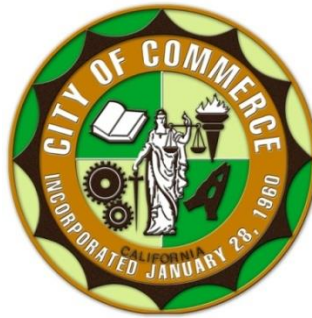


**REQUEST FOR PROPOSALS**  
**FOR**  
**LEASE OF REAL PROPERTY FOR THE COMMERCE MUNICIPAL**  
**WATER SYSTEM (WATER SYSTEM)**

**City of Commerce**



City of Commerce  
Public Works and Development Services Department  
2535 Commerce Way  
Commerce, CA 90040

**Submission Deadline: Thursday, November 9, 2017 by 5:00 p.m.**

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## **I. BACKGROUND AND SCOPE OF SERVICES**

The City of Commerce is seeking to lease its water system for a fifteen (15) year term. Under this lease arrangement, the lessee would assume all responsibility for the operation and maintenance of the water system including implementation of its Capital Improvement Program (CIP) and billing and collection as outlined in the attached lease documents. The City wishes to maximize rental lease payments for the period of the lease while ensuring the best water quality and customer service. Accordingly, proposals will be evaluated on the basis of both overall lease payment and demonstrated experience and commitment to excellence in delivery of water service.

## **II. WATER SYSTEM**

The City of Commerce's water system serves 1,206 connections (378 residential, 568 commercial, and 32 public authority) and is currently operated and maintained by California Water Service Company (Cal Water). There are two sources of water for the City's system. The primary source is local groundwater (82%, 1,770 acre feet) and the secondary source is Metropolitan Water District water purchased through Central Basin Municipal Water District (Central Basin) (18%, 370 acre feet). The primary source is through utilization of adjudicated extraction rights of 5,081 acre feet of Central Basin Municipal Water District (Central Basin) pumping rights. The water has historically been pumped out of the Los Angeles Aquifer, a water-bearing zone of 143 feet below ground surface from the City's two (2) active wells, Well 4 and 7. The City's Water System consists of six (6) sites and serves approximately one half of the City. The remaining half is serviced by Cal Water's privately owned system. Exhibit A and B reflect the City's Water System boundaries and major assets and proposed CIP replacement schedule respectively. Major assets include:

- 6 sites (3D inactive)
- 3 wells (two active, Station 6 in standby with a total of 2,600 GPM)
- 5 reservoirs (total of 5 million gallon storage capacity)
- 3 water treatment plants
- 5 panelboards
- 16 pumps and motors
- 2 generators
- 27 miles of distribution pipelines and other lines for draining and flushing water, control valves, fittings, meters, and water mains. Pipelines are approximately 65 years old and range between 6" and 14" in diameter.

The City is in the process of designing, permitting and constructing a new well to be located at Station 7. Well 6 has been offline since April 2011 due to Volatile Organic Compound standards exceedances and several critical failures in the well casing. Well 3E was destroyed in 2017 due to Manganese exceedances and lacking minimum required sanitary seal and Well 3D was destroyed in 2013 due to Manganese exceedances and the California Department of Toxic Substance Control (DTSC)

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requiring its destruction. The City is also in the process of replacing 319 small meters as part of a joint Proposition 84 Grant award through the Gateway Water Management Authority (GWMA). Replacement of distribution pipelines is approved at approximately 1,000 linear feet every other year.

### III. WATER RATES

The City approved establishing a two-tier water rate structure for residential and commercial accounts and water rate increase for the City's water system. The rate increase was spread over three years and implemented as follows:

Description	FY 15/16	FY 16/17	FY 17/18
<b>Rate Adjustment - residential</b>	16.9%	6.1%	5.7%
<b>Rate Adjustment – non-residential</b>	33.6%	10.6%	9.6%
<b>Effective Month</b>	October	July	July

The current rates are as follows:

