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Finance Department
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Appleton, WI 54912
920-832-6442

TO: Chairperson Vered Meltzer and Members of the Utilities Committee

FROM: Kelli Rindt, Enterprise Fund Accounting Manager

DATE: October 11, 2019

RE: *Award consulting contract for Wastewater Rate Study to Trilogy Consulting LLC in the amount of \$19,965.*

BACKGROUND:

The current Wastewater service rates have been in effect since July 1, 2011. The last major facility upgrade at the Wastewater Treatment Plant (WWTP) was completed in 1992. In the past few years a few multi-year capital improvement projects (CIP) have started to address aging process and electrical equipment. During this time the utility has seen an increase in revenue from the hauled waste program. This additional revenue has provided the needed cash flow to meet operation and maintenance expense as well as provide funding for these CIP projects.

The utility has been notified that there will be a significant reduction in waste from one of the major hauled waste customers and a reduction in flow from one of the utility's high strength customers. Operation expense continue to increase each year. Depreciation expense will also increase over the next few years from the replacement of the aging process and electrical equipment. The current rates will not provide the revenue that is needed to cover operation and maintenance expense into the future. Cash flow will also be impacted to help the funding of these multi-year CIP projects and other projects in the future.

The intent of this RFP was to obtain a consultant to complete a full rate study for the Wastewater Utility. This includes: reviewing all rates and fees and determine needed changes, perform financial sensitivity analysis and analyze and report on borrowing capacity. The RFP was distributed to four firms with previous rate study experience. The following table identifies the invited accounting and consulting firms along with their proposal scores and pricing.

COMPANY	Proposal Score	Value Score	Total Score	Cost
Baker Tilly	71.1	6.4	77.5	\$45,340
Ehlers	51.9	20	71.9	\$14,400
Trilogy	65.6	14.4	80	\$19,965
CLA (CliftonLarsonAllen)	DNP			

The evaluation team found that Trilogy had the highest total score and met the City's needs for this project. The Trilogy team is experienced and has completed similar projects in size and complexity and their proposal demonstrated a comprehensive approach and was responsive to the services and needs required of this study.

RECOMMENDATION:

I recommend awarding the consulting contract for Wastewater Rate Study to Trilogy Consulting LLC in the Amount of \$19,965. The total budget for this project is \$20,000. Should you have any questions regarding this project please contact me at phone: 832-6316.