



REQUEST FOR PROPOSAL

SDC and Utility Rate Methodology Study

Project Number FIN2101

The City of Medford Finance Department seeks proposals from qualified firms to perform a rate design study for all System Development Charges (SDC) and Utility rates that ensures the City's rate structures are equitable, understandable, and recover City costs. The study outcome will be updated SDC fees with explanation of the methodology used to determine the fee and proposed Utility fee rate structures by customer class.

BACKGROUND AND GENERAL INFORMATION

Located in Jackson County, the City of Medford was incorporated in 1885; it has a population of approximately 83,000 and serves as the County seat. Medford is the demographic and economic hub of the Southern Oregon region. With continued growth in healthcare, retail and manufacturing, the City anticipates a growth rate of 1.2% per year and is currently the fourth largest metro area in Oregon.

The City's Municipal Code requires a review of SDC methodology every five years. This study will accomplish that review, as well as a review of the Utility fee methodology.

System Development Charges

The City assesses the following SDCs to developers for new construction; the purpose of the SDCs is to provide funding to expand infrastructure as a result of growth. The five SDC fees are:

1. **Street.** Section 3.811 of Medford's Municipal Code (MMC) provides the formula for calculating the Street SDC; Section 3.815 of the MMC explains the methodology for calculating Street SDCs and SDC credits.
2. **Sewer Collection.** Sections 3.833 through 3.834 of the MMC provide the methodology and calculations for the Sewer Collection SDC.
3. **Sewer Treatment***
4. **Storm Drain.** Section 3.890 of the MMC explains the methodology for calculating the Storm Drain SDC.
5. **Parks.** Section 3.872 of the MMC explains the methodology for calculating Parks SDCs.



*This fee is excluded from the study as it is determined by the Regional Rate Committee, which is governed by an outside Board.

Review of the SDC methodology has been varied. The Street SDC has not been updated since 2006; the Sewer Collection SDC was reviewed as part the updated Master Plan completed in 2019, the Storm Drain SDC has not been updated in many years and will be reviewed as part of the Storm Drain Master Plan update this year, and the Parks SDC methodology was approved by City Council in 2016 with an updated rate schedule in 2019.

SDC rates are allowed by the MMC to be updated annually using two different methodologies. The Street, Sewer Collection and Storm Drain SDCs are updated by the ENR COLA; the Parks SDC rates are updated based upon a formula outlined in Section 3.872 (8).

Utility Fee

The City charges Utility fees to residential and non-residential customers within City limits to fund maintenance of its streets, parks, stormwater and sewer collection systems, as well as provide for public safety. The City charges up to seven utility fees (excluding water) on each customer's account. With the exception of sewer fees for multi-family and non-residential customers, all City fees are charged at a flat rate, meaning they do not vary month-to-month. A calculation is required to determine the fee amount for some of the fees; others are just a flat amount that could be adjusted should a fee increase be approved by Council. A detailed description of each fee's methodology can be found in Chapter 4 of Medford's Municipal Code.

The seven City utility fees are:

1. **Sewer Collection Fee:** Provides for the maintenance of the City's sewer system. Fee is based on a fixed "Base" and a variable "Gallonge" charge. Single-family customers are assessed a flat-rate only; other residential customers are assessed both a Base and Gallonge charge, with the Gallonge charge being based on winter-average water consumption. Commercial customers' Gallonge charge is based on actual water consumption.
2. **Sewer Treatment Fee:** This fee is excluded from the rate study as it is set by the Regional Rate Committee, which is governed by an outside Board.
3. **Storm Drain Fee:** Provides for operation and maintenance of the City's stormwater system. Fee is based on the amount of impervious area. The City last updated its impervious area in 2012 from 3,000 sq. ft. equaling one Equivalent Residential Unit (ERU) to 3,730 sq. ft.



