

Town of Castle Rock Utilities Department
Castle Rock, Colorado

Request for Proposals (RFP) for
Alternative Source of Water Supply Provider

RFP No. 2011-05

August 5, 2011

**Town of Castle Rock Utilities Department
Castle Rock, Colorado**

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Request for Proposals

1. INTRODUCTION

1.1. GENERAL INTRODUCTION

This document is a Request for Proposals from pre-qualified entities for the Town of Castle Rock (Town) Utilities Department to solicit detailed technical and cost proposals regarding concepts/strategies to provide the Town a supplemental renewable and reusable water supply to allow the Town meet its future needs.

This RFP is seeking detailed information regarding feasible and affordable water supply options. Detailed engineering plans, pipe alignments, pump station designs, etc. are not required at this stage, however respondents are encouraged to include as much detail as possible to demonstrate the viability of their proposed alternative source of water supply option. The information presented in the proposal should build upon the concepts presented in the respondent's prior Statement of Qualifications providing an additional level of detail in terms of the concept, water supply characteristics and costs for the proposed solution.

This RFP invites Respondents to submit a Technical and Cost Proposal describing the means and approach to providing an alternative source of water supply that will meet the Town's objectives, which are described in this RFP.

Proposals must be submitted and received by the Town no later than **2:00 pm on Wednesday August 31, 2011** at the following location:

The Town of Castle Rock
Utilities Department
175 Kellogg Court
Castle Rock, CO 80109

Attention:

Mr. Ron Redd, Utilities Director

E-Mail: rredd@crgov.com

Ms. Heather Beasley, Water Resources Engineer

E-Mail: hbeasley@crgov.com

All proposals shall be submitted in sealed packages and in accordance with the requirements of Section 4 of this RFP.

1.2. OBJECTIVES AND REQUIREMENTS

The Town is seeking a Respondent that can deliver a renewable and reusable source of water supply that meets the following minimum requirements:

- Based on current planning, the Town anticipates needing an **additional 6,000 ac-ft/year** of fully consumable and reusable water as follows:
 - 2,500 ac-ft/year by 2017;
 - an additional 2,500 ac-ft/year by 2025; and
 - an additional 1,000 ac-ft/year at build out, currently projected to be in 2040.
- The Town's preference is that the identified alternative source of water supply be delivered at either:
 - a Master Meter at E-470 & S. Chambers Rd.; or
 - Rueter-Hess Reservoir.
- The water supply shall meet water quality parameters as required by the Rueter-Hess Operating Plan (see Appendix). Additionally, the total dissolved solids (TDS) concentration shall not exceed 500 mg/L at the point of delivery.

The delivery amounts and in-service years listed above are based on the Town's current planning. The Town is open to any and all concepts from Respondents that achieve this supply, while meeting all other requirements included in this RFP. The Town is also open to evaluating options that complement each other. As such, solutions that yield less than the full amounts listed above, but that could work in conjunction with one or more of the other proposed projects including the proposed WISE delivery model (see 2.2) will be evaluated by the Town in order to identify the solution that best meets all of the Town's objectives. In addition, the Town may elect to consider blocks of water supply from multiple proposals in order to best achieve a diverse and reliable supply solution that meets the Town's long term needs.

2. GENERAL BACKGROUND INFORMATION

2.1. OVERVIEW

The current water supply for the Town of Castle Rock is based exclusively on Denver Basin groundwater. A need for a sustainable long-term water supply was identified in the Town's Water Resources Strategic Master Plan (WRSMP). One of the major goals of the WRSMP is to establish a renewable, sustainable water supply that accounts for 75% of the annual demand for water in Castle Rock. Renewable water sources may include Plum Creek alluvial wells and surface water using existing Town Water rights, and imported surface water.

