

VILLAGE OF WINNEBAGO

WATER RATE STUDY REQUEST FOR PROPOSALS DATED APRIL 8, 2026

I. PROJECT OVERVIEW

The purpose of the study is to evaluate the adequacy of the Village's current water rate structure and to provide recommendations that will ensure the long-term financial sustainability of the water enterprise fund while maintaining equitable and transparent rate structures for customers.

The Village of Winnebago (population approximately 2,900) is located in Winnebago County, Illinois, approximately 10 miles west of Rockford. The Village operates a municipal water utility that serves residents and businesses within the Village limits.

The water system currently includes:

- Three municipal groundwater wells
- Approximately 27 miles of water distribution mains
- Two elevated storage tanks
- System valves, hydrants, and service connections
- Approximately 1,100 water utility customers

The Village completed its most recent water rate study in 2021. The Village seeks an updated evaluation of the water enterprise fund and the development of a sustainable rate structure to address operational needs, capital improvements, and long-term financial planning.

The Village's water enterprise fund operates within a unique financial structure due to prior infrastructure decisions and long-term debt obligations. In the early 2010s, the Village transitioned from operating its own wastewater treatment facility to connecting its sanitary sewer system to the regional wastewater provider, the **Four Rivers Sanitary Authority (FRSA)**, formerly known as the Rock River Water Reclamation District. This regional connection required significant capital investment and resulted in long-term debt obligations that extend through the late 2030s.

Revenue to support these obligations has historically been generated through a combination of user charges and a **voter-approved local sales tax** that contributes revenue to the water enterprise fund. The voter-approved sales tax that currently supplements the water enterprise fund is authorized through 2032. As the Village approaches the end of this authorization period, the Village Board will need to evaluate whether to pursue renewal of the tax through a future referendum or to allow the tax to sunset. Because this decision may significantly impact the financial structure of the water enterprise fund, the Village intends for this rate study to evaluate multiple financial scenarios that consider both the continuation and expiration of this revenue source.

II. SCOPE OF SERVICE

The selected consultant shall provide professional services necessary to evaluate the Village's water utility rates and develop recommendations for future rate structures. The scope of work shall include, but not be limited to, the following components.

1. Financial and Operational Review

The consultant shall review relevant financial and operational information including:

- Historical water enterprise fund revenues and expenditures
- Current water rate structure
- Billing and consumption data
- Existing capital improvement plans
- Existing debt obligations
- Current reserve policies.

The consultant shall prepare forecasts of revenues, operating expenses, and capital expenditures.

2. Revenue Requirement Analysis

The consultant shall determine the revenue requirements necessary to:

- Maintain adequate operating reserves
- Sustain ongoing operations and maintenance
- Support capital improvement investments
- Maintain financial stability within the water enterprise fund.

3. Water Usage and Billing Analysis

The consultant shall analyze water consumption and billing characteristics, including:

- Customer usage patterns
- Billing and consumption trends
- Peak demand characteristics
- Comparison to similar municipal systems where appropriate.

4. Rate Structure Evaluation

The consultant shall evaluate the Village's existing water rate structure and determine whether adjustments are necessary. This evaluation shall include:

- Review of base service charges
- Review of volumetric usage charges
- Evaluation of equity among customer classes
- Comparison with regional municipal water utilities.

5. Rate Scenario Development

The consultant shall develop alternative rate structures designed to fund operating and capital needs over a five-year planning horizon. The analysis shall include:

- A level rate scenario over the study period
- A phased or escalating rate scenario

Each scenario shall clearly identify impacts on customer bills and long-term fund sustainability.

6. Revenue Scenario Modeling

The consultant shall evaluate the long-term financial sustainability of the water enterprise fund under multiple revenue scenarios, including:

- Continuation of the existing voter-approved sales tax beyond its current authorization period, and
- Expiration of the sales tax with no replacement revenue source

The consultant shall identify the financial and rate impacts associated with each scenario.

7. Long-Term Financial Modeling

The consultant shall develop a long-term financial model projecting revenues, expenditures, debt obligations, and capital needs for a period of not less than ten (10) years. This model should allow the Village to evaluate the long-term financial sustainability of the water enterprise fund beyond the current authorization period of the sales tax.

8. Capital Planning Coordination

The consultant shall coordinate with Village staff to evaluate anticipated capital improvements and their impact on rate requirements. The consultant shall provide recommendations regarding:

- Appropriate funding strategies for capital improvements
- Cash-funded versus debt-financed capital investments
- Appropriate reserve levels for the water enterprise fund.

