



**CITY OF CHELSEA  
WASHTENAW COUNTY**

**REQUEST FOR PROPOSALS  
ELECTRIC UTILITY RATE  
STUDY**

**Submission Deadline: Monday,  
March 20, 2023 at 2:00 p.m.**



**City of Chelsea, Michigan  
Request for Proposals  
ELECTRIC UTILITY RATE STUDY  
Issued: Monday, March 6, 2023**

**SUMMARY**

Qualified consultants are invited to submit a response to this Request for Proposal (RFP) for review and consideration by the City of Chelsea, Michigan. The City wishes to contract with a consultant to assess the electric cost of service, financial projections, and rate design study for the electric utility of the City of Chelsea.

Please submit three (3) single sided original, complete and sealed proposals and one electronic submission via thumb drive to:

**City of Chelsea, Michigan, 305 S. Main St., Suite 100, Chelsea, MI 48118, Attn: Roy Atkinson, City Manager**

Notwithstanding any other provisions of the RFP, the City reserves the right to reject any or all proposals, to waive any irregularity in a proposal, and to accept or reject any item or a combination of items, when to do so would be to the advantage of the City or its taxpayers. It is further within the right of the City to reject proposals that do not contain all elements and information requested in this document. The City shall not be liable for any losses incurred by any responders throughout this process.

**CRITICAL DATES**

Identified below are the critical dates associated with this Request for Proposals. Further details and requirements are contained in the specific sections or attachments included in this package.

**Request for Proposals Issued  
Proposal Due Date**

**Monday, March 6, 2023  
Monday, March 20, 2023 at 2:00 p.m.**

Interested parties are encouraged to submit questions regarding the Request for Proposal via email to Roy Atkinson at [ratkinson@city-chelsea.org](mailto:ratkinson@city-chelsea.org) Responses to questions will be provided directly by email.

**GENERAL INFORMATION**

The City of Chelsea is a thriving community in southeastern Michigan, located in Washtenaw County, near Ann Arbor, Michigan. The City of Chelsea was initially established as a village in 1834 and later chartered as a city in 2004. The city is well known for its small-town charm, diverse amenities, and vibrant neighborhoods. Chelsea is known in Michigan and nationwide for its beauty, history, natural parks and recreational areas, the arts, music and culture; its history and architecture, its vibrant shopping and business district, its outstanding educational and healthcare facilities, and a diverse range of opportunities for people of all ages to experience.

The City of Chelsea is chartered under the Council-Manager form of government. The City Council consists of the Mayor and six Council Members elected every four years with staggered terms. The City Council appoints the City Manager to oversee the day-to-day operations of the city. The City of Chelsea has a stable general fund budget of \$4.8 million; 48 full-time and 20 part-time employees.

#### SCOPE OF SERVICES

The City of Chelsea wishes to contract with a consultant to study and assess the cost of service, financial projection, and rate design study for the electric utility of the City of Chelsea. The City of Chelsea is requesting proposals from consultants to undertake the following scope of services:

1. Cash Reserve Policies - Review and develop cash reserve policies for the electric department.
2. Development of Long-Term Financial Projections –establishing a departmental strategic plan, funding of long-term capital plans, amount, and timing of any financing needs, and balances the financial stability of the electric department.
3. Cost of Service Study – This study identifies the cost of providing services to each class of customer. This study should break down the cost by customer class for general rate components including variable charges (commodity), capacity related costs (demand), and facilities charges for each customer based on meter sizes or service level. The cost-of-service study will breakout each rate component. Further, the study will supply the actual costs of providing services to customers both inside and outside the city.
4. Customer Rate Designs – We seek a cost-of-service study which provides input on sustainable long-term rate structures.
5. Review Relevant Reports – Review current rate structures, outstanding bond issues, ordinances related to the utility.
6. Review of Cost Adjustment (optional add on option)- A cost adjustment is one of the most critical factors in ensuring long-term financial stability of the electric utility. We seek cost adjustment review that is easy to use and ensures fluctuations in the true up result in limited impacts on customers.

#### CONTENT OF PROPOSAL

Proposals shall contain the following information:

1. Cover letter and introduction including the name of the consultant and the name and telephone numbers of the person(s) authorized to represent the company regarding all matters related to the proposal;
2. Prospective providers should indicate how they envision being able to provide services to the City of Chelsea, and how those services will fit within the goals for this project;
3. Experience working with other communities;
4. Representative list of current clients with references contacts at three clients;
5. Names of key personnel to be performing the install functions for the city, including education and professional certifications;
6. A fee schedule identifying specific rates for services including sample invoice detail, billing schedule. Please provide quotes in a cost-not-exceed format;
7. Preferred method for receiving submittals is noted at the top of this RFP;
8. Provide any additional information that you feel is pertinent in the City's decision on selecting a consultant for this study;

9. Presenting the final report findings to City Council at its conclusion;
10. Provide a final report of all findings at the conclusion of the report;

#### OFFER EXPIRATION DATE

Proposals in response to this RFP will be valid for sixty (60) days from the proposal due date. The City reserves the right to ask for an extension of time if needed.

#### OWNERSHIP OF MATERIALS

All materials submitted in response to the RFP become the property of the City of Chelsea and supporting materials will not be returned. The City of Chelsea is not responsible for any costs incurred by the company in the preparation of the proposal or for presentation or related meeting time.

#### CONTRACT AND INSURANCE

The successful proposer will be asked to enter into a contract and to provide a certificate of insurance showing coverage for liability, workers compensation, and automobile. The service agreement will contain a provision specifying a deadline for submitting invoices. Any invoices submitted for services not billed in accordance with the deadline may, at the sole discretion of the City, be considered invalid and payment may be refused. Any future relationship between the Contractor and the City will be an "at will" relationship and may be terminated by either party, for any reason, following a 30-day notice.

#### CONFLICT OF INTEREST

The City of Chelsea requires that consultants disclose conflicts of interest when they may occur. The City, at its discretion, may arrange for alternative third-party support in such cases. In general, the city will not allow a service provider to review applications from a client of the service provider. Past or pending client relationships may or may not be determined to be conflicts, but should always be disclosed and discussed with the City.

#### APPROVAL OF PROPOSAL

A select number of firms may be requested to discuss their proposals with a subcommittee of City staff. Staff will be in contact with the firms responding to the RFP once the proposals are received and a determination is made on interviews, if any, that will be held and when.