City of Beverly Hills
Request for Proposals No. 16-07

Professional Services for a
Comprehensive Organizational, Operational and Financial Assessment of the
Water Utility

Public Works Services Department
345 N. Foothill Road
Beverly Hills, CA
March 2016
City of Beverly Hills
Beverly Hills, CA

REQUEST FOR PROPOSAL
For
Professional Services for a
Comprehensive Organizational, Operational and Financial Assessment of the Water Utility

March 8, 2016

Project Overview
The City of Beverly Hills ("City") requests proposals from professional firms to lead a comprehensive operational and financial assessment of the City of Beverly Hills water utility. The City seeks an analysis that will identify opportunities to improve the financial and operational efficiencies in the department and ensure that the City is in line with best practices. This analysis could include a range of recommendations to improve the efficiency and effectiveness of the organization and its operations and to strengthen its financial position.

The results of this analysis will support the development of a new rate structure, and the City would like to have this structure in place as soon as possible. As such, the City is looking to have this assessment completed as quickly as possible.

Background
The City of Beverly Hills operates a municipal water utility that services 41,257 customers in the City of Beverly Hills and a portion of the City of West Hollywood. The water utility currently operates as a part of the City’s Public Works Services Department, with services (such as billing and collections, human resources, information technology, etc.) provided by other City departments. The City purchases the majority of its water from the Metropolitan Water District of Southern California (MWD). It also operates a Water Treatment Plant, treating water drawn from four groundwater wells located within the City. The City also recently completed a ten-year Water Enterprise Plan, which lays out the City’s ten-year plan to reduce dependency on MWD and increase water reliability.

Objectives and Scope
This RFP includes two tasks:

- Task 1: Analysis of the organizational/operational efficiency and effectiveness of the water utility; and
- Task 2: Analysis of financial conditions and planning, and reporting

Task 1: Analysis of the organizational/operational efficiency and effectiveness of the water utility
1) Review Current Organizational Structure
   The Team will review the organizational structure of the water system and provide recommendations for improvement. Issues to consider include the following:
   A. Organizational structure of water utility:
1. Review previous and current organizational studies related to the water utility and master plans;
2. Identify strengths, weaknesses, opportunities, and threats;
3. Identify, define, and prioritize the core functions of the water utility;
4. Assess delegation of authority throughout the organization and delineation of decision making among supervisory levels.
5. Evaluate relationship between water utility and Public Works Services (PWS) Department.

B. Assess services provided by other City departments:
   1. Evaluate distribution of services for water utility provided by other departments and develop recommendations for improvement:
      i. Capital Assets Department: Provides construction management and engineering services;
      ii. Administrative Services Department: Provides utility billing services, customer service, support in budgeting and developing water rate model, accounting and financial reporting, payroll, and human resources;
      iii. Information Technology (IT) Department: Provides technical support for software and applications, etc. utilized by the water utility.
   2. Assess efficiency of division of labor between departments providing services to the water utility.

C. Evaluate whether there are informative job descriptions, optimized staffing levels and positions with respect to workload and overtime, appropriate span of management and supervisory oversight, an internal environment that develops future management, and appropriate succession planning efforts.

All analysis and recommendations to provide the necessary services to the water utility should consider the impact of the City’s current and future financial condition.

2) Evaluate Current Operations
   The Team will conduct an operational audit of the utility operations and provide recommendations for improvement. Issues to consider include the following:

   A. Operation of the water supply, treatment, and distribution systems:
      1. This should include an assessment of the City’s Water Treatment Plant and its role as a part of water system.
      2. Evaluate current staffing levels and positions and assess the staffing levels necessary to maintain desired levels of service.

   B. Operation of the water utilities’ services, including meter reading, meter maintenance, leak detection services, billing, collections, and customer service.
      1. Evaluate current staffing levels and positions and assess the staffing levels necessary to maintain desired levels of service.
      2. Include an assessment of the water utility’s collection processes (i.e. utility bills, meter installation fees, etc.)

   C. Customer Experience and Overall Customer Value
      1. Assess overall customer service levels and customer value;
         i. Evaluate customers’ experiences relating to account management, history, and tracking;
      2. Assess levels of customer satisfaction;
      3. Evaluate Customer communication
         i. Including analysis of bills and inserts, social media, web pages, and mobile applications

   D. Benchmarks against industry best practices and against other comparable agencies to evaluate current performance;
1. Develop metrics by which to assess future performance, including but not limited to levels of service.

