

**RATE STUDY CONSULTANT
REQUEST FOR PROPOSALS
AND
STATEMENTS OF QUALIFICATIONS**

To provide assistance with a Rate Study that will include the development of a financial plan and calculation of rates needed to meet the revenue requirements of the system. The Study will provide the City of Roma with proposed water and wastewater rates based on a forecasted 5-year period. In completing the Study, the Rate Consultant will consider the projected growth and future infrastructure investments needed to serve customers of City of Roma. The Study will provide the City of Roma the data it needs to maintain its financial sustainability.

A. INTENT OF PROPOSAL

The City is soliciting Request for Proposals (RFP) and Statement of Qualifications from interested qualified professionals to provide a Rate Study. The City reserves the right to accept or reject any or all proposals for any reason it finds to be in the best of the City.

The City seeks to afford the opportunity for qualified SBE, MBE and WBE firms to propose to provide the services described herein.

B. SCOPE OF SERVICES:

Project Initiation and Management

This task will provide a solid foundation for the project. Rate Consultant will hold a kick-off meeting prior to starting the Study. During the kick-off meetings, all aspects of the tasks will be discussed, including the primary objectives of the Santo SUD, final deliverables, and ongoing project management.

As part of this task, the project team will have discussions with City of Roma management and staff to obtain a thorough understanding of the financial, operational, regulatory, and political environment. To gain this understanding, Rate Consultant will provide staff with a list of data that will be used to develop the financial forecast and revenue requirements for the study.

Rate Consultant will conduct a kick-off meeting to begin a project. The goals for this meeting include:

- Providing a forum to finalize the scope of the project, work plan, and schedule with staff
- Discussing the preliminary pricing objectives
- Ensuring that Rate Consultant understand the overall goals of the study
- Providing an opportunity for staff to meet and become comfortable with the project staff from Rate Consultant
- Reviewing the data needs for the project.

Accomplishing these objectives will help to ensure that the project progresses as smoothly as possible.

Prior to the kick-off meeting, Rate Consultant will prepare a detailed data request list that will identify the information needed to complete the various analyses. Information that is typically required includes recent Annual Reports (Audits), recent and current utility budgets, a description of service areas, current and historical billing data, utility plant in service records, debt service schedules, water and wastewater master plans, and a long-term capital improvement plan. Some of this information will be readily available, whereas other components may require more detailed analyses of operational data, customer billing information, and costs.

Data Collection and Review

As part of this task, Rate Consultant will meet with staff to obtain a thorough understanding of the financial, operational, regulatory, master planning, and political environments. Existing rate policies and ordinances will be reviewed for consistency with current and possible future fees. Key issues, areas of concern, and pricing objectives will be reviewed and discussed. Historical information will be reviewed related to costs, customers, usage, demand patterns, capital spending, plant in service, and revenues generated to provide a better understanding of recent changes in operating characteristics and to develop appropriate trends and growth factors for creating financial forecasts. Other information reviewed will include regulatory requirements, bond covenants, contractual requirements, and capital plans for each utility. During the data collection and review, we will begin to identify assumptions used to allocate and project costs that will be integrated into our model. As these assumptions are identified, City staff will have an opportunity to review our findings to ensure that the assumptions make sense regarding each of the water system.

Consumption and Current Revenue Analysis

Projecting future demand and developing realistic per capita consumption estimates is an important aspect of this study due to several unforeseeable factors that can affect consumption. A particularly rainy or dry season, unforeseen population growth or decline, and commercial customers moving in and out of the service area can and will have a dramatic effect on consumption. These projections directly affect user rates, which, in turn, determine how much cash a utility will collect. If a utility overestimates consumption, then rates will be too low leading to revenue under recovery, a deficit, and decreasing fund balances. Yet, if a utility underestimates consumption, then revenue over recovery occurs and this can be met with public scrutiny because of unjustly high rates.

