



**THE CITY OF WINNIPEG**

# **REQUEST FOR PROPOSAL**

**RFP NO. 890-2009**

**REQUEST FOR PROPOSALS FOR A COST OF SERVICE RATES STUDY**

Proposals shall be submitted to:

The City of Winnipeg  
Corporate Finance Department  
Materials Management Division  
185 King Street, Main Floor  
Winnipeg MB R3B 1J1

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## **PART B - BIDDING PROCEDURES**

### **B1. CONTRACT TITLE**

B1.1 REQUEST FOR PROPOSALS FOR A COST OF SERVICE RATES STUDY

### **B2. SUBMISSION DEADLINE**

B2.1 The Submission Deadline is 4:00 p.m. Winnipeg time, March 1, 2010.

B2.2 Proposals determined by the Manager of Materials to have been received later than the Submission Deadline will not be accepted and will be returned upon request.

B2.3 The Contract Administrator or the Manager of Materials may extend the Submission Deadline by issuing an addendum at any time prior to the time and date specified in B2.1.

### **B3. ENQUIRIES**

B3.1 All enquiries shall be directed to the Contract Administrator identified in D3.1.

B3.2 If the Bidder finds errors, discrepancies or omissions in the proposal, or is unsure of the meaning or intent of any provision therein, the Bidder shall promptly notify the Contract Administrator of the error, discrepancy or omission at least five (5) Business Days prior to the Submission Deadline.

B3.3 If the Bidder is unsure of the meaning or intent of any provision therein, the Bidder should request clarification as to the meaning or intent prior to the Submission Deadline.

B3.4 Responses to enquiries which, in the sole judgment of the Contract Administrator, require a correction to or a clarification of the Request for Proposal will be provided by the Contract Administrator to all Bidders by issuing an addendum.

B3.5 Responses to enquiries which, in the sole judgment of the Contract Administrator, do not require a correction to or a clarification of the Request for Proposal will be provided by the Contract Administrator only to the Bidder who made the enquiry.

B3.6 The Bidder shall not be entitled to rely on any response or interpretation received pursuant to B3 unless that response or interpretation is provided by the Contract Administrator in writing.

### **B4. CONFIDENTIALITY**

B4.1 Information provided to a Bidder by the City or acquired by a Bidder by way of further enquiries or through investigation is confidential. Such information shall not be used or disclosed in any way without the prior written authorization of the Contract Administrator.

B4.2 The Bidder shall not make any statement of fact or opinion regarding any aspect of the Request for Proposals to the media or any member of the public without the prior written authorization of the Contract Administrator.

### **B5. ADDENDA**

B5.1 The Contract Administrator may, at any time prior to the Submission Deadline, issue addenda correcting errors, discrepancies or omissions in the Request for Proposal, or clarifying the meaning or intent of any provision therein.

B5.2 The Contract Administrator will issue each addendum at least two (2) Business Days prior to the Submission Deadline, or provide at least two (2) Business Days by extending the Submission Deadline.

- B5.2.1 Addenda will be available on the Bid Opportunities page at The City of Winnipeg, Corporate Finance, Materials Management Division website at <http://www.winnipeg.ca/matmgt/bidopp.asp>
- B5.2.2 The Bidder is responsible for ensuring that he has received all addenda and is advised to check the Materials Management Division website for addenda regularly and shortly before the Submission Deadline, as may be amended by addendum.
- B5.3 The Bidder shall acknowledge receipt of each addendum in Paragraph 9 of Form A: Proposal. Failure to acknowledge receipt of an addendum may render a Proposal non-responsive.

## **B6. SUBSTITUTES**

- B6.1 The Work is based on the Plant, Materials and methods specified in the Request for Proposal.
- B6.2 Substitutions shall not be allowed unless application has been made to and prior approval has been granted by the Contract Administrator in writing.
- B6.3 Requests for approval of a substitute will not be considered unless received in writing by the Contract Administrator at least five (5) Business Days prior to the Submission Deadline.
- B6.4 The Bidder shall ensure that any and all requests for approval of a substitute:
- (a) provide sufficient information and details to enable the Contract Administrator to determine the acceptability of the Plant, Material or method as either an approved equal or alternative;
  - (b) identify any and all changes required in the applicable Work, and all changes to any other Work, which would become necessary to accommodate the substitute;
  - (c) identify any anticipated cost or time savings that may be associated with the substitute;
  - (d) certify that, in the case of a request for approval as an approved equal, the substitute will fully perform the functions called for by the general design, be of equal or superior substance to that specified, is suited to the same use and capable of performing the same function as that specified and can be incorporated into the Work, strictly in accordance with the proposed work schedule and the dates specified in the Supplemental Conditions for Substantial Performance and Total Performance;
  - (e) certify that, in the case of a request for approval as an approved alternative, the substitute will adequately perform the functions called for by the general design, be similar in substance to that specified, is suited to the same use and capable of performing the same function as that specified and can be incorporated into the Work, strictly in accordance with the proposed work schedule and the dates specified in the Supplemental Conditions for Substantial Performance and Total Performance.
- B6.5 The Contract Administrator, after assessing the request for approval of a substitute, may in his sole discretion grant approval for the use of a substitute as an “approved equal” or as an “approved alternative”, or may refuse to grant approval of the substitute.
- B6.6 The Contract Administrator will provide a response in writing, at least two (2) Business Days prior to the Submission Deadline, only to the Bidder who requested approval of the substitute.
- B6.6.1 The Bidder requesting and obtaining the approval of a substitute shall be entirely responsible for disseminating information regarding the approval to any person or persons he wishes to inform.
- B6.7 If the Contract Administrator approves a substitute as an “approved equal”, any Bidder may use the approved equal in place of the specified item.
- B6.8 If the Contract Administrator approves a substitute as an “approved alternative”, any Bidder bidding that approved alternative may base his Total Bid Price upon the specified item but may also indicate an alternative price based upon the approved alternative. Such alternatives will be evaluated in accordance with B20.