**Deliverables**
- Organizational Analysis (including analysis of strengths, weaknesses, opportunities, threats) – evaluation and recommendations
- Review of Job Descriptions/Staffing
- Operational Analysis (including benchmarking to best practices and comparable agencies) – evaluation and recommendations
- Customer Service Evaluation (including benchmarking to best practices and comparable agencies) – evaluation and recommendations
- Presentation of reports to key internal decision makers
- Presentation of reports to Public Works Commission, Public Works Liaison Committee, and City Council

**Task 2: Analysis of financial conditions and planning, and reporting**

1) **Analyze current financial performance and provide recommendations to improve the City’s financial structure to ensure sustainability of the water enterprise fund.**

   The Team will analyze the financial condition of the City’s water fund and review current cost of service allocations in and to the water fund to provide recommendations that ensure long-term financial sustainability. Issues to consider include the following:
   A. Analysis of historical and current financial performance, providing recommendations to improve the City’s financial structure to ensure sustainability. Issues to consider include the following:
      1. Operating expenses;
      2. Capital improvement needs;
      3. Debt structure, debt service needs, compliance with bond and loan covenants, and solutions to ensure financial sustainability; and

2) **Assess water enterprise fund costs and revenues and evaluate cost of service:**
   A. Identify all direct and indirect costs associated with providing water services to customers. Costs should include but are not limited to ongoing operations and maintenance, direct operating expenses, salaries, overhead, materials, debt service, and indirect costs;
      1. Evaluate cost of service associated with providing water services to customers;
      2. Include analysis of cost of services provided to water utility by other departments (i.e. billing, engineering), as measured by direct or indirect expense allocations;
      3. Include an analysis of the cost of service to operate the City’s Water Treatment Plant.
   B. Analyze the allocation of costs to various functions of the water systems for appropriateness;
   C. Identify all water enterprise fund revenues;
   D. Identify and assess appropriateness of Internal Service Fund charges and other allocations to the water fund (i.e. allocation of space, etc.);
   E. Evaluate all direct and indirect costs and revenues related to the water fund to ensure they’re accounted for appropriately (i.e. charged to water fund vs. appropriate City fund)
Deliverables

- Financial Analysis of the Water Enterprise Fund, including Internal Service Fund (ISF) charges – evaluation and recommendations
- Cost of Service Analysis, with benchmarking to best practices and comparable agencies
- Debt Management Plan
- Presentation of reports to key decision makers
- Presentation of reports to Public Works Commission, Public Works Liaison, and City Council

Schedule

The schedule is as follows:

- Solicitation issued: Tuesday, March 8, 2016
- Deadlines for receipt of questions: Thursday, March 17, 2016
- Proposal due date: Tuesday, March 29, 2016
- Interviews and Evaluation: Thursday, March 31, 2016
- Anticipated award date: Monday, April 4, 2016
- Project Start Date: Monday, April 11, 2016

The City is looking to have this assessment completed as soon as possible.

Questions

Questions regarding the Requests for Proposal are to be submitted by email only to Trish Rhay at trhay@beverlyhills.org, with a copy to csims@beverlyhills.org, no later than 4:30 PM PST on Thursday, March 17, 2016. The subject title of such emails should read “RFP No. 16-07 Potential Respondent - (Insert Firm Name).” Questions emailed by potential respondents and any additional information that the City provides in response to such questions will be posted on the City’s website by Monday, March 21, 2016. Oral responses by any City employee or agent of the City are not binding and shall not in any way be considered as a commitment of the City.

Organization of Proposal

The proposal should include the following sections, in the following order:

1) **Introduction:** Present your understanding of the project and the general approach to be used.
2) **Personnel:** Identify and define the experience of the Project Manager and other key personnel. The resumes should include education, employment history, project experience with corresponding dates, and the number of years employed with the company. During the course of the project, substitution of key personnel is subject to the approval of the City.
3) **Detailed Scope of Work:** Describe the approach and detailed scope of services proposed to perform the assessment. The consultant should clearly detail a scope of work for Task 1 and Task 2 and should identify the technical risks and how the client will manage them. The consultant should also include any proposed changes to the scope of work from that proposed in the **Objectives and Scope** section.
4) **Project Experience:** Provide a listing of at least three (3) projects, completed in the last five (5) years, where the proposed Project Manager has performed similar work. Include the client’s name, address, phone number, email and the name of a contact person.
5) **Provide at least three (3) additional projects**, completed in the last five (5) years related to the firm’s successful completion of projects similar to this type of project effort. Include the client’s name, address, phone number, email, and the name of a contact person.