Comprehensive operation and customer billing information will be collected to classify customers and project user demand over the planning period. Rate Consultant will study available historical consumption of the different customer types to arrive at a corresponding usage and growth rate for each type. As a result of these analyses, Rate Consultant will be able to develop projections of consumption for the forecast period under various scenarios, resulting in an optimistic projection, pessimistic projection, and most likely projection. Rate Consultant will also examine the current customer classifications and identify any changes that may be necessary to make them more consistent with current industry practices and standards. Rate Consultant will then calculate revenues that accrue under current rates at projected consumption levels (optimistic, pessimistic, and most likely) to understand the potential revenues realizable. Rate Consultant will then compare these revenues to the revenue requirements forecast in the financial plan to understand the magnitude of the potential shortfall under the current rates.

Development of Financial Plan and Rates

An important element in conducting a comprehensive rate study is to establish comprehensive short- and long-term financial plans for the City's water utility. In preparing these plans, Rate Consultant will analyze the current policies and practices for funding its operations, capital facilities plan, and debt service requirements. As appropriate, and as discussed with staff, Rate Consultant will consider various financing options, or a combination of options, such as operating revenue, new debt issuances, and miscellaneous fees.

Rate Consultant will assist the City of Roma in achieving a suitable balance among the financing options when developing the proposed financial plans, which will accomplish the following:

- Ensure financial sufficiency to meet operating and capital costs as well as prudent reserves.
- Meet service policies and objectives.
- Fairly distribute financing responsibility to appropriate users.
- Result in an appropriate capital structure so that the City of Roma maintains a high rating with bond rating agencies.

Maintaining a detailed financial plan will ensure that the City of Roma operates in a self-sufficient revenue manner and meets debt covenant requirements. The financial plan will include a capital improvement financing component that ensures the utility can fully finance the proposed capital improvement program while minimizing impacts to existing ratepayers and complying with existing revenue bond covenants.

Rate Model Development

A computer model will be developed to examine revenue requirements and calculate rates. The model will be developed to meet the needs for the City of Roma. During the project, staff will be provided with working copies of the rate model in Microsoft Excel so that they will be able to provide input into the development of the model. Once the project is complete, City staff will be provided with fully functioning copies of the model and Rate Consultant personnel will train members of the staff in its use.

Develop Revenue Requirements

This task will include the projection of budget items, such as annual costs related to labor, power, materials, capital expenditures, plant investment, O&M expenses, transfers, reserve contributions, and debt service coverage using assumptions based on different economic factors and growth trends. Rate Consultant will develop forecasts of revenue requirements over the multi-year planning period. Revenue requirements will be projected over the rate-setting period based on historical results, the current budget, capital improvement plans, master planning studies, existing debt service, other obligations, and current economic trends.

Rate Consultant will examine the effect of variations in factors that impact the utility's revenue requirements and provide comparisons of potential revenue requirement scenarios for review with City staff to identify the most appropriate revenue requirements for proposed rates. Projecting revenue adjustments over a multi-year planning horizon can illustrate future rate impacts and potential challenges to the City of Roma's financial situation. This will allow the City of Roma to adjust its expenses, transfers, and reserve balances or schedule capital projects to smooth rate impacts and maintain financial stability.

Develop Multi-year Cash Flow Analysis and Recommend Reserve Balances

Rate Consultant will develop a multi-year cash flow analysis to determine the rate adjustments needed to meet projected revenue requirements for the multi-year planning period while minimizing sharp rate fluctuations. The cash flow worksheet will incorporate revenues generated from different sources, expenses needed to maintain the utility systems, any transfers in and out of the enterprise funds, as well as the coverage needed to meet current and proposed debt service requirements. The level of the transfers will be considered and compared to industry standards as well as considered based on regulatory guidelines. We will also review the reserve policies to recommend appropriate reserve balances consistent with industry standards and the City's desire to appropriately address risk associated with various factors, including emergency expenditures or revenue shortfalls.

