

## **REQUEST FOR STATEMENTS OF QUALIFICATIONS**

### **2022 Cost of Service Study**

#### **BACKGROUND AND PURPOSE**

The Henderson Water Utility (HWU) is requesting Statements of Qualifications (SOQ) from qualified firms licensed in the Commonwealth of Kentucky to provide services for the completion of a Cost-of-Service Study (COSS) of water and sewer rates for the Utility.

HWU currently has two water/sewer systems, the **North** system serves the City of Henderson proper, areas just outside the City limits, and northern portions of the Henderson Water District territory. The **South** system serves a large industrial customer, two small cities outside Henderson County, and a portion of the Henderson Water District territory in Henderson County. This study is intended to look at rates for all classes of customers, in both systems, for water and sewer services.

Stormwater fees are assessed through a fixed user fee on North-system, City customers, only. Rates for several large industrial and wholesale customers, constituting more than 50% of gross revenues, are controlled by cost plus contracts.

Services provided for the projects may include the following, as applicable:

- Project kickoff meeting with HWU for proper identification of project scope and alignment of expectations.
- Define revenue requirements (annual operating, capital planning, debt service, rebuilding of reserves)
- Analyze costs by function, classification, and allocation.
- Identify fixed & variable costs
- Define cost to serve each customer class, including residential, commercial, industrial, and contract customers.
- Determine optional cost-based rate structure(s) and provide comparisons to existing rates. Employ industry-accepted and regulatory commission-approved methodologies to ensure the fair and non-discriminatory allocation of required revenues.
- Recommend rate structure improvements to avoid cross-subsidization between customer classes, including comparison to similar utilities (by vicinity and by size).
- Submit final report to Water & Sewer Commission that creates a foundation for future financial planning.

Response should be both thorough and concise, detailing experience, personnel, and references relevant design and implementation of cost-of-service studies in similar-sized utilities. Firms that have not provided ongoing services in this area for a period of at least five years need not apply.

To our knowledge, a COSS has never been performed for or by HWU.

## **EVALUATION CRITERIA**

Statements of Qualifications will be evaluated on the following criteria:

- Experience – Ability to satisfy the technical components of this work.
- Similar Projects – verifiable experience on similar projects in the last five years including project location, date, description, actual cost, time to completion.
- Resumes – information on personnel to be assigned to this work.
- References – client contact information.
- Project Approach and Schedule – Provide a narrative of the firm’s approach to the project and the proposed study effort. Include a project schedule based on a notice to proceed 30 days from the date the SOQ is due, with study completion required in Q2 2023.

## **SELECTION PROCESS**

The selection process will include an evaluation by staff of the Henderson Water Utility, who will make a recommendation to the Henderson Water and Sewer Commission.

Interested firms should submit five copies of their Statement of Qualifications to Henderson Water Utility, 111 Fifth Street, Henderson KY 42420.

**Statements of Qualifications must be received no later than 4:00 p.m., 15 November 2022.**

Questions related to this Request for Qualifications should be directed to Todd Bowley, HWU Chief Financial Officer, 270.826.2421, or at [todd.bowley@hkywater.org](mailto:todd.bowley@hkywater.org).

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RFQ’s, Clarifications and Addenda may be obtained from:

HWU website: <http://tinyurl.com/hwu-bids>

HWU Bobby Gish Administration Building: 111 Fifth Street, Henderson, KY 42420

The Water and Sewer Commission reserves the right to accept or reject any or all proposals in whole or in part and to waive informalities and/or technicalities. Conflicts of interest, gratuities, and kickbacks as defined and provided for in KRS 45A.455 are absolutely prohibited.