

Procurement of Professional Services

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Local officials should use all available resources to make sure water and wastewater facilities in their community comply with all regulatory requirements and operate as cost effectively as possible. One resource that it may be appropriate to consider is outside consultants. If it is decided that outside assistance is necessary, it will be important to choose the consultant that is best qualified to provide the required services. This section discusses the types of consulting services available to communities and procedures that may be used for retaining and managing those services.

Types of Professional Services

Engineering Consulting Services

Comprehensive Facilities Study

A utility system may need significant upgrading because of its age, residential or industrial development pressures, more stringent regulatory requirements, or some combination of these factors. Such facilities may include a water treatment plant, a wastewater treatment plant, the drinking water distribution system, or the sewage collection system. Rather than trying to study each component of the utility system separately, it may be more beneficial to seek a comprehensive facilities study. Such a study normally provides a detailed evaluation of the entire utility system, as well as a plan and proposed schedule for implementing necessary improvements.

Once a facilities study is decided upon, the community needs to retain the services of a design-oriented engineering consulting firm. The completed study should be assembled to provide local officials with a plan for implementing the required upgrades over a 20-year planning period. Recommended actions must be prioritized. Estimated costs of the upgrades must also be provided, so the community can plan for securing the funding needed to continue the project through to completion.

Preliminary Design Report

Based on the results of the facilities study, the community may decide to proceed with the construction of some or all of the individual projects identified as priorities. At this point, the design engineer can be authorized to proceed with the preparation of a preliminary design report (PDR). In the PDR, the engineer considers specific alternatives relating to the facility upgrade and presents a cost analysis before recommending the best alternative for the project. A community may choose to use the services of the same

engineering company throughout the facilities study, the PDR, and the actual design stage of a project, but also has the option of choosing different companies for each stage of the process.

Final Design

In this phase of the project, a design engineer prepares detailed plans and specifications for the alternative chosen in the PDR. These plans and specifications must be suitable for a contractor to use to construct the project. The engineer typically also would provide bidding documents to assist the community in selecting the best contractor.

Operation & Maintenance (O&M) Services

Technical Assistance

Technical assistance is on-site assistance at a facility to address O&M problems that may be causing inconsistent performance or violations. There are a number of possible sources for subsidized technical assistance, from federally- and state-funded organizations, as well as full cost technical assistance from private O&M consultants. In some states, technical assistance programs are available to smaller communities through organizations such as state environmental training centers, the Rural Community Assistance Program (RCAP), state regulatory agencies, or Rural Water Associations. Local officials in small communities should investigate these sources first, since these organizations do not charge for technical assistance. If service from these organizations is not available or is inadequate to deal with the situation facing the community, then it may be necessary to retain the services of a company that specializes in O&M services. A compliance problem should not be the only motivation for seeking help from O&M consultants. For example, local officials may desire an O&M evaluation to optimize the performance of a facility or to implement cost-cutting strategies.

Supervisory and Management Services

Supervisory and management services are normally provided by private O&M services companies. Such companies can provide certified managers to oversee day-to-day facility O&M. Such a manager might visit the plant daily or, in the case of smaller facilities, possibly once or twice a week to supervise on-site operations staffs. At a minimum, the manager would be responsible for meeting requirements for the system's employment of a fully certified operator and for ensuring that all required reporting is completed properly and sent on time to relevant regulatory agencies. The extent of the manager's responsibilities would be further described in the contractual arrangement between the community and the company.



Money Matters

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Full-Service Contract Operations

This type of arrangement involves contracting with a private O&M services company to take complete responsibility for the O&M of the facility. All operators working at the facilities are, or become, employees of the private company. The community typically still owns its facilities and is generally still responsible for permit and other compliance issues, unless it is agreed with the relevant regulatory agency that this responsibility is specifically designated to the company. The full-service contract may have any duration, but it is usually for a minimum of five years. Specific issues relating to shared responsibilities between the private company and the community must be clearly defined.

O&M Leasing Contracts

This is very similar to the contract operations option, described above, in terms of daily O&M responsibility. However, the definition of a lease may vary depending on which federal agency is consulted. If the company is paying a “concession fee” to the community in connection with a leasing contract, or if the company is making capital improvements to the system, the arrangement would likely be considered a lease under the EPA definition. On the other hand, the IRS may still consider this arrangement to be a management contract. EPA’s definition becomes important if the facility that is being considered for a lease was built using federal funds.