9. Meetings and Presentations

The consultant shall:

- Meet with Village staff as necessary during the study process
- Present findings and recommendations to the Village Board and/or Committee of the Whole
- Provide a final written report summarizing findings, methodology, and recommendations.

III. PROPOSAL REQUIREMENTS

Proposals shall include the following information:

- A. Description of the firm's understanding of the project and proposed approach, including the methodology that will be used to develop water rates that are equitable, transparent, and defensible in accordance with industry standards, including the principles and guidelines of the American Water Works Association (AWWA).
- B. Description of the firm's organization, qualifications, and experience conducting municipal water rate studies.
- C. Identification of the project team and key personnel assigned to the project.
- D. Resumes of staff members who will participate in the study.
- E. A list of municipal clients for whom the firm has conducted water or utility rate studies within the past five years, including references.
- F. A detailed fee proposal including:

- Estimated total cost
- Breakdown of tasks
- Explanation of reimbursable expenses.

G. A representative example of a recently completed municipal water rate study.

IV. INQUIRIES

All questions regarding this RFP must be submitted to Joseph Dienberg, Village Administrator, no later than April 22, 2026 at 4:00 p.m. Responses to questions will be provided in writing on April 27, 2026 at 4:00 p.m.

V. PROPOSAL SUBMISSION DEADLINE

Proposals must be received by the Village of Winnebago no later than 4:00 p.m. on May 6, 2026. Late submissions will not be accepted. Respondents shall submit three (3) physical copies and one (1) digital copy of their proposal. The digital copy may be provided via email (jdienberg@winnebagoil.gov) or on a flash drive. Physical copies shall be submitted by mail or delivery to:

Village of Winnebago
Attn: Joey Dienberg
108 W. Main Street
Winnebago, IL 61088

VI. TENTATIVE SCHEDULE

Activity	Date
Issuance of RFP	April 8, 2026
Deadline for Questions	April 22, 2026
Proposal Submission Deadline	May 6, 2026
Staff Review	May 6 – 13, 2026
Consultant Interviews (if necessary)	May 20, 2026
Village Board Selection	May 20, 2026 OR June 3, 2026

VII. BASIS OF SELECTION

Proposals will be evaluated based on the following criteria:

1. Understanding of the scope and objectives of the project.
2. Qualifications and experience of the firm and project team.
3. Demonstrated experience with similar municipal projects.
4. Quality of proposed methodology and work plan.
5. Cost and overall value to the Village.

VIII. GENERAL CONDITIONS

- A. No Obligation to Award: This RFP solicitation does not oblige Village of Winnebago to award a contract to any respondent. Village of Winnebago may, at its discretion, revise the selection process, the schedule of events or anticipated date of award, may request further information from any respondent or may withdraw this RFP in part or in its entirety.
- B. Proposal Participation: Any entity that has received this RFP directly from Village of Winnebago or indirectly through a third party is eligible to submit a proposal for the required services.
- C. Withdrawal: A respondent may withdraw its proposal without prejudice to itself, by submitting a written request for its withdrawal to Joseph Dienberg, at any time during the entire selection process.
- D. Rejection of Proposal: Village of Winnebago may reject any and all proposals. Village of Winnebago will reject the proposal of any party who has been delinquent or unfaithful in any former contract with Village of Winnebago. The right is reserved to reject any or all proposals, and to waive technical defects, as the interests of Village of Winnebago are best served.
- E. Confidentiality: All vendor-supplied materials, including response to the RFP, become the property of Village of Winnebago. The Village will respect the confidentiality of the information provided under each proposal and will work with all vendors to meet their confidentiality requirements, provided they are within reason. However, proposals are subject to the Freedom of Information Act. Proposals that do not qualify for the interview phase of the selection process will not be returned.

IX: INDEMNIFICATION

The firm must indemnify, defend, and hold harmless the Village, its individual Board members, agents, firms and employees (collectively, “Indemnities”), from and against all claims for or loss to property, including claims of Village, third parties, and firm's or any subcontractor's employees, and any other claims, losses, damages, or expenses, including attorneys’ fees, arising out of the performance of the services by firm, including, but not limited to, losses or damages caused in part by the Indemnities’ own negligence (except to the extent prohibited by Illinois law).