The Plum Creek Water Purification Facility, the Town's first renewable water supply project, will capture and treat existing Town water yielded from water rights on East Plum Creek. This project is scheduled to be online for the peak demand season starting in 2013. Depending on the time of year, this project may supply between 25% and 80% of the Town's current and near term future water demand. Based on growth projections and demand modeling, this new supply only meets demands for the next 7-10 years, at which time a new supply must be delivered to the Town.

2.2. BACKGROUND

The Town of Castle Rock completed its WRSMP in 2006. The goal of the plan was to map out alternatives to diversify the Town's water supply portfolio from essentially 100% non-renewable groundwater to 75% renewable water sources.

The overarching goals of the WRSMP are:

- Work with regional partners to establish a renewable, sustainable water supply that accounts for 75% of the annual demand for Castle rock;
- Implement a Water Conservation Plan;
- Fully develop and use the Town's current water rights and make full use of the water rights from reclaimable supplies; and
- Continue to maintain and develop the Town's Denver Basin groundwater supply to meet the demands of continuing growth in the short term, and provide reliability and a smaller supply role in the long term.

In August 2009, the Town Council unanimously approved participation in the Denver Water – Aurora Water – South Metro Water Supply Authority (SMWSA) Intergovernmental Agreement to identify and evaluate opportunities to address long-term water supply needs for all Denver-metro communities in the most efficient and cost-effective manner possible. This project became known as WISE – Water Infrastructure and Supply Efficiency. The Town is one of fifteen members of the SMWSA.

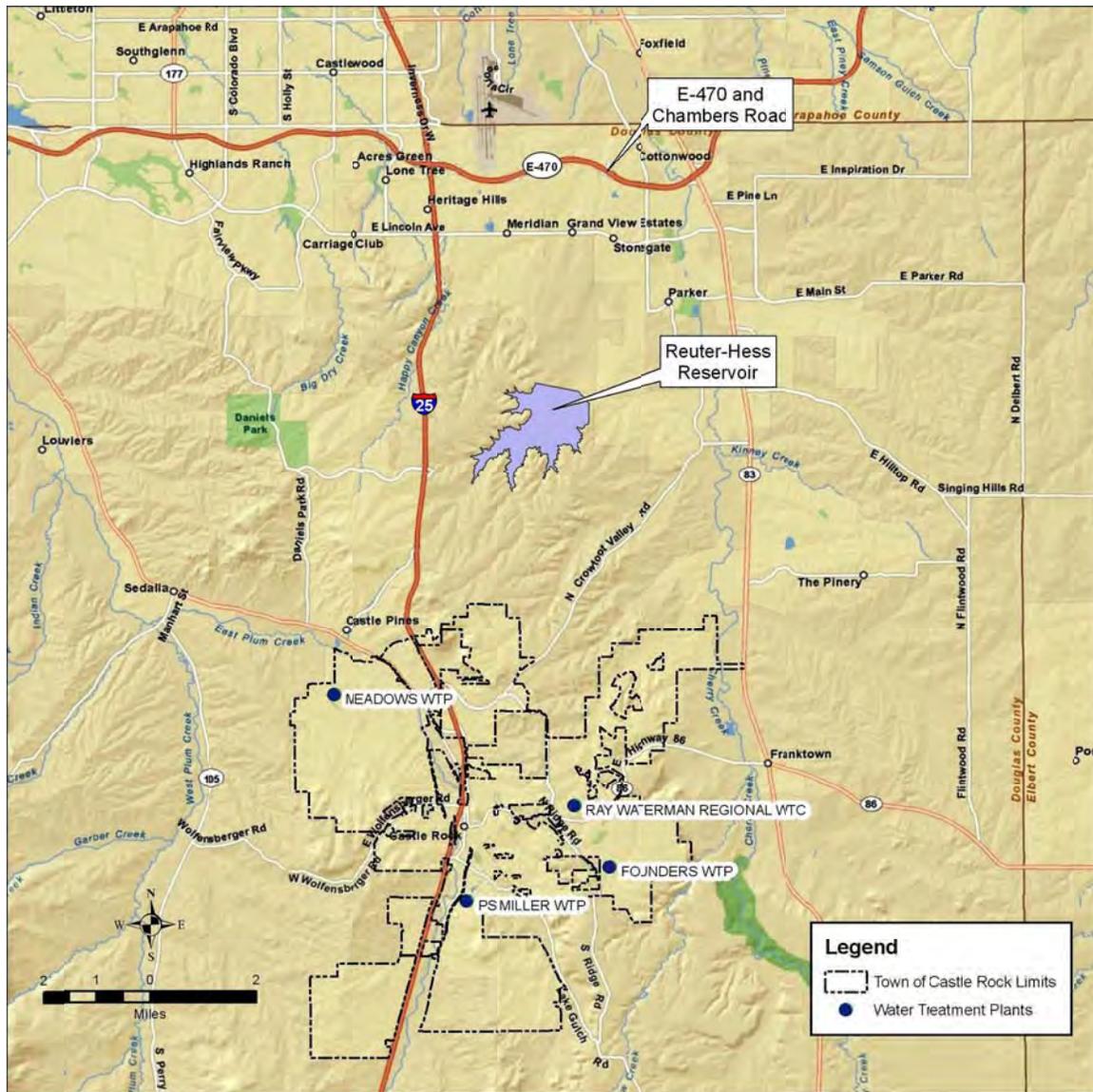
Since the WISE agreement was approved, the WISE Partnership has, and continues to advance the WISE Project and currently Denver Water, Aurorra Water and SMWSA have developed a model and outline for the delivery of reusable and consumable water through SMWSA, which is being incorporated into a draft delivery agreement. However, within the last year, the Town has