Task 4: Reports and Presentations

Rate Consultant will provide a summary memo outlining its findings and the proposed rates required to meet the revenue requirements of the system. This memo will provide the basis for any current and future rate recommendations. Based on these same findings, Rate Consultant will be prepared to present to the City of Roma the results of the Rate Study to the City Council and staff.

C. STATEMENT OF QUALIFICATIONS

The Proposer shall provide a description of the history and background of the firm; identification of the services currently being provided to municipalities in Texas and other information relevant to the provision of Rate Study Services.

1. General information about the firm.
 - A. Name, address, and telephone number of the firm.
 - B. History of the firm.
 - C. List names and titles of officers of the firm who will be directly responsible for Rate Study services.
 - D. Information pertaining to the firm's compliance with licensing and other requirements.
2. References.

List of two (2) references to those listed in #1 above.
3. Identify personnel to be assigned responsibility for administering the account (provide resume and location for the individual representatives that the firm will assign to the account).
4. List the experience of the individuals assigned to the account with rate study experience, including the utility size, rate structure(s) and type. Please include the names, addresses, and telephone numbers of contact persons.
5. Additional services - describe any other service or experience of the firm, which you deem beneficial in acting as Rate Consultant to the City.

6. Attach a copy of rate study services contract proposed by your firm **with fee information.**

D. RECEIPT OF PROPOSALS

If your firm is interested in being considered as the Rate Consultant for the City, proposals must be received no later than 4:00 PM (local time) on September 4th, 2025, at the office of the City.

1 copy of the proposal must be sealed and clearly marked on the face of the shipping material **“WATER RATE STUDY”**.

**CONFIDENTIAL: STATEMENT OF QUALIFICATIONS ENCLOSED
RATE CONSULTANT SERVICES
ATTENTION: ALEX BARRERA, CITY MANAGER
CITY OF ROMA
201 W. CONVENT BLVD.
ROMA, TEXAS 78584**

E. SELECTION CRITERIA

The following criteria will be used as a basis for the selection of the Bond Counsel:

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| • EXPERIENCE OF PERSONNEL | 35 POINTS |
| To assess the background and experience of the personnel in developing rate studies for municipalities. | |
| • TEAM MEMBERS | 25 POINTS |
| To identify the personnel the firm proposes to commit on a day-to-day basis and evaluate the specific qualifications of these individuals. | |
| • REFERENCES | 15 POINTS |
| To demonstrate client satisfaction and the candidate's familiarity with municipal issues. | |
| • FINANCIAL CONDITION | 15 POINTS |
| To demonstrate the firm's financial condition. | |
| • TEXAS WATER DEVELOPMENT BOARD FINANCING PROGRAMS | 10 POINTS |
| To provide a preference to firms with experience using the Texas Water Development Board's Financing Programs. | |
| TOTAL | 100 POINTS |

F. ADDITIONAL INFORMATION

1. This contract is contingent upon release of funds from the Texas Water Development Board (TWDB).
2. Any contract or contracts awarded under this Invitation for Bid (IFB) or Request for Proposal (RFP) are expected to be funded in part by a loan from TWDB. Neither the State of Texas nor any of its departments, agencies, or employees are or will be a party to this IFB, RFQ, or any resulting contract.
3. This contract is subject to the Environmental Protection Agency's (EPA) Disadvantaged Business Enterprise (DBE) Program, which includes EPA-approved fair share goals toward procurement of Minority and Women-owned Business Enterprise (M/WBE) firms. EPA rules require that applicants and prime contractors make a good faith effort to award a fair share of contracts, subcontracts, and procurements to M/WBEs through demonstration of the six affirmative steps. For more details of the DBE Program and the current, applicable fair share goals, please visit www.twdb.texas.gov/dbe.
4. Equal Opportunity in Employment - All qualified Applicants will receive consideration for employment without regard to race, color, religion, sex, age, handicap or national origin. Bidders on this work will be required to comply with the President's Executive Order No. 11246, as amended by Executive Order 11375, and as supplemented in Department of labor regulations 41 CFR; Part 60. Small, minority and women-owned firms are encouraged to submit proposals.