



REQUEST FOR PROPOSAL
FOR:
WATER COST OF SERVICE
& RATE STUDY

DATE OF ISSUE: April 17th, 2026

PROPOSAL DUE BY 3:00 P.M., June 19th, 2026

Proposal Responses should be addressed and submitted to:

Gerry LaBudde, Interim General Manager
admin@mhcwd.org
530-878-8096

Midway Heights County Water District
PO Box 596
Meadow Vista, CA 95722

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INVITATION

Midway Heights County Water District (hereinafter referred to as "MHCWD") invites proposals from interested, qualified, professional consulting firms ("Consultant") to prepare a Comprehensive Water Rate Study. The selected Consultant should possess appropriate professional, public sector experience in performing water rate studies and experience with the Proposition 218 process.

The scope of work includes reviewing MHCWD's current water rates for both the treated water and irrigation systems and revenue structure, evaluating and updating water usage and billing data (as necessary), and obtaining and incorporating feedback from both staff and management. Additionally, the Consultant is expected to analyze rate structures and financial practices from local and comparable water utilities to support the development of equitable, cost-based, and competitive rate recommendations.

Please read this entire RFP package and include all requested information and forms in your proposal. Proposals must be signed by an authorized agent of the company submitting the proposal to be considered responsive.

Questions or clarifications to the RFP should be submitted by email to: admin@mhcwd.org. Material questions that are pertinent to the RFP scope of work or procedures will be distributed to all interested firms.

OBJECTIVE

The goal of the RFP is to receive proposals for a comprehensive Water Rate Study that will provide the basis for establishing cost-based water rates that adequately and equitably fund treated and untreated ("raw") water services, while minimizing rate fluctuations.

BACKGROUND

MHCWD was formed as a special district in 1954. MHCWD is located primarily in Meadow Vista, California and serves approximately four square miles in the unincorporated areas of Meadow Vista, Colfax, Weimar and Applegate. MHCWD provides potable (drinking) water and irrigation water, purchased from Placer County Water Agency and distributed to its customers. MHCWD operates on a fiscal year beginning July 1 and maintains a general fund operational balance of approximately \$750,000 that is accumulated through water service charges, county taxes, and county-managed investment income.

MHCWD has approximately 500 total customers (450 drinking water customers, 356 irrigation customers, for a total of a combined 806 active connections).

MHCWD has two treated storage tanks with a total capacity of approximately 470,000 gallons, and

approximately 23 miles of treated water mainline pipe built in 1991. MHCWD purchases treated water from the Placer County Water Agency's Weimar system through a wholesale account. The irrigation system includes an earthen reservoir with a capacity of approximately 7 million gallons, 52 fire hydrants available for fire suppression services, and approximately 16 miles of mainline pipe built in 1956.

MHCWD's customer base is nearly 100 percent residential, with little to no commercial or industrial accounts. Customer meters range in size from 3/4" for standard residential services up to 2" for some larger irrigation-type services.

More detailed information on MHCWD and its finances can be found at <https://www.mhcwd.org/financial>

Based on a rate study performed in 2019 and after approval by the Board of Directors in February 2020, MHCWD incrementally increased its rates beginning on July 1, 2020, and with the last increase occurring on July 1, 2023.

RFP SCHEDULE

Issue RFP	April 17, 2026
Proposal Submission Due to MHCWD	June 19, 2026 at 3:00 p.m.
RFP Evaluation Process	June 19, 2026 - July 3, 2026
Recommendation to Board of Directors for Award ...	July 16, 2026
Selected Firm to be notified by	July 21, 2026

RFP Schedule is subject to change at MHCWD's discretion.

SCOPE OF WORK

Study Requirements

Prepare a comprehensive Water Rate Study that includes proposed rate increases through a five-year increase schedule. The study shall address both the Treated Water System and the Irrigation Water System separately, producing an independent cost-of-service analysis and five-year rate schedule for each system. The proposed rate structure should account for:

- Generally accepted rate design criteria
- Requirements of Proposition 218
- Cost of providing services, including impact of regulatory requirements
- Trends in operational and maintenance costs
- Incorporation of future repair and replacement and capital and financing requirements into revenue modeling

- Equity of the existing and any recommended rates for residential, multi-family, commercial, and accessory dwelling units
- Meeting operating reserve fund policies and potential rate stabilization components
- Meeting State Revolving Fund debt ratio requirements
- Update connection charges for new connections to both the treated and irrigation systems

