

Assessing the Economic Impact of the Provision of Water to Nearby Communities

The City of Milwaukee seeks to contract for the development of a methodology to quantify the economic impacts of potential future water service contracts between the City of Milwaukee and nearby communities.

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1. Background

The City of Milwaukee Department of Public Works- Water Works is the drinking water utility owned by the City of Milwaukee and regulated by the Public Service Commission of Wisconsin (PSC), the U.S. Environmental Protection Agency and the Wisconsin Department of Natural Resources. It provides drinking water, fire suppression and public health protection to residents and businesses in the City of Milwaukee and 15 surrounding communities. The mission of the Water Works is to provide safe and reliable drinking water to all of its customers.

The PSC is responsible for establishing the Water Works' rate schedule, and it does so by calculating the costs the Water Works incurs in providing water services and permitting the Water Works to recover these costs plus a requested rate of return. The PSC holds that the benchmark rate of return for municipal water utilities should be 6.5%, and the Water Works' 2007 rate of return was 2%. The rates authorized by the PSC include fees for fire protection, general service charges and charges for volume of water consumed.

In 2007, the Water Works sold 30 billion gallons of water pumped and treated from Lake Michigan and delivered it to approximately 858,000 customers through 2,000 miles of mains. The Water Works currently has the capacity to pump and treat billions more gallons of water than it sells, and has the ability to expand its service to additional communities.

The Water Works' customers outside the City of Milwaukee are classified as either wholesale or retail customers. The Water Works serves 10 wholesale clients which operate their own water utilities, billing customers and maintaining the distribution systems in their communities. Wholesale customers are Brown Deer, Butler, Greendale, Menomonee Falls, Milwaukee County Grounds, New Berlin¹, Shorewood, Wauwatosa, West Allis and We Energies Water Services

¹ The Water Works currently serves the eastern one-third of New Berlin. New Berlin has requested that the Water Works investigate the feasibility of supplying water to the middle one-third of the city.

(Mequon, Thiensville). The costs related to extending mains and construction costs to link the Water Works system to a new wholesale customer are evaluated according to which community will benefit from the extension of infrastructure. If the additional infrastructure does not benefit the Water Works, the wholesale customer will incur 100% of costs. If the Water Works also benefits, a cost-sharing agreement is executed. As this is not a rate issue, the Public Service Commission has no authority in this area.

Retail customers receive full water service from the Water Works, including customer billing and distribution system maintenance. Retail customers are Greenfield, Hales Corners, St. Francis and a portion of Franklin. The Village of West Milwaukee receives billing services from the Water Works but maintains its own distribution system. Attached as Appendix B is a map of the Water Works Service Area.

2. Scope of Services and Deliverables

To accomplish the following scope of services and required deliverables for this engagement, a vendor will develop a methodology to quantify the economic impacts of potential future water service contracts between the City of Milwaukee and other communities. The primary deliverable is the development of a methodology which the City will use to calculate the economic impacts of future water service contracts. This should be accomplished by identifying the:

2-a. Potential residential, commercial, manufacturing and population growth that is related to water service that Milwaukee may provide to another community, and how growth can be measured over the lifetime of a contract period. This will require distinguishing the impact of Milwaukee water availability from other factors that influence investment and location decisions.

2-b. Potential negative economic impacts on the City of Milwaukee due to lost opportunities for attracting new residential, commercial, manufacturing development, and loss of existing Milwaukee residents and businesses which might be attracted to the new development.

2-c. Role of the provision of Milwaukee water in reducing public health risks that result from contaminated drinking water, including reducing the need for household expenditures to “soften” well water, improvements in fire protection and other identified quality-of-life issues.

2-d. To the extent possible, the impact of the provision of Milwaukee water on the Southeast Wisconsin region, defined as Milwaukee, Ozaukee, Waukesha and Waukesha counties, with respect to the distribution of household income and availability of affordable housing for various income levels among these communities; the concentration of poverty; the demand for and feasibility of operating mass transit systems; environmental impacts, such as the impact of increased impervious area on the achievement of water quality standards and the preservation of environmental corridors and natural resource areas; and the decentralization of economic activity, including employment, office and retail space, manufacturing and warehousing activity, etc.

3. Proposal Requirements

3-a. Description of the proposer's approach to and organization of the engagement.