been approached by other entities with different ideas to address the Town's specific long-term water needs and the Town desires to fully evaluate the economics and feasibility of alternative or supplementary proposals to the WISE delivery model, before the Town commits to participate in WISE deliveries in the event SMWSA eventually reaches a definitive agreement with Denver Water and Aurora Water. Irrespective of whether a formal proposal is submitted on the WISE delivery model, WISE will be evaluated under the same criteria contained within this RFP concurrently with qualifying proposals in order to provide the Town Council with an objective assessment of the merits of all water delivery options.

In order to fully evaluate the Town's long-term options and have a basis to compare alternative water projects, staff has recommended, and Council has agreed, to implement a RFQ/RFP process to solicit potential providers of alternative sources of water supply that may exist in the market place.

Preferred Points of Delivery

It is the Town's preference that the alternative source of supply is delivered to either a master meter near E-470 and S. Chambers Rd. or to Rueter-Hess Reservoir (RHR). These preferred points of delivery are illustrated on the following map that also shows the Town boundaries for reference. The Town has purchased 8,000 acre-feet of storage space in RHR and envisions utilizing this space to store and take delivery of the alternative source of water supply. However, the Town is open to other ideas and approaches from Respondents to this RFP as described previously in the prior Request for Qualifications.



Town of Castle Rock Limits and Preferred Locations for Delivery of Alternate Sources of Water Supply

Water Quality Requirements

Any water the Town stores in RHR will be subject to the RHR Operations Plan (refer to **Appendix**). Section III.C of the RHR Operations Plan describes the water quality requirements, referred to as Source Water Quality Requirements (or "the Requirements"), for water placed in storage in RHR. It is the Town's objective that the alternative source of water supply meets these Requirements with one exception. The Town desires that the Total Dissolved Solids (TDS) concentration of the alternative source of supply not exceed 500 mg/L. This is stricter than the standards set forth in the RHR Operations Plan, which limit TDS concentration to 150 percent of the Secondary Drinking Water Standard, or 750 mg/L. However, this water quality goal is more compatible with the Town's other water sources. Respondents shall provide documentation that the alternative source of supply envisioned by their concept meets these water quality requirements.