Scope of Services

The Consultant should become familiar with the project to the extent necessary to scope and perform the rate study and associated tasks. At a minimum, services should include, but not be limited to the following:

- Initial kickoff meeting with MHCWD staff.
- Review and evaluate MHCWD's existing water usage and billing data for both systems. Identify any data gaps and work with District staff to reconcile or supplement data as needed.
- Prepare a request for information from the MHCWD for information necessary for rate analysis.
- Review and analyze existing financial data for both the Treated Water System and the Irrigation Water System, including current revenues, expenditures, reserve balances, debt obligations, and capital improvement plans. Data shall be analyzed separately for each system.
- Review and evaluate MHCWD's existing rate structures for both systems, including:
 - The Irrigation Water System's three existing rate structures: (1) service charge plus volumetric/usage charge; (2) annual flat rate based on purchased capacity; and (3) seasonal rate varying between the October–May and June–September periods.
 - The treated water system existing rate structure: service charge per meter plus volumetric/usage charge.
 - The pumped zone surcharge applicable to both treated water and irrigation water customers served in the separate pressure zone requiring pumping
 - The cost basis and equity of each existing structure and surcharge, with a recommendation on whether each should be retained, consolidated, or modified in the proposed rate designs
- Perform a cost-of-service (revenue requirement) analysis for each system separately, allocating costs to customer classes (residential, multi-family, commercial and accessory development units) in compliance with Proposition 218 requirements.
- Benchmark both the Treated Water System rates and the Irrigation Water System rates against comparable local and regional water agencies. Provide a comparison summary showing how MHCWD's rates compare to peer agencies for each system.

- Develop a multi-year (five-year) financial model for each system that projects revenue requirements, capital needs, and required reserve funding, and evaluates rate sufficiency under various scenarios (e.g., low/medium/high growth, varying capital expenditure timelines).
- Develop at least four rate structure scenarios covering both the Treated Water and Irrigation Water systems, including fixed and variable fees.
 - Rate model should include financing options for future capital improvements. The model should allow for assessment of rate impacts based on implementation of project combinations to enable MHCWD to assess and prioritize projects considering rate impacts.
- Recommended rate structures shall provide direct identification of revenues appropriated for major funded activities including but not limited to:
 - Administrative and maintenance expenses,
 - Wholesale water escalations from Placer County Water Agency for both treated and irrigation supplies,
 - Operations and maintenance expenses,
 - Repair and replacement of existing facilities,
 - Capital improvement expenses, and
 - Debt coverage requirements.

Any recommended rate structures or models should take into consideration both the ease of administration and understanding by the rate payers.

- Provide guidance on potential funding of future infrastructure projects including loan and grant programs such as the State Revolving Fund, USDA – RUS or other financing programs.
- Anticipated rate scenarios for each system shall include both fixed (base/service charge) and variable (volumetric/commodity) fee components.
 - Each scenario shall clearly identify the revenues allocated to: operations and maintenance expenses, capital improvement expenses, debt service coverage requirements, and reserve fund targets.
 - Include both fixed (base/service charge) and variable (volumetric/commodity) fee components.
 - Clearly identify revenues allocated to operations and maintenance, capital improvements, debt service, and reserve fund targets.
 - Evaluate tiered and uniform volumetric structures and their impacts on different customer classes.
 - For the Irrigation Water System, address whether to retain, consolidate, or replace the three existing rate structures.
 - Include analysis of the pumped zone surcharge for both systems to ensure incremental pumping costs are equitably recovered. Analysis should include

evaluation of increasing cost of electricity and other operation and maintenance costs associated with the pumped system.