4. **Street Fee:** Provides for the maintenance of streets and sidewalks. Fee is based on the number of trip-ends and “quantity” based upon the Institute of Traffic Engineers (ITE) codes. ITE codes have been bundled into groups to reduce the number of billing formulas.
5. **Pedestrian Street Lights:** A flat-fee to recover the cost of voluntary decorative path lighting that resides in the City’s right-of-way.
6. **Parks Fee:** Provides for a portion of maintenance of City parks and debt repayment of the Rogue Credit Union Community Complex. Fee is based on the number of units assigned to the account. A unit is one dwelling or office suite.
7. **Public Safety Fee:** Provides for a portion of fire and police protection. Fee is based on the number of units assigned to the account.

The Utility fee methodology was changed for the street, sewer collection and storm drain fees July 1, 2013 and has not been reviewed since then; Utility fee rates have been updated periodically with the last rate review completed in 2017. The Pedestrian Street Light, Parks and Public Safety Utility fees have not been reviewed by an outside firm.

SCOPE OF WORK

1. Evaluate existing methodologies and rate structures for SDC fees and credits for the four SDC fees identified above and recommend changes if needed.
2. Evaluate existing methodologies and rate structures, including a revenue requirements analysis, for the six Utility fees identified above and recommend changes if needed.
3. Analyze existing and potential alternative rate structures. Present alternative approaches with an analysis of the advantages and disadvantages of each alternative. Provide a recommended rate structure, if needed, for consideration by the City. Participate in a meeting with City staff and possibly a City Council study session to discuss the evaluation of existing and alternative rate structures.
4. Construct a model for each service to be examined. Include a cost-of-service analysis that breaks the costs into components, relating them to customer service, flow and any other appropriate categories, and develop rates by customer class based on the functional cost allocation.
5. Conduct a survey of SDC and Utility rates of similar cities within Oregon to understand how Medford’s rates and methodologies compare.



Your firm is encouraged to include any additional tasks in the scope of work that you may determine to be necessary to satisfy the study goals.

The consultant shall provide adequate personnel and resources to accomplish an updated and complete SDC and Utility methodology and rate study. Work for the project generally includes all personnel time, materials, and resources necessary to successfully complete the project as outlined. Key personnel shall be named and committed to the project for specific numbers of hours for the contract term as agreed.

The ideal consultant will provide a highly qualified and experienced team that will remain involved throughout the duration of the project. They will have a record of productive client involvement and will have a proven record in meeting project schedules and milestones with planned involvement by client staff.

Critical Schedule

The City desires to have the SDC and Utility Rate Methodology study completed by December 31, 2021.

THE PROPOSAL

The proposal submitted must be limited to **fifteen (15) pages** in length and shall include, at a minimum, the following:

1. A summary of your firm's qualifications to perform a SDC and Utility rate design study; include a list of rate studies completed.
2. A detailed description of the scope of work broken down into individual tasks to be performed by the consultant with the estimated number of hours for each of the personnel to be used on each task.
3. An estimated project schedule.
4. A listing of the project manager and all key personnel to be utilized on the project. Key personnel from partner firms or sub-consultants who will perform any tasks or work on the project must also be identified along with qualifications.
5. A statement from your firm showing your experience on similar projects in performing all phases of the consulting services being requested, complete with a reference list of former clients who benefited from your work.

All information requested herein shall be provided. Attachments 1 and 2 for tax compliance and Oregon Pay Equity training must also be completed and submitted as required and **shall not** be included in the proposal page count.



TIME AND PLACE FOR RECEIVING PROPOSALS AND ATTACHMENTS

Six copies of the proposal are to be submitted, if in writing, to the City of Medford Finance office, attention Lorraine Peterson, Accounting Supervisor, 411 W 8th Street, Room 380, Medford, Oregon 97501 by 4:00 PM, Thursday, August 19, 2021. Electronic submissions will be accepted and should be emailed to lorraine.peterson@cityofmedford.org. In the event of electronic submission, only one copy is necessary.

Evaluation and Selection Process

A Selection Committee will evaluate the proposals based on merit using a point based scoring matrix (see Attachment 3). The need for formal interviews will be determined at the discretion of the Selection Committee. The Selection Committee will rank firms that are determined to be most qualified strictly on merit basis.