3. RFP PROCESS

3.1. SCHEDULE

A summary schedule of the upcoming major milestones associated with this RFP process is presented below. This schedule is based on the Town's intent to present a recommendation to Town Council to enter into negotiations with one or more of the providers of alternative source of water supply in October 2011. Dates shown in this schedule are target dates only and the Town reserves the right to alter this schedule.

<i>ANTICIPATED MILESTONE RFP SCHEDULE</i>	
Issue RFP	August 4, 2011
Pre-proposal Meetings	August 11-12, 2011
Final Date to Submit Requests for Clarification	August 17, 2011
Final Addenda Issued	August 19, 2011
Proposal Submittal Date	August 31, 2011
Presentation to Town Council/ Utilities Commission	September 12, 2011

3.2. REQUESTS FOR CLARIFICATION

Requests for Clarification of any topics in this RFP shall be directed to:

Ms. Heather Beasley at hbeasley@crgov.com

Requests for Clarification must be received **in writing** no later than the date indicated in the schedule provided above. Interpretation or modification of this RFP document will be done by addenda only. Oral responses and interpretations or modification given by other methods are not binding. Responses to requests for clarification will be in writing and shall be distributed to all Respondents in the form of an Addendum and without identification of the source of any inquiry.

3.3. PROPOSAL EVALUATION PROCESS

3.3.1 OVERVIEW

In the evaluation of the proposals (including the WISE model), the Town will utilize the evaluation criteria (factors) set forth in this RFP. The result of the evaluation will be a recommendation to Town Council by the Town Utilities Department whether to pursue one or more of the alternative sources of supplies presented by respondents or WISE, to pursue a hybrid solution consisting of all or a portion of one or more of the alternative proposals, or to defer any further action on any of the alternatives at this time. In the event that the Town Council selects one or more of the water supply options, there will be concerted efforts to reach definitive and binding contractual commitments.

The Town staff will evaluate the responses to this RFP. The Town may utilize technical, legal, and financial consultants in completing its evaluation.

3.3.2. PROPOSAL EVALUATION CRITERIA

The Town will review the Respondents conceptual approach to ascertain whether Respondents proposal adequately documents the technical viability of their proposed solution. That includes evaluating the ownership nature of the water that is the subject of the respondent's proposal. In addition, the Town will consider the financial impacts to the Town and rate payers associated with the proposed solution.

Respondents are encouraged to provide a complete explanation for all costs related to their concept. That includes providing estimated capital and long term operational, maintenance and replacement (OM&R) costs associated with infrastructure that may be required to be developed by the Town separately in order to fully make use of the alternative source of supply presented. For example, if a respondent proposes a cost structure to the Town for a fixed cost per 1000 gallons of water provided but excludes additional pipeline and treatment costs from the unit price calculation, the respondents shall provide their best estimates of the additional costs that the Town would incur to fully utilize the supply presented. Those estimates for additional capital and OMR costs should include an explanation of any underlying assumptions used in developing the respondent's estimate.

Particular attention should be paid to detailing the amounts and timing of costs of the respondent's approach. Cost information submitted should clearly identify the amounts and timing of any capital expenditures by respondent's organization and those envisioned by respondent to be made by the Town. In addition, respondent should indicate what OM&R costs are anticipated, the amounts and timing of expenditures envisioned for respondent's approach.

Respondents will be evaluated based on their exhibited understanding and familiarity of the Town's water supply issues as demonstrated by the Respondent's unique perspective and presentation on the proposed approach, the technical feasibility of the proposed solution, financial capacity of the proposing organization to fully develop and deliver the proposed source of supply, proposed schedule for delivery and costs. The Town will consider all criteria in performing a comprehensive evaluation of the proposals. Specifically, the Town will evaluate the proposals based on the following criteria.

