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City of Traverse City

GOVERNMENTAL CENTER

400 Boardman Avenue

Traverse City, MI 49684

(231) 922-4440

(231) 922-4476 fax

[tcmanage@traversecitymi.gov](mailto:tcmanage@traversecitymi.gov)



Office of the City Manager

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January 16, 2026

Bidder:

The City of Traverse City will receive sealed bids in the Office of the City Manager, second floor, Governmental Center, 400 Boardman Avenue, Traverse City, Michigan, 49684, until Monday, March 2, 2026, at 10:00 a.m. (EST) for the following:

**Comprehensive Water-Sewer Rate Study  
(specifications attached)**

If the specifications are obtained from the City's website link at: [City of Traverse City Bids](#), it is the sole responsibility of the Bidder to check the website for updates and addenda prior to the bid being submitted. Bidder may also sign up to receive notifications when bids are posted by sending an e-mail requesting same to [ksheridan@traversecitymi.gov](mailto:ksheridan@traversecitymi.gov)

The City of Traverse City reserves the right to accept or reject any or all bids, waive irregularities, and to accept the bids either on an entire or individual basis that is in the best interest of the City. The City accepts no responsibility for any expense incurred by the Bidder in the preparation and presentation of a bid. Such expenses shall be borne exclusively by the Bidder. Only the successful Bidder will be notified.

You must indicate on the outside of the sealed envelope that the bid is for the **“Water-Sewer Rate Study.”** You must submit **two (2) sealed copies** of the bid to the City Manager's Office prior to the above-indicated time and date or the bid will not be accepted. Alternatively, emailed bids **will be** accepted. Please indicate in the subject line of your e-mail that you are submitting a “Sealed Bid” together with the project description, “Water-Sewer Rate Study,” and submit your emailed bid to [tcmanage@traversecitymi.gov](mailto:tcmanage@traversecitymi.gov)

Please note that if you have previously submitted an informal quote, you will still need to submit a sealed bid prior to the date and time specified above in order to be considered. Please ensure that all requirements listed in the specifications are met. If you have any questions, please contact Jahna Robinson, Deputy Treasurer, at (231) 922-4436 or [jnrobinson@traversecitymi.gov](mailto:jnrobinson@traversecitymi.gov) before the bid is submitted.

PLEASE SUBMIT BID TO: Kim Sheridan, Purchasing Agent  
400 Boardman Avenue, 2<sup>nd</sup> floor  
Traverse City, MI 49684  
[tcmanage@traversecitymi.gov](mailto:tcmanage@traversecitymi.gov)

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A comprehensive Water and Sewer rate study that **includes proposed rates** for Water and Sewer for our retail In-City, Out-of-City customers, and wholesale/bulk water and sewer agreements with the townships that **aligns with current industry standards** and fairly distributes costs to all populations served while proposing methods of rate increases that promote City goals of water conservation while recovering Water/Sewer fiscal needs to be used for future years' rate setting.

#### **Develop Legally Defensible Rate Plans**

Prepare water and sewer rate plans that are legally defensible and compliant with the latest edition of the American Water Works Association (AWWA) M1 Manual: *Principles of Water Rates, Fees, and Charges*. Ensure the rate plans align with cost-of-service principles and meet regulatory and policy standards.

#### **Evaluate and Update Financial Policies**

Review the City's existing financial policies and guidelines related to water and sewer operations. Provide recommendations for revisions based on **current industry best practices**, including guidance on operating reserves, capital funding, debt service coverage, and rate stabilization measures.

#### **Analyze and Redesign Retail Rate Structures**

Assess the current retail water and sewer rate structures, including all associated fees. Develop and recommend revised rate models for both In-City and Out-of-City customers, ensuring equity, sustainability, and alignment with cost-of-service principles. Include an evaluation of tiered rates, fixed and variable components, and conservation and affordability considerations.

#### **Review and Update Wholesale Agreements**

Conduct a comprehensive review of existing wholesale customer agreements with surrounding townships. Collaborate with the City Attorney to draft new agreements that incorporate updated equitable rate structures and terms consistent with industry standards and the City's long-term financial objectives.

#### **Develop Long-Range Rate Modeling Framework**

Utilize the City's existing software, Waterworth, to design a long-range financial planning and rate modeling methodology. This software allows for scenario analysis, debt-service, capital planning integration, and rate forecasting.

#### **Deliver Final Report and Presentation**

Provide a comprehensive final report summarizing all analyses, findings, and recommendations. The report should include detailed rate models, policy updates, and proposed agreement language, as well as supporting documentation. Present findings to City staff and elected officials and/or DPW/township officials, with an opportunity for discussion and Q&A.