Helpful Guidance

Numerous details relating to legal and financial issues must be worked out between the company and community before contracts, leasing, or sales can be finalized.

Full Privatization

In this case, the private company purchases the facility from the community, and the community pays a fee for the utility service. The company owns and operates the facility and provides all funding for capital improvements. Once again, it may be necessary to discuss the sale with EPA if the facility was built using federal funds. Numerous details relating to legal and financial issues must be worked out between the company and community before this type of transaction can be finalized.

Reasons for Hiring an Outside Consultant

As described above, a number of different types of O&M services are available to a community. Most communities use design engineering companies for facility upgrade projects. Some larger communities that have their own engineering staffs may rely on private engineering companies only for major projects.

Technical assistance may be appropriate for any community needing objective input for resolving issues that community staff does not have the time or capability to manage. Contract operations, or some form of privatization, may be a viable option for some communities, both from the perspective of creating financial benefits and improving operations capability.

The advantages of using a private consultant for some or all of these professional services may include:

- ◆ reduction of O&M costs
- ◆ fresh perspective on solving existing problems
- ◆ ability to focus on specific, single issues
- ◆ expertise and diverse resources to provide cost-effective plans and specifications for new projects
- ◆ distance and neutrality from local politics

The disadvantages of using a private consultant may include:

- ◆ cost of services, compared to resolving problems in-house with existing staff
- ◆ company possibly not familiar with local issues or problems
- ◆ with respect to contract operations, the community may feel that it has lost control of its utility operations, and thus of both budgets and rates

Procedures for Consultant Selection

Both ethics and the law govern the award of contracts to consultants. Generally, a bidding process must precede all contracting, so that a clear record of a fair and open process is established and obvious to any who may care to investigate. To assure that established, reputable, and experienced firms will bid on the proposed work, a two-step process generally is recommended.

1. **Request for Qualifications (RFQ)**—Issuing an RFQ is the first step in retaining consultant services. The RFQ asks consultants to provide information demonstrating their expertise in the types of services that the community needs. Based on the community’s review of these qualification packages, a short list of most qualified companies should be generated, and those on the list will be asked to submit detailed proposals. The RFQ should solicit information about firms’ experience in similar settings, with similar projects, staff capabilities, typical hourly rates of senior and junior staff, and related issues, so that from the responses the client community may obtain a profile of each responding firm, and thus narrow down the “short list.”
2. **Request for Proposal (RFP)**—This document describes a specific scope of work to which the companies on the short list should respond. Companies submitting responses should demonstrate in their proposals a clear understanding of the issues facing the community and provide a detailed description of their technical approaches to addressing the scope of work. Proposals should then go through a technical evaluation by a project committee designated by local officials. Once the proposals are rated with respect to the technical presentation, the committee may elect to interview the project teams of the two or three highest rated companies, to determine which team demonstrates the greatest compatibility with the community’s view of the project. Cost proposals may be solicited from the companies being interviewed, to factor cost into the final decision, or the company can be chosen which is believed to offer the best technical capability, and then cost can be negotiated. It is important



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to select the company that offers the best value. Cost should not be the main issue in choosing a company to provide professional services, at least not until all other factors and technical merit have been shown to be relatively equal. Then, and only then, should cost become a determining factor in choosing a winning firm.

Managing Consultants

Communication

Regular communication with the contracted consultant is essential. This can be done with regular written reports and scheduled meetings. The consultant must understand (and should have already demonstrated in interviews) that the community, as the client, must have the opportunity to provide input on all decisions involving utility projects. For example, if a consultant is retained to provide design services for a facility upgrade, the consultant should ask the plant operators for their concerns and suggestions, especially regarding safety and operability issues which might be raised by design approaches. Regular and ongoing communication will always help projects succeed.

Financial Accountability

The consultant is responsible for explaining and justifying all expenses associated with the services being provided. Regularly updated financial reports should be provided to the community, showing expenses and comparing them to original contract costs. If the consultant believes that additional expenses are required to complete the project as designed, then the firm must first inform the community and seek formal approval from local officials.

Summary

Occasions will arise when communities will need to use the services of outside consultants to assist with water or wastewater projects. Thus, communities should be prepared to make appropriate decisions about retaining the services of competent consultants, monitoring their work and costs, and participating as advisors in all aspects of project implementation.