- B6.9 No later claim by the Contractor for an addition to the Total Bid Price because of any other changes in the Work necessitated by the use of an approved equal or an approved alternative will be considered.
- B6.10 Notwithstanding B6.2 to B6.9 and in accordance with B7.5, deviations inconsistent with the Request for Proposal document shall be evaluated in accordance with B20.1(a).

## **B7. PROPOSAL SUBMISSION**

- B7.1 The Proposal shall consist of the following components:
- (a) Form A: Proposal;
  - (b) Form B: Prices;
  - (c) Objectives of Study;
  - (d) Work Schedule;
  - (e) Experience;
  - (f) Understanding of the Project.
- B7.2 Further to B7.1, the Bidder should include the written correspondence from the Contract Administrator approving a substitute in accordance with B6.
- B7.3 All components of the Proposal shall be fully completed or provided, and submitted by the Bidder no later than the Submission Deadline, with all required entries made clearly and completely, to constitute a responsive Proposal.
- B7.3.1 Bidders should submit one (1) unbound original (marked "original"), three (3) copies plus one (1) copy in an MSOffice compatible electronic format on a standard CD. If there is any discrepancy between the electronic version and the original hard copy, the original hard copy shall take precedence.
- B7.4 Bidders are advised not to include any information/literature except as requested in accordance with B7.1.
- B7.5 Bidders are advised that inclusion of terms and conditions inconsistent with the Proposal document, including the General Conditions, will be evaluated in accordance with B20.1(a).
- B7.6 The Proposal should be submitted enclosed and sealed in an envelope clearly marked with the RFP number and the Bidder's name and address.
- B7.6.1 Samples or other components of the Proposal which cannot reasonably be enclosed in the envelope may be packaged separately, but shall be clearly marked with the RFP number, the Bidder's name and address, and an indication that the contents are part of the Bidder's Proposal Submission.
- B7.7 Proposals submitted by facsimile transmission (fax) or internet electronic mail (e-mail) will not be accepted.
- B7.8 Proposals shall be submitted to:
- The City of Winnipeg  
Corporate Finance Department  
Materials Management Division  
185 King Street, Main Floor  
Winnipeg MB R3B 1J1

## **B8. PROPOSAL**

- B8.1 The Bidder shall complete Form A: Proposal, making all required entries.

- B8.2 Paragraph 2 of Form A: Proposal shall be completed in accordance with the following requirements:
- (a) if the Bidder is a sole proprietor carrying on business in his own name, his name shall be inserted;
  - (b) if the Bidder is a partnership, the full name of the partnership shall be inserted;
  - (c) if the Bidder is a corporation, the full name of the corporation shall be inserted;
  - (d) if the Bidder is carrying on business under a name other than his own, the business name and the name of every partner or corporation who is the owner of such business name shall be inserted.
- B8.2.1 If a Proposal is submitted jointly by two or more persons, each and all such persons shall identify themselves in accordance with B8.2.
- B8.3 In Paragraph 3 of Form A: Proposal, the Bidder shall identify a contact person who is authorized to represent the Bidder for purposes of the Proposal.
- B8.4 Paragraph 11 of Form A: Proposal shall be signed in accordance with the following requirements:
- (a) if the Bidder is a sole proprietor carrying on business in his own name, it shall be signed by the Bidder;
  - (b) if the Bidder is a partnership, it shall be signed by the partner or partners who have authority to sign for the partnership;
  - (c) if the Bidder is a corporation, it shall be signed by its duly authorized officer or officers and the corporate seal, if the corporation has one, should be affixed;
  - (d) if the Bidder is carrying on business under a name other than his own, it shall be signed by the registered owner of the business name, or by the registered owner's authorized officials if the owner is a partnership or a corporation.
- B8.4.1 The name and official capacity of all individuals signing Form A: Proposal should be printed below such signatures.
- B8.5 If a Proposal is submitted jointly by two or more persons, the word "Bidder" shall mean each and all such persons, and the undertakings, covenants and obligations of such joint Bidders in the Proposal and the Contract, when awarded, shall be both joint and several.

## **B9. PRICES**

- B9.1 The Bidder shall state a price in Canadian funds for each item of the Work identified on Form B: Prices.
- B9.1.1 Notwithstanding C11.1.1, prices on Form B: Prices shall not include the Goods and Services Tax (GST) or Manitoba Retail Sales Tax (MRST, also known as PST), which shall be extra where applicable.
- B9.2 The Bidder shall state on Form B: Prices, the following items:
- (a) The hourly charge out rate for each staff or category of staff employed;
  - (b) The number of hours each staff or category of staff, will be utilized on this project.
- B9.3 The quantities listed on Form B: Prices are to be considered approximate only. The City will use said quantities for the purpose of comparing Proposals.
- B9.4 The quantities for which payment will be made to the Contractor are to be determined by the Work actually performed and completed by the Contractor, to be measured as specified in the applicable Specifications.
- B9.5 Prices from Non-Resident Bidders are subject to a Non-Resident Withholding Tax pursuant to the Income Tax Act (Canada).