Residential	Rate
Quantity rate for first 6 ccf	\$2.0166
Quantity rate for all over 6 ccf	\$2.3519
Service Charge:	
5/8 – 3/4 inch	\$5.73
1" meter	\$23.52
1 1/2 " meter	\$33.59
2" meter	\$43.66
3" meter	\$80.61
4" meter	\$109.15
6" meter	\$188.10
8" meter	\$280.47
10" meter	\$347.65
Non-residential	Rate
Quantity rate for first 6 ccf	\$2.4902
Quantity rate for all over 6 ccf	\$2.9043
Service Charge:	
5/8 – 3/4 inch	\$7.08
1" meter	\$29.04
1 1/2 " meter	\$41.49
2" meter	\$53.91
3" meter	\$99.54

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4" meter	\$134.79
6" meter	\$232.27
8" meter	\$346.35
10" meter	\$429.30

The current rates support the costs of mandated programs such as cross connection control and valve maintenance/replacement as well as large water leaks, meter program, hydrant repair and preventative maintenance. The current rates however do not support the costs of the CIP. The system's CIP is a priority for the future. The City and the awarded contractor would need to determine and recommend future rate increases for Council consideration to maintain operational levels to meet water quality standards, mandated programs and to include costs related to implementing the CIP. Workshops with Council members and the rate payers would be necessary prior to a public hearing to consider adoption of any new rate increases. The City's water system rates are subject to a Proposition 218 process.

#### **IV. WATER RIGHTS**

The City's adjudicated water rights are comprised of 5,081 acre feet. The City water system historically uses approximately 1,950 acre feet of water per year. The City executed an agreement with Liberty Utilities to lease 3,000 acre feet of its pumping rights per year for three (3) years beginning July 1, 2017. This RFP does not include the leasing of the City's water rights.

#### **V. RENTAL LEASE**

Lessee shall make the following payments of rent ("Rental Payments") to Lessor:

##### **Base Rent**

Lessee shall pay to Lessor an annual rent payment of \$845,000. The Base Rent shall be paid in monthly installments, with the monthly payment due and payable on the first day of each month after the Effective Date of this Lease. Base rent shall be adjusted in the same proportion (plus or minus), as customer service rates approved by the City Council.

##### **Additional Rent**

Lessee shall pay to Lessor additional rent that is equal to \$200 per each acre of foot ("AF") of groundwater that the Lessee annually produces pursuant to Lessor's Groundwater Rights in excess of 2,000 AF of groundwater that Lessee uses to serve customers within the Service Area. No additional rent is owed by Lessee for groundwater produced and served by Lessee pursuant to Lessor's Groundwater Rights that amounts to 2,000 AF or less. The amount of groundwater produced and served by Lessee pursuant to Lessor's Groundwater Rights shall be determined as of each "Anniversary Date" (as that term is defined in Section 15.2 below). The additional rent owed under this Section 4.2 shall be paid by Lessee within thirty (30) calendar days after each Anniversary Date.

VI. **TERM OF LEASE**

The term of the lease shall be fifteen (15) years. At the end of the lease period, the City shall have the right to reclaim operation of the water system or lease the water system out for an additional period. In the event the City would like to reclaim operation of the water system, no payment will be made to lessee with exception of repayment for the depreciated value of capital improvements made to the system during the term of the lease.

VII. **MANDATORY PRE-PROPOSAL SITE VISIT**

A mandatory pre-proposal site inspection of the water system's sites will be held on **September 20, 2017 at 9:00 am**. The meeting location is 2535 Commerce Way, Commerce, CA at the Public Works and Development Services Department counter.

