Windsor Heights
- Pleasant Hill
- Runnells
- Cumming
- Alleman
- Polk County Rural Water District #1
- Berwick Water Association

Additionally, DMWW sells water on a wholesale basis to the communities/districts of:

- Altoona
- Ankeny
- Bondurant
- Clive
- Johnston
- Norwalk
- Polk City
- Urbandale
- Warren Water District
- Waukee
- West Des Moines Water Works
- Xenia Rural Water District

DMWW operates facilities that benefit the entire water system as a whole and all customers of the system, including those communities who buy wholesale from DMWW. Called the “Core Network,” these facilities include treatment plants, storage facilities, Aquifer Storage and Recovery (ASR) wells, transmission mains, etc.
Initial Core Network facilities were constructed in the 1920s-1930s after Des Moines Water Works became a public utility. Core Network facilities continued to be built throughout the years, with added focus to their role occurring in the mid-1990s through early 2000s. Around the mid 1990s, wholesale customers, largely growing suburban communities, expressed the need for increasing water resources and expressed interest in choosing DMWW to serve those needs rather than build facilities of their own. Rather than issue bonds to fund the development and construction of additional facilities, Des Moines Water Works sold capacity in this expanding infrastructure. Known as “purchased capacity,” wholesale customers entered into a Purchased Capacity Master Agreement and invested up front in DMWW’s Core Network. Although DMWW maintains ownership of all core assets, in return for their investment, the communities benefit from a reduced wholesale rate, called the Purchased Capacity rate, for the length of the contract (40 years). Purchased capacity was sold in 1996 for $1.00 per gallon to construct Maffitt Treatment Plant (n.k.a. L.D. McMullen Treatment Plant), radial collector wells, and an ASR well. Des Moines Water Works again sold capacity in 2005 to fund the construction of the Saylorville Water Treatment Plant and ASR wells. Capacity was sold in 2005 for $1.90 per gallon.

All Des Moines Water Works’ wholesale customers, with the exception of Johnston, have purchased capacity in DMWW’s core network. Altoona, Polk City, West Des Moines Water Works, and Xenia Rural Water District purchase water on a wholesale basis from Des Moines Water Works and/or have purchased capacity in Des Moines Water Work’s Core Network, and also operate and maintain their own production-related facilities. In addition, Urbandale Water Utility owns sand quarries as a potential water source.

In earlier years, Des Moines Water Works sold most of its water, both in terms of volume and revenue, to customers within the city of Des Moines. In recent years, however, as suburban communities have grown in population, sales have shifted. About 60% of consumption is sold outside the city of Des Moines, with 40% of consumption sold to customers inside the city. In terms of revenue, however, slightly more than half (54%) of all revenues are generated from Des Moines customers.

Interest in examining the feasibility of a regional water production utility aligns with the following initiatives and considerations:

1) The Greater Des Moines Metropolitan area is engaged in a comprehensive planning process to develop a 5-year vision strategy for the entire metro area. Known as Capital Crossroads, this independent planning initiative has recommended that a metro water authority be explored. Additional information on this initiative and visioning process can be found at http://www.capitalcrossroadsvision.com/.

2) While a regional approach has been taken in regard to developing production facilities, wholesale water rates and production operations continue to be under the oversight of the Des Moines Water Works Board of Water Works Trustees. With the shift in volume of water sold inside/outside the city of Des Moines, there is interest in examining the feasibility of a regional production water utility which would provide stakeholders a stronger voice in production operations. It is proposed that oversight for distribution,
customer service, and the rate making process for water rates to the end customer will remain local to each community’s utility or city department.

3) A core value of each participating utility is a commitment to customers, realized in part through efficiencies in operations, with related cost savings that can be passed along to each utility’s customers.

Inquiries
General questions regarding this Request for Qualifications (RFQ) should be directed to Amy Kahler in writing at the address noted below, or via e-mail at kahler@dmww.com no later than 4:00 pm on Friday, March 14, 2014. Inquiries and responses will be posted at http://www.dmww.com/about-us/cirdwc/ by March 28, 2014.

Please note CIRDWC will respond only to technical questions. Under no circumstances will CIRDWC provide interpretive guidance. No oral interpretations shall be made to any respondent as to the meaning of any of the documents. It is the responsibility of interested firms to periodically check the CIRDWC website for amendments to this RFQ and responses to inquiries.

Submission Requirements
Prospective consultants are asked to submit responses in two parts:

Letter of Interest
The Letter of Interest must specify the following:
• The name and address of the Consultant(s).
• General Information on the firm and any proposed sub-consultants.
• Name, title, email address, and telephone number of the individuals within the firm authorized to commit the company to this contract.
• The name, title, email address, and telephone number of the individual CIRDWC should contact regarding questions and clarifications.

Technical Response
The Technical Response (25 pages or less and considering the guidelines below) must contain a description of the consultant's proposed approach with specific reference to:
• Project understanding and approach to scope of services in Exhibit A (2 pages)
• Any recommendations to improve/support the project (1 page)
• Description of any special services required (2 pages)
• Name and required services of any subcontractors (1 page)
• Project schedule (1 page)
• Resumes of key personnel proposed to work on the assignment with emphasis on relevant experience (1 page per person, 5 pages total)
• A detailed organization chart (1 page)
• A description and status of comparable project experience (limit to three projects, 6 pages total).
• Three references from comparable types of projects (1 page per reference)
Each consultant must submit six (6) paper copies and one (1) digital copy of their proposal in a sealed envelope with the name and address of firm noted on the outside of the envelope. If forwarded by mail, the sealed envelope containing the proposal must be enclosed in another envelope addressed to the following:

Ms. Amy Kahler, CIRDWC Recording Secretary  
2201 George Flagg Pkwy.  
Des Moines, IA  50321

Proposals must be received no later than 4:00 pm on Friday, April 11th, 2014. Proposals received after the date and time prescribed will not be considered for contract award and will be returned to the submitter. No partial submittals will be accepted.