## **B10. QUALIFICATION**

### **B10.1 The Bidder shall:**

- (a) undertake to be in good standing under The Corporations Act (Manitoba), or properly registered under The Business Names Registration Act (Manitoba), or otherwise properly registered, licensed or permitted by law to carry on business in Manitoba, or if the Bidder does not carry on business in Manitoba, in the jurisdiction where the Bidder does carry on business; and
- (b) be financially capable of carrying out the terms of the Contract; and
- (c) have all the necessary experience, capital, organization, and equipment to perform the Work in strict accordance with the terms and provisions of the Contract.

### **B10.2 The Bidder and any proposed Subcontractor (for the portion of the Work proposed to be subcontracted to them) shall:**

- (a) be responsible and not be suspended, debarred or in default of any obligations to the City. A list of suspended or debarred individuals and companies is available on the Information Connection page at The City of Winnipeg, Corporate Finance, Materials Management Division website at <http://www.winnipeg.ca/matmgt/debar.stm>

### **B10.3 The Bidder and/or any proposed Subcontractor (for the portion of the Work proposed to be subcontracted to them) shall:**

- (a) have successfully carried out work similar in nature, scope and value to the Work; and
- (b) be fully capable of performing the Work required to be in strict accordance with the terms and provisions of the Contract; and
- (c) have a written workplace safety and health program, if required, pursuant to The Workplace Safety and Health Act (Manitoba);

### **B10.4 The Bidder shall submit, within three (3) Business Days of a request by the Contract Administrator, proof satisfactory to the Contract Administrator of the qualifications of the Bidder and of any proposed Subcontractor.**

### **B10.5 The Bidder shall provide, on the request of the Contract Administrator, full access to any of the Bidder's equipment and facilities to confirm, to the Contract Administrator's satisfaction, that the Bidder's equipment and facilities are adequate to perform the Work.**

## **B11. OBJECTIVES OF STUDY**

### **B11.1 The objectives to be addressed in the proposal are the high level drivers of the project. The success of the project will be measured by meeting all stated objectives as follows:**

- (a) Meet the functionality items listed in the scope (D2);
- (b) Provide a rate structure(s) including a strategy for each of the following:
  - (i) addressing the main objectives of the rate study as articulated in D2.2;
  - (ii) analysis of available alternative rate structures, for example, base rate with winter cost averaging option;
  - (iii) a criteria to evaluate available alternative rate structures, both quantitative and qualitative where applicable, against the department's rate structure objectives (D2.3(c)), for example rate structure's effect on revenue stability;
  - (iv) addressing diverse and or competing objectives;
  - (v) supporting and optimizing the Department's rate structure objectives as well as community values;
  - (vi) rate design that functions as a communication tool;
  - (vii) addressing cost of service variances;
- (c) Design and implement user friendly rate models for rates listed in section D2.3(c)(ii);



- (d) Develop a public involvement strategy aimed at gaining acceptance in relation to:
  - (i) the magnitude of potential impacts on community stakeholders;
  - (ii) how each rate option will reflect community values;
  - (iii) how public involvement will affect major rate structure policy objectives as listed in D2.3(c)(i).

## **B12. WORK SCHEDULE**

- B12.1 The Bidder shall provide a Work Schedule detailing the project milestones as specified in E4 including the following:
- (a) an implementation schedule delineating all activities, tasks and responsibilities of the Bidder and the City's management.
    - (i) The schedule should include milestone payments. The implementation payment will be upon acceptance for defined milestones as specified in D16.1.
  - (b) a timeline demonstrating the sequence of events from the point of contract award through final user acceptance which will include Gantt charts (or similar depiction).
    - (i) Timeline should show hours or days of time allocated to each team member.
- B12.2 Proposed time frames should be consistent with the requirements in E4. Submit a detailed project schedule indicating commitment to meet the City of Winnipeg - Water and Waste Forecasted Project Schedule. Illustrate the plan to meet this schedule by indicating when each task in the scope of work section will be completed.

## **B13. EXPERIENCE**

- B13.1 The Bidder shall submit information to demonstrate their qualification in the following:
- (a) Implementing rate model that is currently working in multiple locations of a similar size and scope to this Work;
  - (b) Specifically describe the firm's consulting team which will be providing the services being requested;
    - (i) provide reference to successful rate study and rate model implementation.
  - (c) Demonstrated ability to perform the technical Work to build a rate model and also advise the Department regarding public consultation, legal and regulatory rulings on acceptable methods, common practice in other utilities and recent advances in rate study methodologies;
  - (d) Best practices in project management;
  - (e) Regular communication to stakeholders.

## **B14. UNDERSTANDING OF THE PROJECT**

- B14.1 The Bidder shall include the following:
- (a) Introduction: indicate understanding of the City of Winnipeg - Water and Waste system operations and the objectives of this rate study. Must also understand regulations and industry guidelines for rate setting;
  - (b) Technical Approach: detail technical approach to the project, including tasks to be performed, task objectives and deliverables;
  - (c) References: include at least three (3) references, preferably from the public sector, where the proposed resources have participated in the recent and/or current projects of similar scope and magnitude. Each reference should include:
    - (i) name and scope of project;
    - (ii) name of client organization, contact name, address and telephone number;
    - (iii) duration of project;

- (iv) a brief description of the project including whether or not the project was completed within/under/over budget and within the time period assigned;
- (d) for each person assigned to the project the Bidder shall provide:
  - (i) a brief resume identifying their qualifications, experience, number of years with the Bidder's company and specific roles played on reference projects;
  - (ii) confirmation of availability during the required timeframe.

