

Village of Hoffman Estate, Illinois  
Request for Proposal  
Water and Sewer Rate Study

The Village of Hoffman Estates is requesting proposals from interested and qualified firms for a Comprehensive Water and Sewer Rate Study which will include an evaluation of current tap-on fees.

**General Information**

The Village of Hoffman Estates is located approximately 30 miles northwest of Chicago, Illinois in Cook and Kane Counties. The Village is a home rule municipality as defined by the 1970 Illinois constitution. Hoffman Estates operates under the council-manager form of government. The Village provides a full range of general government services that include police and fire protection, health and social services, water and sewer utilities, maintenance of highways and infrastructure, code enforcement, planning and zoning, and general administrative services.

The 2020 census reported a population of 52,530. The 2022 tax levy year's equalized assessed valuation of Hoffman Estates was \$1,661,647,959.

**Water and Sewer Overview**

The Village is a member of the Northwest Suburban Municipal Joint Action Water Agency (JAWA), which consists of seven municipalities. JAWA is a municipal corporation and public body politic and corporate established pursuant to the Intergovernmental Cooperation Act of the State of Illinois. JAWA is empowered to plan, construct, improve, extend, acquire, finance, operate and maintain water supply systems to serve its members and other potential water purchases.

The Village provides water and sewer service to approximately 15,700 customers within the corporate limits of the Village. The proposed Water and Sewerage Fund operating and capital budget for FY2024 is \$29,799,460 which includes debt service. The Village's water and sewer system is currently comprised of:

- 256 miles of water mains
- 191 miles sanitary sewers
- Seven (7) water towers
- 3,170 fire hydrants
- 16 lift stations
- Two (2) booster pump stations and two (2) high service pump stations
- One (1) distribution system interconnect
- Total Storage capacity of 11,820,000 gallons
- Average daily consumption of 4,010,000 gallons
- Peak daily consumption of 6,247,000 gallons

The Water and Sewerage Fund recorded a net increase of \$7,262,759 for the year ended December 31, 2022 (last audited fiscal year). The financial condition of the fund remains stable with unrestricted net position totaling \$11,169,419 at December 31, 2022. The combined rate for water and sewer service is currently \$14.57 per thousand gallons of water consumed, plus a base charge,

which is determined by the size of the water service line. For residential water customers, the base charge is \$6.73 per month.

It is expected that the consultant selected for this project would receive relevant financial and operating information such as the current and previous budgets, Capital Improvement Plan and other documents necessary for the full evaluation of the Village's water and sewer rates.

### **Scope of Services**

1. Prepare a forecast of revenues, operation and maintenance expenses and capital improvement costs for a five year period. The forecasts should be summarized in a cash flow forecast for the water and sewer system which will show the use of balances on hand, revenues and potentially, of debt to meet the water and sewer system financing needs. The cost of water for the study period will be based on JAWA's most recent budget and projections.
2. Determine current usage and billing characteristics of each customer class using available billing information, water system peak demand statistics and consultants experience with water systems, exhibiting similar usage, characteristics and patterns.
3. Compare revenue under existing rates for each customer class with their allocated cost of service to determine the adequacy of present revenue levels for each class and the indicated adjustment in rates required to equitably distribute costs to the respective classes of customers.
4. Develop a proposed water and sewer rate designed to fund estimated operating and capital expenditures for the next five years. This proposal will include recommendations for both the base rate charge as well as the consumption charge. Analyze and recommend whether or not the Village should establish separate rate classifications for residential, commercial and industrial customers. A proposed rate should be shown for each option listed below:
  - a. Level five year rate
  - b. Escalating rate over the five year study period.
5. Evaluate current water and sewer tap-on fees and recommend tap-on fee rates that will be sufficient over the next five year study-period.
6. Recommend which capital projects anticipated over a five year study period should be financed with cash (paid by existing customers) on hand and which should be financed through additional debt (paid over time by future customers).
7. Meet with Village Staff as needed and also the Village's Finance Committee and Village Board as necessary in the evening during the term of the study to discuss findings and recommendations.
8. Provide sufficient copies of the report for preliminary and final staff review as well as for the presentation to the Village Board.