6) **Hours and Cost Summary**: Provide a labor hour breakdown by position/title classification for each task and each deliverable defined in the scope of work. Sub consultant time should be identified as such with a similar man-hour breakdown. Please provide a separate hours and cost summary for Task 1 and Task 2. Please also include a total cost estimate, inclusive of all time and materials for the entire project. The deliverables are provided again below:

**Task 1**
- Organizational Analysis (including analysis of strengths, weaknesses, opportunities, threats) – evaluation and recommendations
- Review of Job Descriptions/Staffing
- Operational Analysis (including benchmarking to best practices and comparable agencies) – evaluation and recommendations
- Customer Service Evaluation (including benchmarking to best practices and comparable agencies) – evaluation and recommendations
- Presentation of reports to key internal decision makers
- Presentation of reports to Public Works Commission, Public Works Liaison Committee, and City Council

**Task 2**
- Financial Analysis of the Water Enterprise Fund, including Internal Service Fund (ISF) charges – evaluation and recommendations
- Cost of Service Analysis, with benchmarking to best practices and comparable agencies
- Debt Management Plan
- Presentation of reports to key decision makers
- Presentation of reports to Public Works Commission, Public Works Liaison, and City Council

7) **Milestone Schedule**: Provide a clear milestone schedule that matches the detailed scope of work and includes client mobilization, major events, and required City reviews and approvals.

**Submittal Requirements**
Proposals must be prepared in English, no more than fifteen (15) pages in length, including cover letter and exhibits, in a readable font and printed on 8 ½ x 11” paper.

Proposals must be submitted electronically to Trish Rhay at trhay@beverlyhills.org, copied to csims@beverlyhills.org and three (3) hard copies must be delivered to the Public Works Services Office at 345 Foothill Road; Beverly Hills, CA 90210 no later than **4:00 P.M. PST on Tuesday, March 29, 2016**. Late proposals will not be accepted. Emailed proposals should be entitled “RFP No. 16-07 – Organizational, Operational and Financial Assessment of Beverly Hills Water Utility RFP Response.” Hand delivery must be to the Reception Desk at the Public Works Services Department at 345 Foothill Road; Beverly Hills, CA 90210. Mailed or expressed service proposals **must be delivered** by **4:00 P.M. PST on Tuesday, March 29, 2016**.
Evaluation Criteria
The City will evaluate proposals with the intent of selecting the most qualified consultant. Evaluation criteria include but are not limited to the following:

1) Completeness and thoroughness of the proposal (25%)
2) Project understanding (20%)
3) Scope of work, methodology, and innovative ideas (10%)
4) Technical expertise of project team, with emphasis on key members (20%)
5) Demonstrated successful completion of similar projects by team members (15%)
6) Recommended level of effort (10%)

The most qualified proposers may be selected to be interviewed by City representatives. The City reserves the right to interview as many or few proposers as it deems appropriate. The City also reserves the right to make its selection without conducting interviews.

Contract
The City will prepare a Professional Services Agreement for implementation between the successful Consultant and the City (See Appendix A for a Sample). The consultant's standard form contract will not be considered as an acceptable substitute. The Consultant shall maintain at a minimum the insurance requirements specified in the sample Professional Services Agreement.

General Information
All communications concerning this RFP should be directed Trish Rhay, Assistant Director of Public Works Services by email at trhay@beverlyhills.org, with a copy to csims@beverlyhills.org.

No questions or comments are to be directed to the Mayor of the City of Beverly Hills, the Mayor’s Office, Beverly Hills City Council, City of Beverly Hills Director of Finance, any public official, or any City of Beverly Hills trustee.

Any information obtained by the selected respondent is confidential, and the selected respondent shall not release or use the information in conjunction with any other endeavor.

Respondents are responsible for all expenses associated with this RFP response. This Request for Proposal does not commit City of Beverly Hills to award a contract.

Respondents are responsible for complying with all federal, state, and local rules and regulations. respondents agree that City may, in its sole discretion, at any time prior to the execution of a final contract, accept, reject or cancel all or any part of a proposal, issue another proposal with terms and conditions similar or different to those set forth above, extend any deadline and/or supplement, amend or otherwise modify the proposal.

By submission of a proposal, respondents acknowledge and agree that the City of Beverly Hills, as a public trust, is subject to state and local public disclosure laws and, as such, is legally obligated to disclose to the public documents, including proposals, to the extent required thereunder. Without limiting the foregoing sentence, the City's legal obligations shall not be limited or expanded in any way by a respondent's assertion of confidentiality and/or proprietary data.