- Balance cost-of-service principles with ease of administration and ratepayer understanding.
- Bill impact analysis showing the changes in monthly bills for various customer types/meter sizes across varying usage levels for the alternative rate structures.
- Evaluation of debt service coverage ratio analysis for the State Revolving Fund Loan compliance to identify potential shortfalls in revenue to comply with required debt service coverage ratio.
- Develop updated connection charges (also referred to as capacity or development fees) for both the Treated Water System and the Irrigation Water System. The analysis shall calculate the cost of capacity required to serve a new customer, consistent with applicable legal standards (including California Government Code Section 66013), and shall address any distinctions between meter sizes or service types, including accessory dwelling units. Connection charge recommendations shall be presented separately from the ongoing rate structures and shall include supporting calculations and a nexus analysis suitable for adoption by the Board.
- Financial health benchmarks/reserve policy evaluation of reserves against best practices guidelines of the Government Finance Officers Association (GFOA). Consultant shall evaluate and provide recommendations on operating reserves and provide recommendations regarding proper reserve levels.
- Prop 218 Facilitation and Support – Support the District through the Proposition 218 noticing and public hearing process to adopt new rates for both the Treated Water System and the Irrigation Water System. The scope should include:
 - Preparing legally compliant notices, coordinating mailing logistics to all affected property owners,
 - Advising the District on mailing list requirements, timing, and noticing procedures in accordance with California Proposition 218,
 - Reviewing the District’s draft notices prior to mailing,
 - Attendance and facilitation of Prop 218 Meeting including preparation of presentation slides in PowerPoint format - including at a minimum explanation of Prop 218 requirements to public, methodology of rate setting, presentation of recommended rate structure, address questions from the public in conjunction with MHCWD staff and assist with protest tabulation of votes.
- Meetings (may be on-site or remote, depending on need)
 - Project kick-off meeting with District staff (1 meeting)
 - Ad Hoc Committee review of preliminary study (1 meeting)
 - Facilitate customer workshop with preliminary study to gather customer input (1 meeting)
 - Board Presentation of draft and final study results and projected rates (2 meetings)

- Facilitate a public workshop prior to the Proposition 218 hearing to present the proposed rate structures and connection charges to ratepayers, receive public input, and respond to questions. The Consultant shall incorporate feedback from this workshop into a revised Draft Rate Study report prior to finalization and initiation of the Proposition 218 noticing process. (1 meeting)
- Proposition 218 hearing (1 meeting)
- Provide the following deliverables:
 - Preliminary Rate Study report for District staff and ad hoc committee review prior to customer workshop
 - Revised Draft Rate Study report incorporating input from District staff, ad hoc committee, and the customer workshop, for initial Board review
 - Revised Draft Rate Study report incorporating input from the public hearing prior to the Proposition 218 hearing
 - Final Rate Study report incorporating Board feedback
 - An Excel-based financial model with clearly labeled, editable inputs and assumptions for each system
 - PowerPoint presentation summarizing findings and recommendations for Board and public use
 - Updated connection charge calculations and nexus analysis for each system
 - Proposition 218 notice content, rate change documentation, and protest tabulation guidance materials for use by the District

Draft and finalized deliverables to be provided in editable, electronic format with reports in Microsoft Word and/or PowerPoint format and spreadsheets in Excel format.

Project Schedule

Below is the desired schedule for initiation of this project; however, dates may be subject to change and adjusted as necessary.

- Contract awarded by MHCWD July 2026
- Preliminary study report to Rate Study ad-hoc committee September 2026
- Customer workshop October 2026
- Present revised study report including customer input to Board December 2026
- Present finalized study and accompanying materials to Board January 2026
- Public workshop (pre-Proposition 218) February 2027
- Proposition 218 public hearing March 2027

MINIMUM CONTENT OF RESPONSES

All responding Consultants are requested to provide a proposal which shall include, but need not be limited to the following information in the following order and format:

Cover Letter:

This letter shall be a brief formal letter acknowledging the purpose and scope of the services and signed by an individual with the authority to bind the proposing entity. The cover letter shall acknowledge the Professional Service Agreement (PSA), identify any exceptions to the PSA or the requirements of the RFP and commitment to execute this agreement with the District. This letter must include the following information:

- Complete legal (company) name (as it should appear in a contract)
- Company address
- Contact person, telephone number, and email address

Executive Summary:

Executive summary of proposal, including description demonstrating understanding of the project, methodology to be used, key milestones and personnel to be assigned to the project.

Qualifications & Relevant Experience:

Provide qualifications, including education and experience, of the proposed staff and other key personnel who will be assigned for the project from start to finish, including any sub-consultants. Expertise applicable to the work specified should be emphasized. Consultant must demonstrate clear understanding of the Proposition 218 process and capability to prepare all required documentation.

Provide 3-5 references, within the past five years, from public agency clients for whom similar or comparable services have been performed. Include the name of the agency, mailing address, and contact name and telephone number.

Also indicate the type of project, description of Consultant activities and, if the project came in, over or under budget. Provide an explanation if the project was over budget.