Selection Process
CIRDWC will follow a Qualifications Based Selection (QBS) process for selecting the preferred Consultant(s). Consultants or consortia of consultants will be asked to demonstrate expertise and experience in all skill areas that may be appropriate to the work contemplated by the Commission. All RFQs received will be reviewed and evaluated by a Selection Committee comprised of Representatives and Ex-Officios of CIRDWC. Up to five prospective consultants will be selected for a short list and each will be requested to participate in an interview and presentation to the selection committee. The selection committee will make a recommendation for selection of consultant to the full Commission. If CIRDWC membership approves the recommendation, the CIRDWC Selection Committee will be authorized to communicate to the selected consultant and begin contract negotiations.

The proposals and consultants will be evaluated based on the following criteria:
- Corporate experience and capacity.
- Understanding of work to be performed.
- Project organization and staff commitment.
- Professional expertise of team.
- Prior experience relative to project.
- Completeness, feasibility and quality of scope of services and project schedule.
- Clarity and conciseness of presentation.

The selected consultant will be notified within 7 days of approval by CIRDWC and contract negotiations will commence immediately upon notification. A 60-day fee negotiation period will be provided for the selected consultant and CIRDWC to finalize the contract fees, scope of service and agreement. At the end of the 60 day negotiation period, the Contract shall be awarded. If a negotiated fee or scope of work cannot be mutually agreed to by both parties, CIRDWC will terminate negotiation and begin negotiation with the second rated firm. It is anticipated the project will have a July 1, 2014 start date.

The selected consultant will be required to prepare project documents in a timely manner and submit monthly status reports indicating work completed to date and any problems affecting the project schedule. The consultant will be expected to assign sufficient administrative, planning, design and support staff to complete the scope of work within the established schedule.
Additional Services
If respondents believe that additional services to those requested in the specifications are necessary, please identify those services, reasons for recommending such services, and the cost of the services.

Insurance
CIRDWC requires Consultants provide and maintain adequate professional liability for errors and omissions in the minimum amount of $2,000,000. The Consultant(s) and subcontractors shall carry workman’s compensation insurance. Proof of adequate insurance must be included in the bid application.

Scope of Services
The Contractor shall provide the professional services identified in the Scope of Services provided in Exhibit A.

Project Deliverables and Expectations
Expected project deliverables are noted in Exhibit A. The selected consultant will be expected to deliver four primary written deliverables:

- SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis Report
- Summary of Stakeholder Discussions
- Asset Valuation Report
- Final Recommendations Report

Additionally, the selected consultant will be expected to:

- Participate in regular status meetings as deemed appropriate by the CIRDWC Executive Committee
- Provide a Progress Report at CIRDWC meetings as directed by the Executive Committee

Personnel Request for Qualifications
The proposal must identify the person or persons who will be responsible for conducting the work as listed in this scope of services, and include a copy of each person's resume, experiences with municipal/government clients and listing of references.

Length of Service
It is expected and required that the work covered by this scope of services shall be completed in an expeditious manner. The proposal should indicate an approximate date for completion of the work, significant milestones, and anticipated length of time needed to complete the project.

Contract/ Agreement
The successful bidder shall enter into a contract with CIRDWC and agree to abide by all state and federal contractual requirements. By signing the agreement with CIRDWC, the Consultant agrees to perform work as specified in the scope of services and accepts the terms and conditions set forth in the contract.
EXHIBIT A

Scope of Services
Regional Governance Feasibility Study

Task 1
Perform a SWOT analysis (strengths, weaknesses, opportunities, and threats) of forming a regional production utility vs. maintaining status quo structure production facilities, with emphasis on the impact to production rates and services.
Deliverable: SWOT Analysis Report

Task 2
Meet individually with participating stakeholders.
Deliverable: Summary of Stakeholder Discussions

Task 3
Evaluate current regional production assets and identify meaningful joint assets:
- Identification of critical regional production facilities, including treatment plants, transmission mains, ASR wells, storage, and water sources.
- Valuation
- Debt
Deliverable: Asset Valuation Report

Task 4
Identify legal, political and financial considerations, including but not limited to:
- Legal considerations for developing a regional water utility, including but not limited to state laws or regulations that impact entity formation, asset transfer, etc.
- Options for handling existing debt related to assets.
- Impact to various customer classes, including 1) wholesale, 2) purchased capacity, 3) contract, and 4) Des Moines retail customers.
Deliverable: Final Recommendations Report

Task 5
Identify options for organizational structure, including but not limited to:
- Composition of governing body (i.e., number, how determined, etc.).
- Scope of responsibility of regional production facilities.
- Relationship of regional production facility with community water boards/city councils.
- Methodology for constituting regional production utility at inception and allowing for future participation
Deliverable: Final Recommendations Report

Task 6
Evaluate feasibility of a regional production utility assuming:
- all entities with production-related facilities participate
- one or more entities with their own production facilities opts out of a regional approach
- one or more entities opts out of a regional approach and constructs or expands their own production facilities
Deliverable: Final Recommendations Report