1. Project Concept to Deliver Alternative Source of Supply

Each proposal will be evaluated on the project approach. Information that may be necessary to evaluate the project approach is listed below:

- Any permits, decrees, orders, decisions or pending applications related to the allowed diversion and use of subject water rights (if applicable)
- Any deeds associated with the subject water rights or infrastructure;
- Any studies relating to the anticipated yield of subject water rights;
- Any maps showing the location of existing or proposed infrastructure, including wells, historic irrigated areas, current irrigated areas, augmentation stations, recharge/accretion sites, reservoirs, diversion points, pipelines and treatment facilities;

- A description of new infrastructure required, the status of and schedule for obtaining any necessary permits, approvals, easements;
- Any modeling studies or reports regarding current and historical water levels and any trends in water level declines.
- Any studies, reports or data related to pre- and post-treatment water quality
- A description of how the respondent plans to use the water rights and facilities to deliver water to the Town;

In the event that the water rights that are envisioned to yield the alternative source of supply are not owned by the respondent, respondent shall provide the following detailed information:

- A list of all targeted water rights and current owners;
- Any Water Court decrees and Supreme Court opinions related to the targeted water rights;
- Any pending Water Court applications associated with the targeted water rights;
- Any contracts to utilize the targeted water rights;
- A proposed water delivery schedule for each of the targeted water rights, which details any season of use, volumetric, or rate limitations.

Respondents must indicate in their proposal the confidentiality restrictions related to the foregoing requested information regarding water rights.

2. Pricing/Cost of Proposed Solution

Each proposal will be evaluated based several price/cost criteria that include the overall cost of the project to the Town, the present value per acre-foot unit cost of water provided, the amount of capital required from the Town for the proposed solution, estimated long-term OM&R costs associated with the proposed solution, and compatibility with existing Town resources and other regional supply infrastructure. Below is a list of information that would be helpful to effectively analyze each proposal:

- An annual infrastructure schedule and other capital expenditures by year and type of expense for thirty year period
- A timeline indicating type and volume of water supply provided for cost
- Anticipated annual operations, maintenance, and replacement expenses for thirty year period
- Expected administrative expenses by year
- A discussion of funding/financial structure of the project/transaction (i.e. how the project could be financed)
- An indication of proposed charges to the Town (i.e. fixed, take-or-pay provisions, volume rate, other payments)
- Description of the methodology for how the above charges will be determined; how they will be adjusted in the future, etc.

- A sample Water Purchase/Delivery contract or a list of key terms of a potential contract.

3. Financial Capacity

Proposals will be evaluated on the Respondent organization's demonstrated financial capacity and resources to secure and deliver the proposed alternative water supply. It is recommended that the proposals include a copy of latest Dunn & Bradstreet Business Information Report and/or Standard & Poor's credit report for the primary corporation/supplying entity that includes an analysis of the firm's financial position, business overview, products and services, history, executives, etc.

4. Permitting and Environmental

Respondent shall be present a complete listing and explanation of the required permits from any governmental, regulatory or other entity that must be obtained in order to deliver the alternative source of supply proposed via the delivery strategy proposed. The listing shall identify the regulatory agency or governmental entity, the name of the permit, the estimated timing of permit submittal and review processes and how that fits within the proposed delivery schedule..

5. Schedule

Respondents shall submit a project schedule showing the timing and interdependencies of major tasks envisioned to deliver the proposed alternative source of supply. Respondents are encouraged to present a realistic depiction of the time requirements to accomplish various critical steps in their proposed delivery process and to carefully consider the interdependencies of related activities. The schedule shall indicate the timing of any capital contributions or payments expected to be made by the Town.

6. Responsiveness to RFP

The Town will consider responsiveness to the RFP requirements in evaluating the submittals. The degree of completeness of Respondent's proposal will also be considered.