Provide two examples of completed rate studies for communities of similar size or service area. Also include an example of a Proposition 218 notice sent to customers.

Scope of Work:

Please provide a Proposed Scope of Services based on the Scope of Work contained in this RFP; include any ideas for modifying, clarifying, or improving the proposed scope of work. Provide a realistic working schedule with key deliverables, milestones, and tasks based on consultant's experience and scope of work/deliverables identified in this RFP.

Proposed Schedule of Work and Fees:

including accepted manner of payment, rates for additional professional services

Cost Proposal:

The cost proposal should contain all pricing information relative to performing the scope of work as described in this RFP, including a total all-inclusive maximum price, component costs (which should correlate with the total maximum cost), indicating fixed rates, hourly rates, billing increments for hourly rates, etc. Include a list of anticipated reimbursable expenses with rates charged for each, as applicable. Include rates for additional professional services, should they be required to supplement services listed in this RFP.

Project Team:

Describe the proposed project organization, including identification and responsibilities of key personnel. Indicate the role and responsibility of primary Consultant and all sub-consultants. Include resumes of key personnel assigned to the study.

Insurance – Proof of Coverage:

The Consultant shall furnish certificates of insurance to the District evidencing the insurance coverage prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty- (30) day written notice to the District. The Consultant shall maintain such insurance from the time the Consultant commences performance of services hereunder until the completion of such services.

Minimum Insurance requirements as follows:

Professional Liability Insurance	\$1,000,000 per occurrence/\$2,000,000 aggregate
General Liability	
General Aggregate:	\$2,000,000
Products Comp/Op Aggregate	\$2,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Medical Expense	\$5,000
Workers' Compensation	Statutory Limits
EL Each Accident	\$1,000,000
EL Disease	\$1,000,000
Automobile Liability	
Any vehicle, combined single limit	\$1,000,000

Conflict of Interest:

Consultants must disclose any actual, apparent, direct, indirect, or potential conflicts of interest that may exist for the Consultant's firm, personnel, or subcontractors. If a Consultant has no conflicts of interest, a statement to that effect shall be included in the letter.

PROPOSAL FORMAT

Proposals must be submitted electronically in PDF format via email to admin@mhcwd.org with **"Water Rate Study Proposal FY2027-2032"** in the subject line.

Proposals must be received by the date and time indicated in the RFP Schedule. Late proposals

will not be considered.

Questions regarding this RFP may be directed to:

Gerry LaBudde, Interim General Manager, at admin@mhcwd.org

SELECTION CRITERIA

The final selection will be based upon the following criteria:

- Ability of the Consultant to Carry Out and Manage the Proposed Project (60%)
An assessment of the qualifications, including past experience of the organization in general and positive reference checks. Qualities and indicators that will receive consideration include the number and types of projects the organization or its employees have completed; the variety of similar projects completed and a demonstration of the organization's ability to undertake this project; and the demonstrated ability to work with governmental bodies and a full understanding of applicable laws or regulations that relate to the project.
- Proposed cost (10%)
- Ability to meet the project timeline (30%)

SELECTION PROCESS

A selection committee will evaluate each proposal and forward recommendations to the MHCWD Board, who will in turn execute a contract with the selected Consultant to perform the requested services. The selection committee may choose to interview applicants as a part of the selection process. The contract will be awarded to the Consultant whose offer conforms to the RFP and which will be, in the opinion of the MHCWD Board, the most advantageous to MHCWD.

GENERAL TERMS AND CONDITIONS

All materials submitted in response to this RFP shall be considered the property of MHCWD and are subject to the California Public Records Act. Respondents will not be compensated for any expenses incurred in the process for responding to the RFP or, if requested, in submitting further information or appearing for an interview.

MHCWD reserves the right to reject any or all proposals, to waive informalities and minor irregularities in the proposals received, accept or reject any item or combination of items, to discuss proposal details with respondents, and to accept other than the lowest bid proposal.

By requesting proposals, MHCWD is in no way obligated to award a contract or to pay the expenses of the proposing consultants in connection with the preparation or submission of a proposal. Furthermore, MHCWD reserves the right to reject any or all proposals before the

execution of the contract with no penalty to MHCWD.

MHCWD reserves the right to cancel or amend, for any or no reason, in part or in its entirety, this RFP, including but not limited to: selection schedule, submittal date, and submittal requirements. If MHCWD cancels or revises the RFP, all originally contacted or responding Consultants will be notified in writing.