#### **B15. OPENING OF PROPOSALS AND RELEASE OF INFORMATION**

- B15.1 Proposals will not be opened publicly.
- B15.2 After award of Contract, the name(s) of the successful Bidder(s) will be available on the Closed Bid Opportunities (or Public/Posted Opening & Award Results) page at The City of Winnipeg, Corporate Finance, Materials Management Division website at <http://www.winnipeg.ca/matmgt>
- B15.3 To the extent permitted, the City shall treat all Proposal Submissions as confidential, however the Bidder is advised that any information contained in any Proposal may be released if required by City policy or procedures, by The Freedom of Information and Protection of Privacy Act (Manitoba), by other authorities having jurisdiction, or by law.
- B15.4 Following the award of Contract, a Bidder will be provided with information related to the evaluation of his submission upon written request to the Contract Administrator.

#### **B16. IRREVOCABLE OFFER**

- B16.1 The Proposal(s) submitted by the Bidder shall be irrevocable for the time period specified in Paragraph 10 of Form A: Proposal.
- B16.2 The acceptance by the City of any Proposal shall not release the Proposals of the other responsive Bidders and these Bidders shall be bound by their offers on such Work until a Contract for the Work has been duly executed and the performance security furnished as herein provided, but any offer shall be deemed to have lapsed unless accepted within the time period specified in Paragraph 10 of Form A: Proposal.

#### **B17. WITHDRAWAL OF OFFERS**

- B17.1 A Bidder may withdraw his Proposal without penalty by giving written notice to the Manager of Materials at any time prior to the Submission Deadline.
  - B17.1.1 Notwithstanding C22.5, the time and date of receipt of any notice withdrawing a Proposal shall be the time and date of receipt as determined by the Manager of Materials.
  - B17.1.2 The City will assume that any one of the contact persons named in Paragraph 3 of Form A: Proposal or the Bidder's authorized representatives named in Paragraph 11 of Form A: Proposal, and only such person, has authority to give notice of withdrawal.
  - B17.1.3 If a Bidder gives notice of withdrawal prior to the Submission Deadline, the Manager of Materials will:
    - (a) retain the Proposal until after the Submission Deadline has elapsed;
    - (b) open the Proposal to identify the contact person named in Paragraph 3 of Form A: Proposal and the Bidder's authorized representatives named in Paragraph 11 of Form A: Proposal; and
    - (c) if the notice has been given by any one of the persons specified in B17.1.3(b), declare the Proposal withdrawn.
- B17.2 A Bidder who withdraws his Proposal after the Submission Deadline but before his offer has been released or has lapsed as provided for in B16.2 shall be liable for such damages as are imposed upon the Bidder by law and subject to such sanctions as the Chief Administrative

Officer considers appropriate in the circumstances. The City, in such event, shall be entitled to all rights and remedies available to it at law.

**B18. INTERVIEWS**

B18.1 The Contract Administrator may, in his sole discretion, interview Bidders during the evaluation process.

**B19. NEGOTIATIONS**

B19.1 The City reserves the right to negotiate details of the Contract with any Bidder. Bidders are advised to present their best offer, not a starting point for negotiations in their Proposal Submission.

B19.2 The City may negotiate with the Bidders submitting, in the City's opinion, the most advantageous Proposals. The City may enter into negotiations with one or more Bidders without being obligated to offer the same opportunity to any other Bidders. Negotiations may be concurrent and will involve each Bidder individually. The City shall incur no liability to any Bidder as a result of such negotiations.

B19.3 If, in the course of negotiations pursuant to B19.2 or otherwise, the Bidder amends or modifies a Proposal after the Submission Deadline, the City may consider the amended Proposal as an alternative to the Proposal already submitted without releasing the Bidder from the Proposal as originally submitted.

**B20. EVALUATION OF PROPOSALS**

B20.1 Award of the Contract shall be based on the following evaluation criteria:

- (a) compliance by the Bidder with the requirements of the Request for Proposal or acceptable deviation therefrom: (pass/fail);
- (b) qualifications of the Bidder and the Subcontractors, if any, pursuant to B10:(pass/fail);
- (c) Total Bid Price 20%
- (d) Objectives of Study 30%
- (e) Work Schedule 10%
- (f) Experience 20%
- (g) Understanding of the Project 20%
- (h) economic analysis of any approved alternative pursuant to B6;

B20.2 Further to B20.1(a), the Award Authority may reject a Proposal as being non-responsive if the Proposal Submission is incomplete, obscure or conditional, or contains additions, deletions, alterations or other irregularities. The Award Authority may reject all or any part of any Proposal, or waive technical requirements or minor informalities or irregularities if the interests of the City so require.

B20.3 Further to B20.1(b), the Award Authority shall reject any Proposal submitted by a Bidder who does not demonstrate, in his Proposal or in other information required to be submitted, that he is responsible and qualified.

B20.4 Further to B20.1(c), the Total Bid Price shall be the sum of the quantities multiplied by the unit prices for each item shown on Form B: Prices.

B20.4.1 If there is any discrepancy between the Total Bid Price written in figures, the Total Bid Price written in words and the sum of the quantities multiplied by the unit prices for each item, the sum of the quantities multiplied by the unit prices for each item shall take precedence.