An overview of desired tasks and deliverables is as follows:

### **Task 1 – Project Initiation and Data Collection**

- Conduct a kickoff meeting with City staff to review project goals, timelines, and communication protocols.
- Identify and request necessary data, including but not limited to:
  - Customer billing and usage data by class and service area (In-City, Out-of-City, and Township/Wholesale)
  - Historical and projected operating expenses and revenues
  - Capital Improvement Plan (CIP) and asset replacement schedules
  - Debt service and reserve policies
  - Existing and proposed service agreements with townships
- Review data for accuracy and completeness; identify and resolve discrepancies.

#### **Deliverables:**

- Data request list and validation summary
  - Refined project work plan and schedule
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### **Task 2 – Financial Plan and Revenue Requirements**

- Develop a **five- to ten-year financial plan** for both the Water and Sewer utilities (preferably in utilizing existing City software, Waterworth).
- Project revenue requirements considering:
  - Operating and maintenance costs
  - Capital funding needs from the CIP
  - Debt service, reserve targets, and inflation
- Identify annual revenue adjustments needed to maintain fiscal sustainability.

#### **Deliverables:**

- Draft financial plan and revenue requirement summary
  - Working model for City staff review
- 

### **Task 3 – Cost-of-Service Analysis**

- Allocate costs to customer classes (In-City, Out-of-City, and Wholesale/Township) using standard **AWWAM1** cost-of-service methodologies.
- Evaluate equity and consistency between retail and wholesale customers. Document basis for cost allocations (e.g., base, extra-capacity, customer, and fire protection costs).

- Identify any subsidies, imbalances, or rate misalignments.

**Deliverables:**

- Cost-of-Service (COS) technical memorandum
  - Supporting documentation and summary tables
- 

**Task 4 – Rate Design and Scenario Development**

- Develop and evaluate alternative rate structures that achieve the City’s objectives, such as:
  - Encouraging conservation
  - Balancing fixed vs. variable cost recovery
  - Maintaining affordability, rate stability, and equity among all customer types
- Develop proposed rate structures for:
  - Retail Water and Sewer (In-City, Out-of-City)
  - Wholesale/Township customers (Water and Sewer)
- Evaluate impacts to representative customers and classes under each scenario.
- Evaluate customer affordability and rate burden across income levels or usage tiers.
- Recommend phased implementation strategies where appropriate.
  - Modify approach based on feedback from City and Township Staff

**Deliverables:**

- Rate design options and comparison summary
  - Recommended rate structures with impact analysis
- 

**Task 5 – Review and Update Wholesale Agreements**

- Conduct a comprehensive review of existing wholesale customer agreements with surrounding townships.
- Collect data and feedback from surrounding townships
- Collaborate with the City Attorney to draft updated agreements that:
  - Incorporate equitable rate structures based on the Cost-of-Service Analysis Align with industry best practices, and Township feedback
  - Support the City’s long-term financial objectives and sustainability
- Ensure the new agreements clearly define terms, billing, and service expectations.

**Deliverables:**

- Wholesale agreement review memorandum
- Draft revised agreements for City review, Township review, and legal approval

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## **Task 6 – Benchmarking and Policy Review**

- Compare proposed rates and financial indicators to peer utilities in the region.
- Review and recommend updates to related financial policies, such as:
  - Reserve and fund balance targets
  - Connection/capacity fees
  - Affordability and customer assistance programs
  - Conservation incentives

### **Deliverables:**

- Benchmarking report
  - Policy recommendations memorandum
- 

## **Task 7 – Public and Stakeholder Communication**

- Assist City staff in communicating rate study findings and recommendations to elected officials, customers, and township representatives.
- Prepare clear, visual presentation materials summarizing the rate-setting process, key findings, and customer impacts.
- Attend and present at up to **three (3)** public meetings or workshops (e.g., City Council, Township coordination, and community presentation).

### **Deliverables:**

- Presentation materials (PowerPoint, summary handouts)
  - Participation in public and stakeholder meetings
- 

## **Task 8 – Final Report and Implementation Tools**

- Prepare a comprehensive **Final Report** documenting all analyses, methodologies, assumptions, and recommendations.
- Provide the City with editable copies of all financial and rate models for future updates.
- Incorporate City feedback into the final deliverables.

### **Deliverables:**

- Draft and Final Rate Study Report
- Electronic models and supporting data files
- Executive Summary suitable for public distribution

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## **Project Timeline**

The City anticipates completion of all tasks according to the timeline attached in Appendix A. following the Notice to Proceed. Proposers shall include a detailed project schedule with key milestones and review periods.

**Bidder - Please complete and return**

**BID SUMMARY**

**TITLE:**           **Comprehensive Water-Sewer Rate Study**

**DUE DATE:**     **Monday, March 2, 2026 @ 10:00 a.m. (EST)**

Having carefully examined the attached specifications and any other applicable information, the undersigned proposes to furnish all items necessary for and reasonably incidental to the proper completion of this bid. Bidder submits this bid and agrees to meet or exceed all requirements and specifications unless otherwise indicated in writing and attached hereto.

