

**VILLAGE OF DOWNERS GROVE  
REPORT FOR THE VILLAGE COUNCIL WORKSHOP  
APRIL 13, 2010 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Water Rate Study Agreement	✓ Resolution Ordinance Motion Discussion Only	Naneil Newlon, P.E. Director of Public Works

**SYNOPSIS**

A resolution has been prepared authorizing an agreement with Municipal & Financial Services Group LLC of Annapolis, Maryland for a water rate study in an amount not-to-exceed \$30,000.

**STRATEGIC PLAN ALIGNMENT**

The Five Year Plan and Goals include *Exceptional Municipal Organization*. A supporting objective of this statement is to provide *Steward of Financial Sustainability*.

**FISCAL IMPACT**

The FY10 budget includes \$30,000 in the Water Fund for this service.

**UPDATE & RECOMMENDATION**

This item was discussed at the April 6, 2010 meeting. Staff recommends approval on the April 13, 2010 active agenda.

**BACKGROUND**

The Village distributes potable water to more than 50,000 people through 16,574 residential, commercial and industrial service connections. The Village’s water service area includes all areas within the current Village limits as well as a limited number of customers outside the Village that receive water service from the Village. The Village purchases treated Lake Michigan water from the DuPage Water Commission (DWC) located in Elmhurst, Illinois as its primary water supply. The Village also maintains an emergency supply of four backup, shallow wells. The Village’s water distribution system is supplied by seven elevated storage facilities providing a storage volume of eight million gallons and six rate control stations.

The expenses involved with the operation of the Village’s water utility include the cost of purchasing treated water from the DWC as well as the operating and capital costs involved with distributing water to the Village’s customers. The Village’s water distribution system includes 230 miles of water main, 2,600 fire hydrants and close to 3,000 main line distribution valves. Integral to the water billing process is the automated meter reading (AMR) system, which is used to collect water billing information. The Village must also document compliance with State and federal water sampling and reporting requirements and report on our results.

The goal of the water rate study is to review current and future water rates to ensure adequate funding is available for current operations and maintenance as well as for identified capital maintenance and improvement projects into the future. The objectives of this project include:

1. Proposing water rates that:
  - Are fair and objective and ensure that water service is provided on a self-supporting basis

- Fund capital projects as identified and approved
  - Encourage water conservation, and
  - Take into consideration DWC rate increases
2. Reviewing and updating miscellaneous water-related fees.
  3. Recommending a prudent reserve policy for operations, capital replacement and emergencies.

The Village issued a Request for Proposal (RFP) for the water rate study in January, 2010 and received eight responses. A staff team reviewed the RFP responses and recommends Municipal & Financial Services Group (MFSG) for this project. MFSG has successfully completed similar work for municipalities including Orland Park, Morton Grove, Glenview, and Moline. The key criteria utilized by staff in evaluating the proposals were experience, qualifications of assigned staff and the firm's approach to the project. MFSG is a specialized management consulting practice that has extensive experience in the financial and management needs of public sector infrastructure.

**ATTACHMENTS**

Resolution

Contract Signature Page

Campaign Disclosure Certificate

**VILLAGE OF DOWNERS GROVE**  
**COUNCIL ACTION SUMMARY**

**INITIATED:** Public Works **DATE:** April 13, 2010  
(Name)

**RECOMMENDATION FROM:** \_\_\_\_\_ **FILE REF:** \_\_\_\_\_  
(Board or Department)

**NATURE OF ACTION:**

**STEPS NEEDED TO IMPLEMENT ACTION:**

- Ordinance
- Resolution
- Motion
- Other

Motion to Adopt "A RESOLUTION AUTHORIZING EXECUTION OF AN AGREEMENT BETWEEN THE VILLAGE OF DOWNERS GROVE AND MUNICIPAL & FINANCIAL SERVICES GROUP, LLC", as presented.

**SUMMARY OF ITEM:**

Adoption of the attached resolution shall authorize an agreement with Municipal & Financial Services Group LLC of Annapolis, Maryland for a water rate study in an amount not-to-exceed \$30,000.