- B20.4.2 Further to B20.1(a), in the event that a unit price is not provided on Form B: Prices, the City will determine the unit price by dividing the Amount (extended price) by the approximate quantity, for the purposes of evaluation and payment.
- B20.5 Further to B20.1(d), Objectives of Study will be evaluated considering the information submitted.
- B20.6 Further to B20.1(e) the Work Schedule will be evaluated considering the information submitted.
- B20.7 Further to B20.1(f), Experience will be evaluated considering the information submitted.
- B20.8 Further to B20.1(g), Understanding of the Project will be evaluated considering the information submitted.
- B20.9 This Contract will be awarded as a whole.
- B20.10 If, in the sole opinion of the City, a Proposal does not achieve a pass rating for B20.1(a) and B20.1(b), the Proposal will be determined to be non-responsive and will not be further evaluated.

## **B21. AWARD OF CONTRACT**

- B21.1 The City will give notice of the award of the Contract, or will give notice that no award will be made.
- B21.2 The City will have no obligation to award a Contract to a Bidder, even though one or all of the Bidders are determined to be responsible and qualified, and the Proposals are determined to be responsive.
- B21.2.1 Without limiting the generality of B21.2, the City will have no obligation to award a Contract where:
- (a) the prices exceed the available City funds for the Work;
  - (b) the prices are materially in excess of the prices received for similar work in the past;
  - (c) the prices are materially in excess of the City's cost to perform the Work, or a significant portion thereof, with its own forces;
  - (d) only one Proposal is received; or
  - (e) in the judgment of the Award Authority, the interests of the City would best be served by not awarding a Contract.
- B21.3 Where an award of Contract is made by the City, the award shall be made to the responsible and qualified Bidder submitting the most advantageous offer.
- B21.3.1 Following the award of contract, a Bidder will be provided with information related to the evaluation of his Proposal upon written request to the Contract Administrator.

## **PART C - GENERAL CONDITIONS**

### **C0. GENERAL CONDITIONS**

- C0.1 The *General Conditions for Supply of Services* (Revision 2007 04 12) are applicable to the Work of the Contract.
- C0.1.1 The *General Conditions for Supply of Services* are available on the Information Connection page at The City of Winnipeg, Corporate Finance, Materials Management Division website at [http://www.winnipeg.ca/matmgt/gen\\_cond.stm](http://www.winnipeg.ca/matmgt/gen_cond.stm)
- C0.2 A reference in the proposal to a section, clause or subclause with the prefix “**C**” designates a section, clause or subclause in the *General Conditions for Supply of Services*.

## **PART D - SUPPLEMENTAL CONDITIONS**

### **GENERAL**

#### **D1. GENERAL CONDITIONS**

D1.1 In addition to the *General Conditions for Supply of Services*, these Supplemental Conditions are applicable to the Work of the Contract.

#### **D2. SCOPE OF WORK**

D2.1 The Work to be done under the Contract shall consist of a Cost of Services Rates Study. The objective of this study is to implement a cost of service rates philosophy which will align rates with the actual cost of delivering the service, by class of customer. The main objective being that each group pays its proportionate share of the costs of service.

D2.2 This study will include:

- (a) a comprehensive review of the cost of service including water, sewer, land drainage and overstrength;
- (b) develop and implement utility based rate models that will allow for the allocation of revenue requirements based on different customer classes including future customers in the capital region.

D2.3 The process will include:

- (a) Analysis which includes the following:
  - (i) Review financial policies;
  - (ii) Estimate annual operating and maintenance expenditures;
  - (iii) Estimate annual capital requirements including debt service and reserve requirements;
  - (iv) Determine operating and capital funding sources;
  - (v) Refine assumptions on population growth and capacity;
  - (vi) Analyze consumption and peaking factors within customer classes;
  - (vii) Identify potential capital region revenue requirements;
  - (viii) Conduct sensitivity analysis;
- (b) Cost of Service which includes the following:
  - (i) Identify user classes;
  - (ii) Identify and allocate annual revenue requirements to different user classes for water, sewer and land drainage;
  - (iii) Identify methodology for wastewater overstrength surcharge cost allocation;
  - (iv) Determine cost of service for the capital region beyond the City of Winnipeg;
- (c) Rate Design to include the following:
  - (i) Develop fixed and variable rates for each customer class based on the revenue requirements for each class, taking into account the Department's rate structure objectives and community values such as:
    - (a) Conservation;
    - (b) Revenue stability;
    - (c) Revenue sufficiency;
    - (d) Capital improvement;
    - (e) Fairness between customer classes;
    - (f) Economic development;

- (g) Affordability concerns;
- (ii) Develop base rate models that the City can use as a tool to calculate rates for all user classes in proportion to the revenue requirements in each user class for:
  - (a) Water;
  - (b) Sewer;
  - (c) Land drainage;
  - (d) Overstrength to include:
    - (i) Biochemical Oxygen Demand (BOD);
    - (ii) Total Suspended Solids (TSS);
    - (iii) Phosphorus;
    - (iv) Nitrogen;
  - (e) Evaluate available alternative rate structures including Winter cost averaging, lifeline rates, declining block, inclining block, uniform and seasonal rates. Evaluate how the alternative rate structures complement the base rates as listed in D2.3(c)(ii) as well as rate structure objectives as listed in D2.3(c)(i).
  - (f) Identify a cost of service rate setting methodology for the capital regions beyond the City of Winnipeg;
  - (g) Identify implementation constraints;
  - (h) Develop a ten (10) year rate model for all the rates listed above.

### **D3. CONTRACT ADMINISTRATOR**

D3.1 The Contract Administrator is:

Mwaka Kaonga  
Financial Analyst

Telephone No. (204) 986-6621  
Facsimile No. (204) 986-3745  
Email: mkaonga@winnipeg.ca

D3.2 At the pre-commencement meeting, the Contract Administrator will identify additional personnel representing the Contract Administrator and their respective roles and responsibilities for the Work.