The most qualified firm will be invited to negotiate their proposed fee for consulting services. Fee negotiations will be held with the Consultant's authorized representative and the Accounting Supervisor and/or Chief Financial Officer/Deputy City Manager. In the event that no mutual agreement can be reached, negotiations will be terminated and the second most qualified firm will be invited to negotiate their proposed fee for services.

Award of Consulting Services Contract

Upon agreement to the fee for services, a City of Medford Consulting Services contract will be awarded to the chosen consulting firm and notice will be sent out by email to all proposers. It is anticipated that the SDC and Utility Rate Methodology study proposal will be added to the contract as an "Exhibit" while providing the scope of services and fee proposal developed as mutually agreed by both the City and the chosen firm.

Contact Person

For questions or additional information regarding this Request for Proposal, please contact Lorraine Peterson, Accounting Supervisor directly at (541) 774-2091, email at lorraine.peterson@cityofmedford.org or write to the Finance Department, Room 380, 411 W 8th Street, Medford, Oregon 97501 no later than July 30. Responses will be sent to all known proposers by Wednesday, August 4, 2021.

Please do not attempt to contact any other member of the Selection Committee. Such contact may disqualify your proposal and it may not be considered.



ATTACHMENT 1

CONTRACTOR CERTIFICATION OF TAX COMPLIANCE

Contractor certifies to the City of Medford that:

To the best of Contractor's knowledge, after due inquiry, currently and for a period of six calendar years preceding this submittal, Contractor has complied with:

(a) All tax laws of the State of Oregon, including but not limited to ORS 305.620 and ORS chapters 316, 317, and 318;

(b) Any tax provisions imposed by any City, County, or other political subdivision of the State of Oregon that applied to Contractor, to Contractor's property, operations, receipts, or income, or to Contractor's performance of or compensation for any work performed by Contractor.

(c) Offeror shall provide written notice to Agency within two business days of any change to the Offeror's status of tax law compliance.

Dated this ____ day of _____, 20__

Signed

Name of Contractor Print or Type

Street Address

City

State

Zip



ATTACHMENT 2

EMPLOYERS DOING BUSINESS WITH THE CITY OF MEDFORD – NEW REQUIREMENT

The 2019 Legislative session expanded the Pay Equity Training in [ORS 279A.167](#) for Oregon businesses who may want to bid on public contracts. Businesses with one or more employees must now provide proof that they are properly trained on Oregon's pay equity laws. This requirement affects both state and local government bodies.

[ORS 652.220](#) prohibits Oregon businesses from discrimination in compensation and wage payments.

The law also states that suppliers with a contract valued at \$500,000 or more and that have 50 or more employees are required to take pay equity training and submit a certificate as proof before they may be awarded a contract or price agreement.

DAS Procurements Services has just released a free online [Pay Equity training](#) for businesses. The training is provided through iLearn Oregon and includes a course quiz that yields a certificate. This certificate is the proof that state and local government bodies need when a public contract is executed.

To learn more, visit the Pay Equity Webpage.

<https://www.oregon.gov/das/Procurement/Pages/PayEquity.aspx>

If you are awarded a public contract, provide a copy of your certificate to the agency prior to contract execution.



MEDFORD
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ATTACHMENT 3

RFP EVALUATION MATRIX

FIN2101 SDC and Utility Rate Methodology Study

Category	Points			
Consultant knowledge and familiarity with the City of Medford and working relationship with City staff.	15			
Consultant's key personnel experience with SDC and Utility rate methodology studies	50			
Consultant's understanding of the study's objectives	20			
Consultant experience performing similar work at similar cities.	45			
Consultant's list of references of former clients for whom similar work was performed.	20			
Consultant commitment to client service and client involvement.	15			
Consultant's organization and completeness of the required project tasks as listed in the RFP.	20			
Did Consultant include an estimated number of manhours to complete the project?	15			
Total Possible Points	200	0	0	0