VIII. **GENERAL ADMINISTRATIVE INFORMATION**

**Date Due:** Thursday, November 9, 2107 by 5:00 p.m.

1. **Questions:** Submit questions regarding this project in writing via email to Gina Nila, Deputy Director of Public Works Operations at [ginan@ci.commerce.ca.us](mailto:ginan@ci.commerce.ca.us). Deadline for question submittal is **October 11, 2017**.
2. **Reply Format:** Proposals must follow the format presented in Part VI, Submission Requirements and Sequence of Proposals of this document. Firms must submit three (3) hardcopies (one must be an original) and one (1) copy on a CD of the proposal. Firms are required to clearly identify any limitations or exceptions to the requirements defined in this request. Alternative approaches will be given consideration if the approach clearly offers increased benefits to the City.
3. **Proposal Acknowledgement and Receipt:** Must be completed and submitted with the proposal (Attachment 1).
4. **Firm Qualifications:** The firm shall have at least 10 years of experience conducting related potable water operations, maintenance, and distribution activities, drinking water CIP development, implementation, and management of CIP projects, groundwater monitoring, analysis, and treatment, meeting water quality standards, and demonstrated high standards of customer care and service, and good working relationships with all water agencies necessary to meet regulations. The firm shall provide professional references for similar services to the City upon request.

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- 5. Responsiveness and Selection Process:** The decision for selection will be made on a combination of criteria, including: proposal cost, reputation and qualification of firm, quality and completeness of proposal, firm's ability to perform in a timely fashion, and the City's perception of firm's stability. The City reserves the right to reject any and all proposals or to waive any minor errors, discrepancies or irregularities. The selection will be at the discretion of the City and may be made in any manner that best meets the needs of the City.
- 6. Subcontractors:** The City prefers a proposal from a single or primary company. Sub-leasing is not allowed.
- 7. Proposed Contract:** Attached is a sample Agreement that the City intends to use in awarding this contract. The firm should review the terms and conditions contained in the Agreement and must note any exceptions, additions or modifications they would propose for City consideration. Blanket substitution of the firm's standard contract for the City's Agreement will not be permitted.
- 8. Insurance Requirements:** As indicated in the attached sample Agreement, the selected firm will be required to provide proof of insurance for each of the insurance categories so noted. The firm will be required to name the City as additional insured.
- 9. Payment Terms:** The City payment terms are, at a minimum, net 30 days after receipt of an accurate invoice and associated warranties. The proposal documents for this project shall include a value analysis of milestones based on which the City will make payment upon successful completion of the milestone objectives.
- 10. Firm Prices:** Proposers shall provide a complete cost for all work specified in the technical documents. All quotes shall be held firm for a minimum of ninety (90) days after the proposal due date to allow adequate time for the City to consider each proposal and make an award. All blanks for unit price and total price shall be completed. Any discrepancy between the unit price and the extended or total price shall be determined by taking the lower price. Upon the City's receipt of this proposal, the firm shall be presumed to be thoroughly familiar with all aspects of this work. The failure or omission to examine any location, equipment, form, instrument or document shall in no way relieve the firm from any obligation with respect to this proposal.
- 11. Litigation:** In the event of litigation between the parties concerning the Agreement, the prevailing party shall be entitled to reasonable attorney's fees and associated costs. The laws of the State of California shall govern.

**12. Assignment:** The Agreement may not be assigned without the City's written consent.

**13. Cancellation Clause:** The City may terminate and cancel the Agreement, with or without cause, prior to the expiration of its term, upon five (5) days written notice to the Contractor. Upon receipt of a notice of termination, Contractor shall immediately cease all work and promptly deliver to the City the work product or other results obtained by Contractor up to that time. In the event of termination without cause by the City, the City shall pay Contractor for work completed prior to the date of such termination (based on the percentage of the overall work satisfactorily completed by Contractor in relation to the work required by the entire Agreement or the hours worked by Contractor, as applicable), provided such work is in a form usable by the City, as well as actual costs incurred prior to such date.

**14. Cost of Preparation of Proposal:** All costs for the preparation of the proposal shall be borne by the proposing Contractor.

**15. Meetings:**

- Kick-off Meeting - The selected firm and the project team shall meet with City personnel within ten (10) business days of contract award to discuss operational requirements, schedule, deliverables and expectations. The contractor is responsible for scheduling the meeting at a time convenient to the City.
- Progress Meetings – The selected company's operational manager or designee shall meet with the City's Deputy Director of Public Works Operations monthly to discuss operational needs, issues and CIP implementation and plans for future projects and funding.