### **D4. CONFIDENTIALITY AND OWNERSHIP OF INFORMATION**

D4.1 Information provided to the Contractor by the City or acquired by the Contractor during the course of the Work is confidential. Such information shall not be used or disclosed in any way without the prior written authorization of the Contract Administrator.

D4.2 The Contract, all deliverables produced or developed, and information provided to or acquired by the Contractor are the property of the City. The Contractor shall not disclose or appropriate to its own use, or to the use of any third party, all or any part thereof without the prior written consent of the Contract Administrator.

D4.3 The Contractor shall not make any statement of fact or opinion regarding any aspect of the Contract to the media or any member of the public without the prior written authorization of the Contract Administrator.

### **D5. NOTICES**

D5.1 Notwithstanding C22.3, all notices of appeal to the Chief Administrative Officer shall be sent to the attention of the Chief Financial Officer at the following address or facsimile number:

The City of Winnipeg

Chief Financial Officer  
Facsimile No.: (204) 949-1174

## **SUBMISSIONS**

### **D6. AUTHORITY TO CARRY ON BUSINESS**

D6.1 The Contractor shall be in good standing under The Corporations Act (Manitoba), or properly registered under The Business Names Registration Act (Manitoba), or otherwise properly registered, licensed or permitted by law to carry on business in Manitoba, or if the Contractor does not carry on business in Manitoba, in the jurisdiction where the Contractor does carry on business, throughout the term of the Contract, and shall provide the Contract Administrator with evidence thereof upon request.

### **D7. PERFORMANCE SECURITY**

- D7.1 The Contractor shall provide and maintain performance security until the expiration of the warranty period in the form of:
- (a) a performance bond of a company registered to conduct the business of a surety in Manitoba, in the form attached to these Supplemental Conditions (Form H1: Performance Bond), in the amount of fifty percent (50%) of the Contract Price; or
  - (b) an irrevocable standby letter of credit issued by a bank or other financial institution registered to conduct business in Manitoba and drawn on a branch located in Winnipeg, in the form attached to these Supplemental Conditions (Form H2: Irrevocable Standby Letter of Credit), in the amount of fifty percent (50%) of the Contract Price; or
  - (c) a certified cheque or draft payable to "The City of Winnipeg", drawn on a bank or other financial institution registered to conduct business in Manitoba, in the amount of fifty percent (50%) of the Contract Price.
- D7.1.1 Where the performance security is in the form of a certified cheque or draft, it will be deposited by the City. The City will not pay any interest on certified cheques or drafts furnished as performance security.
- D7.2 The Contractor shall provide the City Solicitor with the required performance security within seven (7) Calendar Days of notification of the award and prior to the commencement of any Work on the Site.

### **D8. DETAILED WORK SCHEDULE**

- D8.1 The Contractor shall provide the Contract Administrator with a detailed work schedule at least two (2) Business Days prior to the commencement of any Work on the Site.
- D8.2 The detailed work schedule shall consist of the following:
- (a) a critical path method (C.P.M.) schedule for the Work; and
  - (b) a Gantt chart for the Work based on the C.P.M. schedule;
- all acceptable to the Contract Administrator.
- D8.3 Further to D8.2(a), the C.P.M. schedule shall clearly identify the start and completion dates of all of the following activities/tasks making up the Work as well as showing those activities/tasks on the critical path.
- D8.4 Further to D8.2(b), the Gantt chart shall show the time on a weekly basis, required to carry out the Work of each trade, or specification division. The time shall be on the horizontal axis, and the type of trade shall be on the vertical axis.



## **SCHEDULE OF WORK**

### **D9. COMMENCEMENT**

- D9.1 The Contractor shall not commence any Work until he is in receipt of a notice of award from the City authorizing the commencement of the Work.
- D9.2 The Contractor shall not commence any Work on the Site until:
- (a) the Contract Administrator has confirmed receipt and approval of:
    - (i) evidence of authority to carry on business specified in D6;
    - (ii) evidence of the workers compensation coverage specified in C6.14;
    - (iii) the performance security specified in D7; and
    - (iv) the detailed work schedule specified in D8;
  - (b) the Contractor has attended a meeting with the Contract Administrator, or the Contract Administrator has waived the requirement for a meeting.
- D9.3 The Contractor shall commence the Work on the Site within seven (7) Working Days of receipt of the notice of award.

### **D10. TOTAL PERFORMANCE**

- D10.1 The Contractor shall achieve Total Performance by January 15, 2011.
- D10.2 When the Contractor or the Contract Administrator considers the Work to be totally performed, the Contractor shall arrange, attend and assist in the inspection of the Work with the Contract Administrator for purposes of verifying Total Performance. Any defects or deficiencies in the Work noted during that inspection shall be remedied by the Contractor at the earliest possible instance and the Contract Administrator notified so that the Work can be reinspected.
- D10.3 The date on which the Work has been certified by the Contract Administrator as being totally performed to the requirements of the Contract through the issue of a certificate of Total Performance is the date on which Total Performance has been achieved.

### **D11. LIQUIDATED DAMAGES**

- D11.1 If the Contractor fails to achieve Total Performance in accordance with the Contract by the day fixed herein for Total Performance, the Contractor shall pay the City one thousand five hundred dollars (\$1,500.00) per Calendar Day for each and every Calendar Day following the day fixed herein for Total Performance during which such failure continues.
- D11.2 The amount specified for liquidated damages in D11.1 is based on a genuine pre-estimate of the City's damages in the event that the Contractor does not achieve Total Performance by the day fixed herein for same.
- D11.3 The City may reduce any payment to the Contractor by the amount of any liquidated damages assessed.