3-a-i. The proposer should describe the proposed methodological approach for achieving valid and reliable study conclusions for the desired scope of services and deliverables. This section should include a general description of the tasks that the proposer will complete relating to the deliverables, and an estimate of timelines, number of hours, and the assigned number of personnel associated with those tasks. This section should include the proposer's ability to complete the engagement within 6 months or less of receiving notice to proceed. Proposers may include charts, tables or graphs in addition to the narrative in order to convey their intended project organization, tasks and timelines.

3-a-ii. The proposer should identify outside sources of information that they will use to complete the required deliverables.

3-b. Description of the proposer's relevant experience and professional qualifications, including those of the persons the proposer will assign to this engagement.

3-b-i. In 1500 words or less, the proposer should describe their experience in conducting engagements of the kind similar to that which this RFP contains. The proposer should provide specific consulting engagements or other professional experience that is relevant to completing the required deliverables. Experience regarding (a) the analysis of household and business location and investment decisions, (b) the influence of economic activity on watershed conditions, (c) regional economic analysis, (d) water utility business analysis, and (e) the application of land use information to population and economic projections is considered especially valuable to this engagement. This section should identify the persons the proposer will assign to this engagement, and describe their experience and qualifications. If the proposer intends to employ subcontractors, the proposal must also describe the qualifications and experience of the subcontractor's personnel to be assigned to this engagement and the responsibilities to be assigned to such personnel.

3-b-ii. The proposer should document how the proposer's prior engagements were relevant and useful to government policy decisions.

3-b-iii. This section should also indicate the extent of the proposer's and assigned individuals' experience in making presentations to elected officials.

3-b-iv. Proposers must provide at least 2 references for work similar in scope or subject matter. This shall include the name and address of the reference, the name and phone number of a person to contact, a brief description of the work that was performed and the time period of the project or contract.

3-b-v. Proposers shall attach curriculum vitas for the principal researchers and others who will be credited for authorship.

4. Cost Proposal

Proposers should disclose their all-inclusive cost, including expenses, to perform deliverables on the Cost Proposal Form attached as Appendix A.

5. Required Format

5-a. Each proposer shall submit one electronic copy, and one original, clearly marked as such, and 7 copies of the complete proposal, securely sealed, to the issuing office not later than the specified date and time. The cost of preparing proposals is the responsibility of the proposers.

5-b. To enable the City to perform a fair and consistent review of all proposals, proposals must be submitted in the following manner:

5-b-i. On the cover page, identify the proposal with the words, “Economic Impact of the Provision of Milwaukee Water”, Contract Number _____.

5-b-ii. The first page must include the name and the mailing address of the proposer, including a name, address, E-mail address, telephone and fax number for the proposer’s primary contact for this engagement. The words “Economic Impact of the Provision of Milwaukee Water” should be included on this page.

6. Proposal Evaluation

An evaluation committee will review accepted proposals using the following criteria and points, which total 100. The evaluation committee will also consider the proposed timelines in the context of hours and resources the proposer will commit to the engagement.

6-a. Experience and qualifications of the proposer. Comments from proposer’s references will be included in this portion of the evaluation: 15 points

6-b. Experience and qualifications of the personnel the proposer commits to assign to the engagement: 15 points

6-c. Proposer’s approach and organization of the engagement: 40 points

6-d. Proposer’s cost proposal: 20 points

6-e. This request for proposals does not have a mandatory Emerging Business Enterprise (EBE) participation percentage assigned. However, proposers may receive up to 10 points for the inclusion of a City certified EBE firm in their contract. Proposal must specify how the EBE firm will provide a meaningful function within the contract: up to 10 points

7. Report Submission

This engagement requires the submission of a draft report, which shall be submitted to the City within 5 months of receiving notice to proceed, and a final report, which shall be submitted to the City no later than one month thereafter.

8. Dissemination of Report

The draft report and final report will become the property of the City of Milwaukee, and the City will maintain ownership of the reports and disseminate reports as it determines appropriate.

APPENDIX A

COST PROPOSAL FORM

“Economic Impact of the Provision of Milwaukee Water”

Proposer to quote all-inclusive cost, including expenses, to perform deliverables as required in paragraph 2.

TOTAL COST: _____