3.3.3. REFERENCE CHECKS

The Town will verify experience and qualifications, including verification of quality on past projects, through interviews and, possibly, site visits to proposed reference facilities. The Town may choose to conduct a portion of the reference checks and site visits during the RFP process. Qualifications of firms and individuals may be verified in this manner. In addition, the Town retains the right to interview and/or visit facilities that have not been listed as references but where Respondent team members, including specific individuals, have worked.

3.3.4. TOWN REQUESTS FOR CLARIFICATION OR RESUBMISSIONS

At its sole discretion, the Town may ask written questions of Respondents, seek written clarifications, conduct in-person or telephone discussions on proposals with Respondents, and solicit updated proposals during the evaluation and selection process.

4. ADMINISTRATIVE REQUIREMENTS

4.1. OTHER PROCUREMENT REQUIREMENTS

4.1.1. RESPONDENT RESPONSIBILITY FOR PROPOSAL PREPARATION COSTS

The Town is not liable for any costs incurred by any Respondent associated with the preparation of a proposal.

Selected Respondents may be asked to present their proposals and/or to demonstrate ability to provide products or services to Town's representatives in Castle Rock, Colorado. The Respondent shall bear all costs for such presentations.

4.1.2. SUBSTANTIVE PROPOSALS

By submitting a proposal, Respondent certifies that (a) Respondent's proposal is genuine and is not made in the interest of, or on behalf of, an undisclosed person, contractor (defined here as any entity capable of contracting with the Town for provision of products or services), or corporation; (b) Respondent has not directly or indirectly induced or solicited any other contractors to put in a false or sham proposal; (c) Respondent has not solicited or induced any other person, contractor, or corporation to refrain or abstain from proposing; (d) Respondent has not sought by collusion to obtain for themselves any advantage over any other Respondent or over the Town.

4.1.3. INFORMATION DISCLOSURE TO THIRD PARTIES

All material provided to the Town during the procurement process and any subsequent agreement negotiation and administration would be expected to be used without restriction by the Town in the future. Respondents shall clearly indicate any portions of their proposal submittals that they wish to have held as proprietary and confidential information by including the following language preceding that section of the proposal:

"The following section contains confidential and proprietary information that may not be disclosed to any party outside the Town of Castle Rock staff without prior written authorization by _____"

4.1.4. TOWN RIGHTS

This RFP constitutes an invitation to Respondents to submit proposals to the Town. The Town reserves, holds without limitation, and may exercise, at its sole discretion, the following rights and conditions with regard to this RFP process, to which by responding to this RFP, Respondents acknowledge and consent:

- To continue participation in the ongoing discussions with any potential water provider, including participation in the ongoing WISE Partnership discussions between the South Metro Water Supply Authority, Denver Water and Aurora Water.

- To terminate the procurement process or decide not to enter into an agreement as a result thereof by written notice to the Respondents for any reason whatsoever.
- To waive any defect, technicality, or any other minor informality or irregularity in any proposal, or any other response from Respondents.
- To make major changes or alterations to the RFP schedule for any events associated with this procurement process upon notice to the Respondent. Minor modifications may be made without notice to Respondents.
- To eliminate any Respondent that submits an incomplete or inadequate response, or is not responsive to the requirements of this RFP, or is otherwise deemed to be unqualified during any stage of the procurement process.
- To conduct clarification discussions, at any time, with one or more Respondent, with the understanding that any such discussions would remain confidential with respect to other Respondents..
- Without prior notice, to supplement, amend, or otherwise modify this RFP, or otherwise request additional information.
- In the event the Town receives questions concerning this RFP from Respondents prior to the deadline for response, the Town reserves the right to provide such questions, and the Town's responses, if any, to all prospective Respondents.
- Neither the Town, its Elected Officials, staff, agents, employees, representatives, nor respondents will be liable for any claims or damages resulting from any aspect of this RFQ process.
- To visit and examine any of the facilities referenced in the proposals and to observe and investigate the operations of such facilities, as well as other facilities not referenced in the proposals as may be deemed necessary by the Town.
- To conduct investigations with respect to the qualifications and experience of each Respondent included in its proposal and previously submitted SOQ and to request additional evidence to support any such information.
- To take any action affecting the RFP process or the Project that is determined to be in the Town's best interests.
- To request clarifications, information, and/or revised proposals from one or more Respondents.
- To discontinue negotiations with the selected Respondent and commence negotiations with another Respondent or any other party.
- To alter the procurement process and to select and enter into an agreement with one Respondent whose proposal best satisfies the interests of the Town and is most responsive in the judgment of the Town to the requirements of this RFP.