## **CONTROL OF WORK**

### **D12. JOB MEETINGS**

- D12.1 Regular weekly job meetings will be held at the Site. These meetings shall be attended by a minimum of one representative of the Contract Administrator, one representative of the City and one representative of the Contractor. Each representative shall be a responsible person capable of expressing the position of the Contract Administrator, the City and the Contractor respectively on any matter discussed at the meeting including the Work schedule and the need

to make any revisions to the Work schedule. The progress of the Work will be reviewed at each of these meetings.

D12.2 The Contract Administrator reserves the right to cancel any job meeting or call additional job meetings whenever he deems it necessary.

### **D13. SAFETY**

D13.1 The Contractor shall be solely responsible for safety at the Site and for compliance with all laws, rules, regulations and practices required by the applicable safety legislation.

D13.2 The Contractor shall be solely responsible for securing the Site, and any existing facility thereon, and for the proper care and protection of the Work already performed.

D13.3 The Contractor shall do whatever is necessary to ensure that:

- (a) no person, property, right, easement or privilege is injured, damaged or infringed by reason of the Contractor's activities in performing the Work;
- (b) the health and safety of all persons employed in the performance of the Work or otherwise is not endangered by the method or means of its performance;
- (c) adequate medical services are available to all persons employed on the Work and at all times during the performance of the Work.

### **D14. DEFICIENCIES**

D14.1 Further to C10.5, the Contract Administrator may order the Contractor to alter or improve his methods, to increase or improve his Plant, to furnish additional or more suitable Material, or to employ additional or more qualified labour if, at any time, the Contract Administrator determines that:

- (a) the Work is not being, or will likely not be, performed satisfactorily; or
- (b) progress is not being, or will likely not be, maintained in accordance with the work schedule.

## **MEASUREMENT AND PAYMENT**

### **D15. PAYMENT**

D15.1 Further to C11, the City may at its option pay the Contractor by direct deposit to the Contractor's banking institution.

### **D16. PAYMENT SCHEDULE**

D16.1 Further to C11, payment shall be negotiated with the contractor in accordance with the following:

- (a) for completion of the Rate Studies and supporting documentation;
- (b) for completion of the Rate Models and supporting documentation; and
- (c) Completion of the Rate Methodology for capital region and supporting documentation.

D16.1 Further to C11, payment shall be in Canadian funds net thirty (30) Calendar Days after receipt and approval of the Contractor's invoice.

**FORM H1: PERFORMANCE BOND**  
(See D7)

KNOW ALL MEN BY THESE PRESENTS THAT

\_\_\_\_\_ ,  
(hereinafter called the "Principal"), and

\_\_\_\_\_ ,  
(hereinafter called the "Surety"), are held and firmly bound unto **THE CITY OF WINNIPEG** (hereinafter called the "Obligee"), in the sum of

\_\_\_\_\_ dollars (\$\_\_\_\_\_)

of lawful money of Canada to be paid to the Obligee, or its successors or assigns, for the payment of which sum the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS the Principal has entered into a written contract with the Obligee for

RFP NO. 890-2009

REQUEST FOR PROPOSALS FOR A COST OF SERVICE RATES STUDY

which is by reference made part hereof and is hereinafter referred to as the "Contract".

NOW THEREFORE the condition of the above obligation is such that if the Principal shall:

- (a) carry out and perform the Contract and every part thereof in the manner and within the times set forth in the Contract and in accordance with the terms and conditions specified in the Contract;
- (b) perform the Work in a good, proper, workmanlike manner;
- (c) make all the payments whether to the Obligee or to others as therein provided;
- (d) in every other respect comply with the conditions and perform the covenants contained in the Contract; and
- (e) indemnify and save harmless the Obligee against and from all loss, costs, damages, claims, and demands of every description as set forth in the Contract, and from all penalties, assessments, claims, actions for loss, damages or compensation whether arising under "The Workers Compensation Act", or any other Act or otherwise arising out of or in any way connected with the performance or non-performance of the Contract or any part thereof during the term of the Contract and the warranty period provided for therein;

THEN THIS OBLIGATION SHALL BE VOID, but otherwise shall remain in full force and effect. The Surety shall not, however, be liable for a greater sum than the sum specified above.

AND IT IS HEREBY DECLARED AND AGREED that the Surety shall be liable as Principal, and that nothing of any kind or matter whatsoever that will not discharge the Principal shall operate as a discharge or release of liability of the Surety, any law or usage relating to the liability of Sureties to the contrary notwithstanding.

IN WITNESS WHEREOF the Principal and Surety have signed and sealed this bond the

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ .

**SIGNED AND SEALED**  
in the presence of:

\_\_\_\_\_  
(Witness as to Principal if no seal)

\_\_\_\_\_  
(Name of Principal)

Per: \_\_\_\_\_ (Seal)

Per: \_\_\_\_\_

\_\_\_\_\_  
(Name of Surety)

By: \_\_\_\_\_ (Seal)  
(Attorney-in-Fact)

**FORM H2: IRREVOCABLE STANDBY LETTER OF CREDIT  
(PERFORMANCE SECURITY)  
(See D7)**

\_\_\_\_\_  
(Date)

The City of Winnipeg  
Internal Services Department  
Legal Services Division  
185 King Street, 3rd Floor  
Winnipeg MB R3B 1J1

RE: PERFORMANCE SECURITY – RFP NO. 890-2009

REQUEST FOR PROPOSALS FOR A COST OF SERVICE RATES STUDY

Pursuant to the request of and for the account of our customer,

\_\_\_\_\_  
(Name of Contractor)

\_\_\_\_\_  
(Address of Contractor)

WE HEREBY ESTABLISH in your favour our irrevocable Standby Letter of Credit for a sum not exceeding in the aggregate

\_\_\_\_\_ Canadian dollars.