**RECORD OF ACTION TAKEN:**

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**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AUTHORIZING EXECUTION OF AN  
AGREEMENT BETWEEN THE VILLAGE OF DOWNERS GROVE  
AND MUNICIPAL & FINANCIAL SERVICES GROUP, LLC**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of a certain Agreement (the “Agreement”), between the Village of Downers Grove (the “Village”) and Municipal & Financial Services Group, LLC (the “Proposer ”), to perform a water rate study , as set forth in the form of the Agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

\_\_\_\_\_  
Mayor

Passed:

Attest: \_\_\_\_\_  
Village Clerk

**V. PROPOSAL/CONTRACT FORM**

**\*\*\*THIS PROPOSAL, WHEN ACCEPTED AND SIGNED BY AN AUTHORIZED SIGNATORY OF THE VILLAGE OF DOWNERS GROVE, SHALL BECOME A CONTRACT BINDING UPON BOTH PARTIES.**

**Entire Block Must Be Completed When A Submitted Bid Is To Be Considered For Award**

**PROPOSER:**

Municipal & Financial Services Group LLC  
Company Name

Date: 1/29/10

911 A Commerce Road  
Street Address of Company

David.Hyder@mfgllc.com  
Email Address


Annapolis, MD, 21401  
Village, State, Zip

David Hyder  
Contact Name (Print)

410.266.9101  
Business Phone

410.266.9101  
13-Hour Telephone

410.266.9101  
Fax

  
Signature of Officer, Partner or  
Sole Proprietor

Edward J. Donahue President  
Print Name & Title

ATTEST: If a Corporation

  
Signature of Corporation Secretary

**VILLAGE OF DOWNERS GROVE:**

\_\_\_\_\_  
Authorized Signature

ATTEST:

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature of Village Clerk

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

In compliance with the specifications, the above-signed offers and agrees, if this Proposal is accepted within 90 calendar days from the date of opening, to furnish any or all of the services upon which prices are quoted, at the price set opposite each item, delivered at the designated point within the time specified above.

## **WATER RATE STUDY – BUSINESS AND FEE PROPOSAL**

This section of our proposal presents our business proposal to perform water and sewer rate study for water system owned by the Village of Downers Grove in response to the Village's RFP. While we have read the terms and conditions set forth in the Village's RFP, and take no exception thereto, the following presents some key facts and information relevant to this proposal.

### **1. General**

This proposal was prepared in the Annapolis, Maryland office of MFSG, a Maryland limited liability corporation, under the direction of David A. Hyder, a senior manager within the firm. Mr. Hyder is designated as the principal point of contact for matters related to this procurement. He is empowered to represent, negotiate for, and bind and commit the firm:

Municipal & Financial Services Group, LLC  
911-A Commerce Road  
Annapolis, Maryland 21401  
410.266.9101 voice  
410.266.5545 facsimile  
david.hyder@mfsgllc.com  
Taxpayer ID #52-2215040

MFSG is a women-owned business certified as such by the State of Maryland (MBE Certification DOT-MBE-03-191), by the State of Delaware (Certificate #DE04100493) and is recognized as a WBE by the State of Kentucky. The firm is also certified as a Small Business by the State of Maryland (ID #1522215040).

The firm operates from one office, and has a permanent staff of ten professionals.

### **2. Period of Proposal**

This proposal is valid for 120 days from the date of its submission and may be extended by mutual written agreement.

### **3. Independence**

MFSG is independent of the Village of Downers Grove and is aware of no circumstance that would create a conflict of interest, either real or perceived, or of any fact or circumstance that would impair our independence with regard to the Village. We have no prior relationship of any sort with the Village.

#### 4. Basis of Cost Proposal

We develop our cost proposals by estimating the number of hours of effort that will be required by key individual/classification of employee and multiplying this number by the standard hourly rate that has been established for each administrative classification of employee. To this estimate of professional fees, we add estimated out-of-pocket expenses (e.g., travel, telephone, printing, express services, etc.) at actual cost, with no profit or overhead added to out-of-pocket expenses. Any discounts received (car rentals, hotels, etc.) are passed through to the client.