## **IX. EVALUATION CRITERIA**

The City shall use the following criteria in the selection of the successful firm:

- Qualifications and specific experience of key team members.
- Project understanding and approach.
- Experience with operations and maintenance activities and groundwater monitoring, analysis, and treatment, and CIP development, implementation and management of projects through completion and operation.
- Experience meeting water quality standards and mandates and established working relationships with regulatory agencies necessary to effectively operate, manage and distribute potable water to customers.
- CIP project experience.



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- Demonstrated ability to perform work satisfactorily as confirmed and evidenced by references.
- Quality and completeness of the proposal.
- Firm's stability in the industry.
- Adherence to submission requirements as outlined in this request.

The primary objective of the City is to select a highly qualified firm to perform the necessary professional services outlined in this request at a fair and reasonable cost. Selection of firm shall be based upon demonstrated competence and upon the professional qualifications and capacities necessary for the performance of services required at a fair and reasonable cost rather than upon competitive bidding procedures; the selection may not be based solely on the lowest proposal, although cost will be a significant consideration.

Project staff will review all qualifications. The most qualified firms may be invited for an interview and review of qualifications, if necessary.

*The City of Commerce reserves the right to reject any and all proposals at its sole discretion. The cost of preparing proposals shall be borne by the respondents and shall not be reimbursed by the City.*

## **X. SUBMISSION REQUIREMENTS**

The City requests that interested firms send a detailed proposal to provide the requested services aforementioned. Three (3) hardcopies (must include one original) and one digital copy on a CD of the proposal shall be submitted. *Facsimile or emailed copies will not be accepted.* Proposals must contain the following information:

1. A cover letter including the name and address of the firm, the telephone number to be used for contact, along with the name of the individual(s) who will be authorized to make presentations for the firm and a statement regarding your firm's capacity to perform the scope of services outlined in this request and your firm's stability in the industry.
2. A statement on the firm's understanding of the scope of services and approach.
3. A statement on the principal individuals who will be responsible for key assignments, along with their experience and qualifications (résumés).
4. Examples of the firm's previous work, relevant experience with providing similar operations and maintenance services and CIP development, management, and implementation, and an explanation on how the firm keeps current with general

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practices and applicable regulations. Please include a list of at least five (5) CIP projects and their scope of work, budget, date of completion and the principals involved in the listed projects.

5. A list of at least three (3) references for which your firm has performed similar services. Include the project name, contact name, and address and telephone number for each reference.
6. Additional information may be provided to highlight or expand upon experience applicable to this request.
7. **Proposals shall be submitted on or before Thursday, November 9, 2017 by 5:00 p.m. to:**

City of Commerce  
Public Works and Development Services Department  
Attn: Gina Nila, Deputy Director of Public Works Operations  
2535 Commerce Way  
Commerce, CA 90040

**XI. FEDERAL, STATE, AND LOCAL REQUIREMENTS**

**1. Public Records Act:**

- a. All proposals submitted in response to this RFP will become the exclusive property of the City. At such time as a contract award is approved by the City, all proposals submitted in response to this RFP shall become a matter of public record and shall be regarded as public records, with the exception of those elements of each proposal which are trade secrets as that term is defined in California Government Code §6254.7 and which are so marked as "Trade Secret," "Confidential" or "Proprietary."
- b. The City shall not in any way be liable or responsible for the disclosure of any such records or portions thereof, including, without limitation, those so marked if disclosure is deemed required by law or by an order of a court. Proposals that indiscriminately identify all or most of the proposal as exempt from disclosure without justification may be found technically unacceptable.

**ATTACHMENT 1**

**Proposal Acknowledgement and Receipt**

The undersigned proposes to furnish professional services to the City of Commerce for the stated prices in accordance with the terms and conditions set in this Request for Proposal.

The undersigned understands and agrees that the conditions set forth in this Request for Proposal, together with the proposal and any other documents submitted in response to the foregoing, shall form a part of and be constructed as part of the purchase order/contract.

**COMPANY:**

Company Name	Street Address of Company
Signature of Officer	City, State, Zip Code
Printed Name of Officer	Telephone No.
Title of Officer	Email Address of Signatory

**MUST BE COMPLETED AND SUBMITTED WITH PROPOSAL**