Bidder certifies that as of the date of this bid the Company or he/she is not in arrears to the City of Traverse City for debt or contract and is in no way a defaulter as provided in Section 152, Chapter XVI of the Charter of the City of Traverse City.

Bidder understands and agrees, if selected as the successful Bidder, to accept the City's standard Purchase Order / Service Order / Contract, the terms of which are not negotiable, and to provide proof of the required insurance.

Bidder submits this bid and agrees to meet or exceed all the City of Traverse City's requirements and specifications unless otherwise indicated in writing and attached hereto. Bidder shall comply with all applicable federal, state, local and building codes, laws, rules and regulations and obtain any required permits for this work.

The Bidder certifies that it is in compliance with the City's Nondiscrimination Policy as set forth in Administrative Order No. 47 and Chapter 605 of the City's Codified Ordinances.

The Bidder certifies that none of the following circumstances have occurred with respect to the Bidder, an officer of the Bidder, or an owner of a 25% or more share in the Bidder's business, within 3 years prior to the bid:

- (a) conviction of a criminal offense incident to the application for or performance of a contract;
- (b) conviction of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense which currently, seriously and directly reflects on the Bidder's business integrity;
- (c) conviction under state or federal antitrust statutes;
- (d) attempting to influence a public employee to breach ethical conduct standards; or
- (e) conviction of a criminal offense or other violation of other state, local, or federal law, as determined by a court of competent jurisdiction or an administrative proceeding, which in the opinion of the City indicates that the bidder is unable to perform responsibility or which reflects

a lack of integrity that could negatively impact or reflect upon the City of Traverse City, including but not limited to, any of the following offenses or violations of:

- i. The Natural Resources and Environmental Protection Act.
- ii. A persistent and knowing violation of the Michigan Consumer Protection Act.
- iii. Willful or persistent violations of the Michigan Occupational Health and Safety Act.
- iv. A violation of federal, local, or state civil rights, equal rights, or non-discrimination laws, rules, or regulations.
- v. Repeated or flagrant violations of laws related to the payment of wages and fringe benefits.

(f) the loss of a license or the right to do business or practice a profession, the loss or suspension of which indicates dishonesty, a lack of integrity, or a failure or refusal to perform in accordance with the ethical standards of the business or profession in question.

Bidder understands that the City reserves the right to accept any or all bids in whole or part and to waive irregularities in any bid in the best interest of the City. The bid will be evaluated and awarded on the basis of the best value to the City. The criteria used by the City may include, but will not be limited to: ability, qualifications, timeframe, experience, price, type and amount of equipment, accessories, options, insurance, permits, licenses, other pertinent factors and overall capability to meet the needs of the City. The City is sales tax exempt – Government.

Bidder agrees that the bid may not be withdrawn for a period of sixty (60) days from the actual date of the opening of the bid.

**PLEASE COMPLETE THE FOLLOWING COST SUMMARY**

**TOTAL COST SUMMARY:**

**Professional Labor Costs**

<b>Role</b>	<b>Hourly Rate</b>	<b>Estimated Hours</b>	<b>Total</b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>Subtotal – Professional Labor</b>			_____

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**2. Task-Based Cost Allocation (for Reference)**

<b>Task</b>	<b>Description</b>	<b>Cost</b>
Task 1	Project Initiation and Data Collection	_____
Task 2	Financial Plan and Revenue Requirements	_____
Task 3	Cost-of-Service Analysis	_____
Task 4	Rate Design and Scenario Development	_____
Task 5	Review and Update Wholesale Agreements	_____
Task 6	Public and Stakeholder Communication	_____
Task 7	Benchmarking and Policy Review	_____
Task 8	Final Report and Implementation Tools	_____
<b>Subtotal – Task Costs</b>		_____

*(Task totals should reconcile with Professional Labor subtotal.)*

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**3. Direct & Other Expenses**

<b>Description</b>	<b>Cost</b>
Travel (meetings, public workshops)	_____
Printing & report production	_____
Data processing & modeling software	_____
Other Expenses (as described) _____	_____
Other Expenses (as described) _____	_____
<b>Subtotal – Direct &amp; Other Expenses</b>	_____

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**Total Not-to-Exceed Cost**

Professional Services \_\_\_\_\_

**Total Not-to-Exceed Cost**

Direct & Other Expenses \_\_\_\_\_

**Total Project Cost** \_\_\_\_\_

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**Pricing Assumptions & Notes (Bidder to Complete)**

- Fee structure (fixed, time & materials, not-to-exceed): \_\_\_\_\_
- Number of governing body presentations included: \_\_\_\_\_
- Number of public meetings/workshops included: \_\_\_\_\_
- Assumptions regarding data availability and timing: \_\_\_\_\_

Submitted by:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Name and Title (Print)

\_\_\_\_\_  
Company Address

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Fax

\_\_\_\_\_  
City, State, Zip

**EMAIL ADDRESS:**

\_\_\_\_\_  
Sole proprietorship/partnership/corporation

\_\_\_\_\_  
If corporation, state of corporation

REFERENCES: (include name of organization, contact person, and daytime phone number).