#### 5. Cost Proposal

Our not to exceed fee (including all professional fees and out-of-pocket expenses) for the scope of work requested by the Village of Downers Grove are set forth below and are based on the workplan and deliverables set forth in our proposal:

Village of Downers Grove Water Rate Study	Level of Effort (Hours)					Cost Estimate		
	Donahue	Hyder	Zitomer	Staff	Total	Professional Fees	Expenses	Total Cost Estimate
Task								
1. Review Existing Data	-	-	4	4	8	\$ 1,200		\$ 1,200
2. Identify Policy Issues	2	2	2	-	6	\$ 1,300		\$ 1,300
3. Review CIP	-	2	2	3	7	\$ 1,175		\$ 1,175
4. Review O&M Costs	-	-	4	4	8	\$ 1,200		\$ 1,200
5. Evaluate Demand	-	-	4	6	10	\$ 1,450		\$ 1,450
6. Analyze Debt Service	-	2	4	6	12	\$ 1,900		\$ 1,900
7. Reserves	-	3	4	6	13	\$ 2,125		\$ 2,125
8. Develop Miscellaneous Revenues	-	-	4	6	10	\$ 1,450		\$ 1,450
9. Develop Rate Revenue Requirements	-	-	4	6	10	\$ 1,450		\$ 1,450
10. Compare Revenues with Requirements	-	-	4	6	10	\$ 1,450		\$ 1,450
11. Develop Cost of Service	-	2	4	6	12	\$ 1,900		\$ 1,900
12. Evaluate Rate Alternatives	2	2	6	8	18	\$ 3,000		\$ 3,000
13. Develop Recommended Rates	-	2	4	6	12	\$ 1,900		\$ 1,900
14. Document Model	-	4	6	8	18	\$ 2,950		\$ 2,950
15. Reporting	2	4	6	8	20	\$ 3,450		\$ 3,450
<b>Total</b>	<b>6</b>	<b>23</b>	<b>62</b>	<b>83</b>	<b>174</b>	<b>\$ 27,900</b>	<b>\$ 2,100</b>	<b>\$ 30,000</b>
<i>Hourly Rates</i>	\$ 250	\$ 225	\$ 175	\$ 125				

Out-of-pocket expenses, as defined for purposes of this proposal, include all costs other than professional fees (transportation, parking, tolls, meals, printing, delivery services, etc.). Our estimated costs are predicated on three onsite meetings with the Village staff and Council including a progress meeting / rate structure workshop, preliminary report workshop and formal public hearing.

**Campaign Disclosure Certificate**

**CAMPAIGN DISCLOSURE  
CERTIFICATE**

Any contractor, proposer, Proposer or vendor who responds by submitting a bid or proposal to the Village of Downers Grove shall be required to submit with its bid submission, an executed

Campaign Disclosure Certificate, attached hereto.

The Campaign Disclosure Certificate is required pursuant to the Village of Downers Grove Council Policy on Ethical Standards and is applicable to those campaign contributions made to any member of the Village Council.

Said Campaign Disclosure Certificate requires any individual or entity bidding to disclose campaign contributions, as defined in Section 9-1.4 of the Election Code (10 ILCS 5/9-1.4), made to current members of the Village Council within the five (5) year period preceding the date of the bid or proposal release.

By signing the bid documents, contractor/proposer/Proposer/vendor agrees to refrain from making any campaign contributions as defined in Section 9-1.4 of the Election Code (10 ILCS 5/9-1.4) to any Village Council member and any challengers seeking to serve as a member of the Downers Grove Village Council.

Under penalty of perjury, I declare:

Proposer/vendor has not contributed to any elected Village position within the last five (5) years.

Edward J. Donahue  
Signature

Edward J. Donahue  
Print Name

Proposer/vendor has contributed a campaign contribution to a current member of the Village Council within the last five (5) years.

Print the following information:

Name of Contributor: \_\_\_\_\_  
(company or individual)

To whom contribution was made: \_\_\_\_\_

Year contribution made: \_\_\_\_\_ Amount: \$ \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name