## **Proposal Requirements**

To be acceptable, a proposal must include the following information:

1. A discussion of the professional approach which the firm will use to conduct the study.
2. Description of your firm's organization, experience, services, and staff.
3. Brief resumes of all staff members who would participate in the rate study, as well as the manager, partner, or principal responsible for the rate study.
4. A list of municipal clients with contact person and phone number for whom your firm has conducted water and/or sewer rate studies in the past three years.
5. The firm's fee schedule. The schedule should itemize the fees to the greatest extent possible. All costs for which the Village would be charged should be specified. The treatment of copying, telephone, travel and similar incidental expenses of the firm should be clear.
6. A representative example of a recent Water/Sewer Rate Study prepared by the firm in the past three years.

## **Selection Process**

Proposals will be reviewed by the Village's Director of Finance and other Village team members. In-person interviews will be conducted with finalists if deemed necessary by the Village. The Director of Finance will notify any firms which the Village wishes to interview.

The Village Manager and Director of Finance will recommend a firm's selection to the Village Board. The Village Board will award the contract. All information provided in the "Proposal Requirement" section above and in-person interviews will be considered by the Village in its selection process.

## **Terms and Conditions**

1. The Village reserves the right to reject any and all proposals.
2. The Village reserves the right to request clarification of information contained in proposals and to request additional information from any proposing firm.
3. A firm may withdraw its proposal anytime prior to its recommendation to the Village Board. Any proposals not withdrawn by this time shall constitute, for a period of 90 days, an irrevocable offer to provide the services described in the firm's proposal and the Scope of Services" section above.
4. An agreement or contract resulting from the acceptance of a proposal shall be on forms approved by the Village's corporation counsel and shall contain, as a minimum, the applicable provisions of this request for proposal and the proposal itself. The Village reserves the right to reject any agreement or contract which does not conform to the request for proposal, the proposal of the firm concerned, or the Village's requirements for agreements and contracts.

5. The contracted firm shall not assign any interest in the contract and shall not transfer any interest without the prior written consent of the Village.
6. No report, information, or data given to or prepared by the contracted firm shall be made available to any individual or organization without the prior written approval of the Village Manager.
7. If, through any cause, the contracted firm fails to fulfill the obligations agreed to in a timely and proper manner, the Village shall have the right to terminate the contract by notifying the firm in writing and specifying a termination date not less than thirty (30) calendar days in advance. In such event, the contracted firm shall be entitled to just and equitable compensation for any satisfactory work completed.

**Proposed Calendar**

Issue Request for Proposal	Monday, April 1, 2024
Proposals Due	Tuesday, April 30, 2024 at 3:00 pm CST
Analysis of Proposals & Firm Interviews	May – June 17, 2024
Selection of Rate Study Firm	Monday, June 17, 2024
Finance Committee Approval of Firm (if needed)	Monday, June 24, 2024
Rate Study is Performed	July – August, 2024
Finalized results presented during budget meetings	End of September, 2024

**Instructions to Proposers**

Proposals should be in PDF format and should be submitted electronically to [Rachel.Musiala@vohe.org](mailto:Rachel.Musiala@vohe.org) by Tuesday, April 30, 2024 at 3:00 pm CST.

Questions concerning the Water Rate Study or the content of proposals should be directed to Rachel Musiala at (847) 843-4802 or [Rachel.Musiala@vohe.org](mailto:Rachel.Musiala@vohe.org). The Finance Department Staff and responsible Management Personnel will be available during the Study to assist the firm by providing information, documentation and explanations.

No proposals will be considered unless received by 3:00pm CST on Tuesday, April 30, 2024.

Attachments

Chapter 12 Water and Sewer System – Village of Hoffman Estates.