



## REQUEST FOR QUALIFICATIONS (RFQ) AND PROPOSAL (RFP) FOR WATER AND WASTEWATER RATE STUDY

East Texas Municipal Utility District of Smith County

### I. Introduction

The East Texas Municipal Utility District (ETMUD) of Smith County, Texas, is seeking Qualifications and Proposals from qualified consulting firms to conduct a comprehensive Water and Wastewater Rate Study. This study will assess the current water and wastewater rate structures, analyze cost recovery needs, and provide recommendations to ensure that rates are equitable, sustainable, and aligned with long-term system requirements.

ETMUD serves approximately 1,000 connections, and the last rate study was conducted in 2019. Given changes in operational costs, infrastructure investments, and population growth, a new evaluation is necessary to ensure financial sustainability and fair rate distribution across all customer classes.

### II. Project Background

ETMUD provides water and wastewater services to residents in Smith County, Texas. Since the last rate study in 2019, there have been shifts in operational costs, infrastructure requirements, and customer base growth. Additionally, new regulatory compliance mandates and inflationary pressures necessitate a fresh review of the rate structure. The purpose of this study is to provide a comprehensive review of ETMUD's rate structures and present recommendations that will guide future rate adjustments. The study will ensure that the District can meet operational, maintenance, and capital improvement demands while maintaining a fair and sustainable rate structure.

### III. Compliance with AWWA, TCEQ, and Texas PUC Standards

To ensure that the rate study meets all regulatory and industry standards, the selected consultant must adhere to the methodologies and best practices prescribed by the American Water Works Association (AWWA), the Texas Commission on Environmental Quality (TCEQ), and the Public Utility Commission of Texas (PUC). Specifically, the consultant must ensure that the following regulations and standards are fully integrated into the study:

1. **AWWA Guidelines:** The consultant must utilize the AWWA's principles of water rate setting, including cost allocation and full-cost recovery methodologies. The study should follow AWWA's M1 Manual principles to ensure compliance with industry-standard practices.
2. **TCEQ Regulations:** The rate study must align with TCEQ's rules on utility operations, capital improvement planning, and financial sustainability for municipal utility districts. Any proposed rate changes must take into account TCEQ's regulations on water conservation, public health, and environmental compliance.
3. **Texas PUC Requirements:** The rate study must ensure that all rate recommendations conform to the Texas PUC's standards for fair and reasonable utility rates. This includes ensuring that rates are transparent, non-discriminatory, and adequately reflect the costs of service across different customer classes.
4. The consultant will be responsible for incorporating any changes in regulations or compliance requirements that may occur during the course of the study. ETMUD expects the final rate recommendations to be fully defensible and in compliance with all applicable regulations.

#### IV. Scope of Work

The consultant selected for this project will undertake a detailed review of ETMUD's current water and wastewater rate structures and provide recommendations based on a thorough analysis of costs and revenue needs. Specifically, the consultant will:

1. **Review Current Rate Structure:** Analyze ETMUD's existing rate structures to determine if they provide adequate revenue for covering operating expenses, capital needs, and debt service requirements. Rates will be compared to similar-sized utilities and MUDs to ensure competitiveness and fairness.
2. **Conduct a Cost-of-Service Analysis (COSA):** Perform a detailed cost of service analysis to allocate costs to different customer classes based on their demand and usage patterns. This analysis will identify operational, maintenance, and capital improvement costs for water and wastewater services, accounting for regulatory requirements and inflation.
3. **Provide Rate Design Recommendations:** Recommend rate structures that ensure adequate cost recovery while minimizing customer impact. The consultant will propose at least two alternative rate structure scenarios for ETMUD's consideration, including tiered rates and/or adjustments to fixed charges.
4. **Financial Modeling and Scenario Analysis:** Develop a financial model to forecast future revenue needs, taking into account different growth and consumption scenarios. This model will assess the financial sustainability of ETMUD under various conditions, such as regulatory changes and reduced consumption patterns.

5. **Public Outreach and Stakeholder Engagement:** Assist in preparing materials for ETMUD's Board of Directors and public meetings, explaining the rate study methodology and recommendations. The consultant will also be available for stakeholder discussions as needed to address questions or concerns.