4.1.5. CONFLICTS OF INTEREST

No officer, employee, or agent of the Town, nor any member of the immediate family of any such officer, employee, or agent as defined by Town ordinance, shall have any personal financial interest, direct or indirect, in any agreement resulting from this procurement process, either in fact or in appearance. The Respondent must comply with all federal, state, and Town conflict of interest laws, statutes, and regulations.

The Respondent represents that it presently has no interest and shall not acquire any interest, direct or indirect, in any agreement resulting from this procurement process that would conflict in any manner or degree with the performance of the services and obligations there under.

4.2. SELECT AGREEMENT REQUIREMENTS

4.2.1. GENERAL

Respondent must submit a complete response to the RFP, which will be retained by the Town. Proposals should be prepared simply and economically, while providing complete details of the Respondent's approach to meet the requirements of this RFP. The proposal submittal requirements are presented in Section 5 of this RFP.

4.2.2. AMENDMENTS TO THE RFP

The Town of Castle Rock reserves the right to amend this RFP by an addendum at any time prior to the date set for receipt of proposals. Responses to requests for clarification will be in writing and shall be distributed to all Respondents in the form of an Addendum and without identification of the source of any inquiry. If revisions are of such a magnitude to warrant, in the Town's opinion, the postponement of the date for receipt of proposals, an addendum will be issued announcing the new date.

5. SUBMITTAL REQUIREMENTS

5.1. GENERAL REQUIREMENTS

Submit **fifteen (15) written copies and one (1) digital copy** of the proposal on or before the stated submittal deadline to:

Ms. Heather Beasley
Town of Castle Rock
Utilities Department
175 Kellogg Court
Castle Rock, CO 80109

Proposals must be received by the date and time stated herein. The envelope shall be labeled as Proposal – Alternative Source of Water Supply Procurement, and the name and address of the interested Respondent on the front of the envelope.

Interested Respondents are responsible for the timely and accurate delivery of their proposals. Only those proposals received at the above address on or before the date and hour set for receipt of proposals will be eligible for consideration. Any proposal received after the closing time, regardless of the method of delivery, may be returned to the Respondent unopened. Proposals may not be withdrawn after the closing time.

The Town reserves the right to reject any or all proposals, including without limitation the rights to reject any or all nonconforming, nonresponsive, or conditional proposals and to reject the proposal

of any Respondent if the Town believes that it would not be in the best interest of the Town to consider a project proposal from that Respondent, whether because the proposal is not responsive or the Respondent is unqualified or of doubtful financial ability or fails to meet any other pertinent standard or criteria established by the Town.

5.2. *FORMAT REQUIREMENTS AND ORGANIZATION*

The Town desires to allow respondents maximum flexibility to be efficient in preparing proposals. As such, no specific format restrictions or page limitations are required. However, respondents are strongly encouraged to submit a concise proposal that provides the detailed explanation of respondent's approach focusing on the requirements previously stated and categories of information that address stated.

Respondents are not required to re-submit information previously submitted in the Statement's of Qualifications. Additional clarifying details related to Respondent's financial capacity to deliver the proposed project should be included along with more detailed information regarding the specific elements of the technical approach to deliver to the Town the water supply proposed.

6. APPENDICES

Financial Statements

Decrees related to Water Rights that are the subject of Respondent's concept

Other (Plans, Figures, Photographs, etc)