1. \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

2. \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

3. \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

SUBCONTRACTORS: (include name of organization, contact person, daytime phone number, and services to be performed).

1. \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

Services to be Performed: \_\_\_\_\_

2. \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

Services to be Performed: \_\_\_\_\_

3. \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone: \_\_\_\_\_

Services to be Performed: \_\_\_\_\_

Appendix A:

# Timeline: Comprehensive Retail and Bulk Sewer & Water Rate Study and Methodology Proposal

## February 2026 — Project Initiation & RFP (City)

- City to finalize and issue **Request for Proposals (RFP)** for rate study consultant.  
Distribute RFP to municipalities and advertise per procurement requirements.  
Host optional **pre-proposal meeting** with Townships and DPW.  
Respond to consultant questions and issue addendum(s), if needed.

## March 2026 — Consultant Selection (City)

- Receive proposals and conduct proposal evaluation.
- Township partner review and scoring session.
- Shortlist firms and hold interviews.
- Select preferred consultant.
- Commission authorization to award contract.
- Contract execution.

## April 2026 — Project Kickoff & Data Request (City, Stakeholders, and Consultant)

- Kickoff meeting with consultant and township stakeholders.
- Issue detailed **data requests** (financials, customer data, CIP plans, O&M budgets, asset inventories).
- City and Townships compile and submit data to consultants in requested format.
- Establish communication protocols and schedule recurring coordination meetings with consultants.

## May 2026 — Data Review & Baseline Analysis (Consultant)

- Consultant reviews baseline financial conditions for each municipality.  
Validates billing data, consumption records, historical expenses, and system characteristics.  
Identifies data gaps and obtain clarifications.  
Conducts initial benchmark analysis.

## June 2026 — Capital Improvement Planning Integration (Consultant)

- Review **CIP** and O&M projections with each municipality.

- Evaluate long-term revenue requirements and debt obligations. Ideally using existing software, Waterworth.
- Meet with municipal staff to confirm project schedules and cost escalation assumptions.

### **July 2026 — Develop Rate Model and Methodology (Consultant)**

1. Build/update multi-year financial rate model
2. Develop cost-of-service (COS) allocation for water and sewer utilities for retail (in-City) and bulk (Township) customers.
3. Present preliminary model framework to municipalities for feedback.
4. Conduct scenario modeling outlining methodology for each (various rate alternatives).

### **August 2026 — Preliminary Findings & Municipal Workshops (Consultant)**

1. Present **preliminary rate study results** to municipal staff.
2. Hold technical workshops to review assumptions, model outputs, and alternative structures.
3. If needed, refine CIP, growth assumptions, and revenue strategies based on feedback.

### **September 2026 — Draft Rate Recommendations (Consultant)**

1. Develop **draft rate and associated perpetual methodology recommendations** (e.g., uniform, tiered, volume-based, fixed/variable).
2. Prepare rate impacts for customer classes across participating municipalities.
3. Conduct municipality coordination meetings to validate recommendations.

### **October 2026 — Public & Stakeholder Engagement (Consultant)**

1. Prepare presentation materials, FAQs, and rate comparison graphics.
2. Conduct public meetings or open houses in each municipality.
3. Gather community feedback and identify potential adjustments.
4. Update model and recommendations as needed.

### **November 2026 — Final Rate Study Report (Consultant)**

1. Deliver **final rate study report** including:
  - Financial plan
  - Cost-of-Service Analysis
  - Recommended rate structure
  - Implementation Schedule
  - Policy considerations
2. Municipal review period and final edits.

### **December 2026/January 2027 — Municipal Approvals (City & Consultant)**

- Present final study to municipal councils, boards, or commissions.

- Support consultant responses during commission work sessions.
- Commission vote to adopt recommended rate methodology/structure in the coming fiscal year.

**January 2027 - March 2027 — Implementation & Communication (City & Consultant)**

- Work with Treasury Staff to formalize rate setting methodology procedures and update billing system configurations to align.
- Prepare customer notices and outreach materials.
- Debrief meeting with municipalities for lessons learned and next-steps planning.
- Prepare administrative documents with City Attorney and Treasury staff (bulk water/sewer agreements, ordinances, resolutions, fee schedules).