This Standby Letter of Credit may be drawn on by you at any time and from time to time upon written demand for payment made upon us by you. It is understood that we are obligated under this Standby Letter of Credit for the payment of monies only and we hereby agree that we shall honour your demand for payment without inquiring whether you have a right as between yourself and our customer to make such demand and without recognizing any claim of our customer or objection by the customer to payment by us.

The amount of this Standby Letter of Credit may be reduced from time to time only by amounts drawn upon it by you or by formal notice in writing given to us by you if you desire such reduction or are willing that it be made.

Partial drawings are permitted.

We engage with you that all demands for payment made within the terms and currency of this Standby Letter of Credit will be duly honoured if presented to us at:

\_\_\_\_\_  
(Address)

and we confirm and hereby undertake to ensure that all demands for payment will be duly honoured by us.

All demands for payment shall specifically state that they are drawn under this Standby Letter of Credit.

Subject to the condition hereinafter set forth, this Standby Letter of Credit will expire on

\_\_\_\_\_  
(Date)

It is a condition of this Standby Letter of Credit that it shall be deemed to be automatically extended from year to year without amendment from the present or any future expiry date, unless at least 30 days prior to the present or any future expiry date, we notify you in writing that we elect not to consider this Standby Letter of Credit to be renewable for any additional period.

This Standby Letter of Credit may not be revoked or amended without your prior written approval.

This credit is subject to the Uniform Customs and Practice for Documentary Credit (1993 Revision), International Chamber of Commerce Publication Number 500.

\_\_\_\_\_  
(Name of bank or financial institution)

Per: \_\_\_\_\_  
(Authorized Signing Officer)

Per: \_\_\_\_\_  
(Authorized Signing Officer)



## **PART E - SPECIFICATIONS**

### **GENERAL**

#### **E1. APPLICABLE SPECIFICATIONS AND DRAWINGS**

- E1.1 These Specifications shall apply to the Work.
- E1.2 Bidders are reminded that requests for approval of substitutes as an approved equal or an approved alternative shall be made in accordance with B6.

#### **E2. SERVICES**

- E2.1 The comprehensive utility approach cost of service rate (COSR) study will include a rate design, rate models for water, sewer, overstrength surcharges and land drainage rates, and a rate setting methodology for the capital region.

### **PROJECT OVERVIEW**

#### **E3. PROJECT RATIONALE**

- E3.1 In the 2009 and 2010 Capital Budgets Council approved a budget for the Department to develop a cost of service rate plan. Cost of service rate models will be developed for water, sewer, land drainage and overstrength surcharges in addition to developing a cost of service rate setting methodology that could support the distribution of water and/or sewer services to the capital regions beyond the City of Winnipeg. In 2009 City Council approved the creation of a 100% City-owned Corporate Utility. Under the Corporate Utility, City Council may choose to transfer rate-setting authority to the Public Utilities Board. Cost of Service rates would become a necessity for the reporting and approval process.
- E3.2 Cost of Service Analysis is a methodology for rate setting that is generally accepted in the industry and recommended by industry associations such as the American Waterworks Association (AWWA), Water Environment Federation and the U.S. Environmental Protection Agency. Implementation of a cost of service rates philosophy will align rates with the actual cost of delivering the service, by class of customer. The objective being that each group pays its proportionate share of the costs.
- E3.3 Conducting a comprehensive utility approach COSR review and implementing new rate models will:
- (a) provide an analytical basis by which to assess the equity of alternative distributions of revenue responsibility between customers;
  - (b) allow the Department to group customers with similar usage characteristics as a basis to promote equitable cost of service allocations;
  - (c) enable the Department to allocate revenue requirements or total costs of service to be derived from rates, among the classes of customers served; and
  - (d) enable the Department a basis for cost allocation and a reasonable return for services provided to customers in the capital region.
- E3.4 The Department is committed to ensuring this project will be successful, and will have the resources needed to ensure a successful implementation.

#### **E4. FORECASTED PROJECT SCHEDULE**

- E4.1 Significant project milestones are as follows:
- (a) Prepare and release RFP                      January 2010
  - (b) Review responses                              February 2010



- (c) Award contract March 2010
- (d) Confirm project plan April 2010
  - (i) Schedule
  - (ii) Communication
  - (iii) Training
  - (iv) CCB system preparedness
  - (v) Approval process
  - (vi) Incorporation with Annual Rate Report
  - (vii) Timeline
- (e) Public consultation
- (f) Total performance January 15, 2011
- (g) Council approval February 2011
- (h) Implement new rates March 1, 2011

## **E5. PROJECT RISKS**

E5.1 The following risk mitigation strategies have been put in place to manage the risk on this project:

- (a) Diverse Advisory team with business and operations expertise which meets regularly to discuss and review risk;
- (b) The Project Steering Committee receives regular progress reports;
- (c) Consultant with demonstrated ability will be contracted to conduct the COSR;
- (d) Communication and or consultation with community stakeholders and general public where applicable.