The final deliverables of this study will include the following:

1. **Draft Report:** A summary of preliminary findings and recommendations for ETMUD's water and wastewater rates, including the cost-of-service analysis, rate design alternatives, and financial modeling.
2. **Final Report:** A comprehensive final report that incorporates feedback from ETMUD staff and stakeholders. This report will include the executive summary, cost of service analysis, rate design recommendations, alternative rate structures, and a long-term financial forecast.
3. **Financial Model:** An editable financial model that ETMUD can use for future planning and rate analysis. The model should be flexible and allow for various scenario analyses and growth forecasts.
4. **Presentation to the Board of Directors:** A formal presentation summarizing the findings and recommendations, to be delivered to the ETMUD Board of Directors and key stakeholders. The consultant will be expected to answer questions and assist in explaining the methodology and impact of rate changes.
5. **Rate Calculator:** A user-friendly Rate Calculator designed for both website and office use, allowing ETMUD staff and customers to compare the current rates with the proposed future rates. The calculator should allow users to input their usage and see the cost difference between the two rate structures. This tool must be intuitive and accessible, helping customers understand how rate changes will affect their bills.

## V. Qualifications & Proposal Requirements

Interested firms must submit both Qualifications and a Proposal in response to this RFQ/RFP. Qualifications should include detailed information about the firm's experience and expertise in performing water and wastewater rate studies, specifically for MUDs and public utilities in Texas. Submissions should include:

1. **Firm Overview:** A description of the firm, including years in business, office locations, and size. This section should also outline the firm's specific experience with Texas regulations and requirements for water and wastewater services.

2. **Relevant Project Experience:** Descriptions of at least three similar projects conducted within the last five years. Each project description should include the client's name, project scope, outcomes, and contact information for references.
3. **Team Qualifications:** Resumes of key personnel who will be assigned to the project, detailing their relevant experience and qualifications. An organizational chart should be provided that outlines team responsibilities.

In addition, the Proposal should include:

1. **Approach and Methodology:** A detailed description of the consultant's proposed approach to completing the rate study. This should cover how the consultant plans to conduct the cost-of-service analysis, develop rate structure alternatives, and perform financial modeling and scenario analysis.
2. **Work Plan and Timeline:** A detailed work plan showing all tasks to be completed, project milestones, and deliverables. This should include the timeline for the project start date of October 23, 2024, the draft report submission by December 15, 2024, and the final report submission by January 15, 2025.
3. **Cost Proposal:** A comprehensive cost breakdown, including the total project cost, hourly rates for key personnel, travel expenses, and any optional services.
4. **Deliverables:** A summary of all deliverables expected at each phase, including the draft and final reports, financial models, presentations, and public outreach materials (if applicable).

## VI. Timeline

The following timeline has been established for the RFQ/RFP process:

1. RFQ/RFP Issued: September 25, 2024
2. Deadline for Submissions: October 9, 2024
3. Interviews (if needed): October 16, 2024
4. Consultant Selection: October 22, 2024
5. Project Start Date: October 23, 2024
6. Draft Report Due: December 15, 2024
7. Final Report Due: January 15, 2025

## VII. Submission Instructions

Consulting firms must submit seven (7) hard copies and two (2) electronic copies of their Qualifications and Proposal (in PDF format) by October 9, 2024. Late submissions will not be accepted. Submissions should be sent to the following address:

ATTN: Lane Thompson, General Manager

Address: East Texas Municipal Utility District  
12162 HWY 155 N.  
Tyler, TX 75708

Email: [lthompson@etmud.com](mailto:lthompson@etmud.com)

Phone: 903-877-3644

## VIII. Selection Criteria

ETMUD will evaluate submissions based on the following criteria:

1. Experience with Similar Projects (30%) – The firm’s demonstrated experience conducting rate studies for municipal utility districts or other public utilities.
2. Expertise of Assigned Personnel (25%) – The qualifications and relevant experience of key personnel assigned to the project.
3. Project Approach & Methodology (20%) – The quality and thoroughness of the proposed approach to completing the rate study.
4. Understanding of Texas Regulations (15%) – The firm’s knowledge of Texas-specific regulations for water and wastewater utilities, as well as AWWA, TCEQ, and PUC standards.
5. Cost Proposal (10%) – The cost-effectiveness and clarity of the proposed budget.

## IX. Additional Information

This RFQ/RFP is not a contract offer and does not commit ETMUD to pay any costs associated with the preparation of a submission. ETMUD reserves the right to modify or cancel this RFQ/RFP at any time and to negotiate terms with the selected consultant.