



CITY OF PRESCOTT

Request for Statements of Qualifications

Financial, Legal and Technical Advisory Services for

Public-Private Partnership Procurement

of the

Big Chino Water Delivery System

**City Manager's Office
Water Resource Management Section
201 S. Cortez St.
P.O. Box 2059
Prescott, AZ 86302**

**James H. Holt, Senior Project Manager
Telephone: (928) 777-1696
Fax: (928) 777-1255
e-mail: james.holt@cityofprescott.net**

Due Date: August 31, 2009 at 2:00 PM, Arizona PDT

CITY OF PRESCOTT

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Due Date: August 31, 2009 at 2:00 PM, Arizona PDT

The City of Prescott invites qualified persons/firms to submit Statements of Qualifications for the provision of professional advisory services associated with evaluating a Public-Private partnership (PPP) for the **Big Chino Water Delivery System (Project)**. Specific PPP services sought are financial, legal and technical advisory services.

The tentative scope of engagement includes an evaluation of alternative Project delivery options utilizing multiple criteria analysis. Additionally, a complete range of advisory services are required, including valuation, financial, contract, legal and technical in the solicitation, identification, negotiation and contract administration of private partner(s) for the financing, design and/or design review, permitting, construction, operation, maintenance, management, and possible ownership of Project facilities. The Project will produce, transport, import and deliver up to 12,000 acre-feet of water annually from the Big Chino Sub-basin to the Prescott Active Management Area. The facilities that might be included as part of the Project may consist of the following components:

1. Well field – multiple wells, connecting pipes and storage reservoirs on the City’s Big Chino Water Ranch property
2. Big Chino Water Delivery Pipeline – approximately 30 miles of pipeline varying from 30 to 36 inches in diameter, with a planned maximum delivery capacity of 27.5 cubic feet per second
3. Pumping Facilities – Highway 89 Pump Station and Chino Valley Water Production Facility.
4. Prescott Valley Pipeline – approximately 15 miles of 24-inch diameter pipe to serve the Town of Prescott Valley

The purpose of this project is to produce and transport groundwater from the Big Chino Water Ranch, located approximately 18 miles northwest of Paulden, Arizona, to the City’s Chino Valley Water Production Facility located in Chino Valley, Arizona. The Project will then convey water to the City utilizing existing infrastructure, and to its partner, the Town of Prescott Valley, via the Prescott Valley Pipeline described above, and to other users who may participate.

The contract for these PPP services will be governed by applicable laws of the United States, the State of Arizona, municipal ordinances, and the rules and regulations of all other authorities having jurisdiction.

A packet of additional information for the Big Chino Water Delivery System is available upon request, including project-specific information such as maps, budgets, pipeline alignment and right-of-way acquisition, target implementation timeframes, ownership and financing options, water service areas, Prescott Active Management Area safe-yield analysis, and water rate and impact fee studies. To obtain access to this additional information contact James Holt, Senior Project Manager, City of Prescott, at (928) 777-1696.

Firms/persons interested in providing the professional PPP advisory services for this project may schedule individual meetings with James Holt, Senior Project Manager, City of Prescott, to discuss the project and the goals of the City, prior to submitting a Statement of Qualifications.

Each submittal of Statement of Qualifications shall clearly indicate which PPP advisory service the respondent is proposing to provide: financial, legal or technical.

Sealed Statements of Qualifications shall be received by the Purchasing Manager until 2:00 p.m. Arizona PDT on Monday, August 31, 2009, at City Hall, 201 S. Cortez St., P.O. Box 2059, Prescott, AZ 86302. Any submittals received after the deadline may be returned unopened. The City of Prescott reserves the right to reject any and all submittals, and the City assumes no responsibility for the cost of preparing a response to this request.

The outside of the submittal envelope shall indicate the name and address of the respondent, shall be addressed to the Purchasing Manager of Prescott at the above address, and be marked: "Statement of Qualifications: Financial, Legal and Technical Advisory Services for Public-Private Partnership Procurement of the Big Chino Water Delivery System."

Dawn Foster, Purchasing Manager
City of Prescott

Date

CITY OF PRESCOTT

Request for Statements of Qualifications for Financial, Legal and Technical Advisory Services for Public-Private Partnership Procurement of the Big Chino Water Delivery System

I. GENERAL INFORMATION

Pursuant to the Joint Work-Study Meeting of April 1, 2009, between the City of Prescott and the Town of Prescott Valley Councils, the municipalities' staffs were authorized to secure financial, legal and technical advisory services to assist in the development of a Public-Private Partnership for procurement of the Big Chino Water Delivery System. In December 2004 the two communities approved an intergovernmental agreement (IGA) providing for acquisition of the Big Chino Water Ranch property, construction and operation of a pipeline for transmission of water into the municipalities, sale of the water, and cost participation. Project investment to date by the City of Prescott and Town of Prescott Valley totals approximately \$35 million. Discussions are also being held regarding participation in the project by the Town of Chino Valley, not presently a party to the IGA, to transport and deliver an additional quantity of water for that municipality.

The City of Prescott, on behalf of Prescott and Prescott Valley, is therefore requesting Statements of Qualifications from qualified firm(s) for professional financial, legal and technical advisory services for the procurement of the Big Chino Water Delivery System through a Public-Private Partnership. Each qualified firm submitting a Statement of Qualifications for this project shall clearly indicate which PPP advisory service the firm is proposing to provide: financial, legal or technical.

A. City of Prescott Water Enterprise. The City of Prescott water service area, in addition to the City proper, extends into the Town of Chino Valley, the Yavapai-Prescott Indian Tribe Reservation, and certain surrounding areas of unincorporated Yavapai County. The City's water system is complex, with six (6) water production wells, 31 storage tanks with 28 million gallons of capacity, 40 pump stations, and 47 distinct pressure zones.

The City's current source of water supply is from six (6) production wells located within the Town of Chino Valley, Arizona, in the Little Chino Sub-basin, approximately 15 miles north of the Prescott city limits. Water is conveyed from the Chino Valley Water Production Facility to the City via 18", 24" and 36" high-pressure (450 psi) transmission lines. The City's well fields produced approximately 8,400 acre-ft of water in 2007.

The present population of the City of Prescott is 43,000 and the 2025 projected population is 64,000 residents. The average growth rate of 2% - 3% per year has decreased due to the current economy, however, recovery is anticipated. Annexation of large tracts into the City will require reevaluation of the population forecast.

B. Town of Prescott Valley Water Enterprise. The Town of Prescott Valley operates a system purveying approximately 5,500 acre-feet of water per year to a population of 42,000. The system consists of 25 wells, with a production capacity of about 15 mgd, and 13 storage tanks with a combined capacity of 13 million gallons. Prescott Valley anticipates a 2025 population of approximately 65,000.

C. Town of Chino Valley Water Enterprise. The Town of Chino Valley, located 15 miles north of the City of Prescott has experienced rapid growth in recent years. The present population of Chino Valley is 13,000 and is projected to be 27,000 by 2025. Chino Valley, long dependent upon individual domestic water wells, is currently developing water system infrastructure sufficient to serve both current and projected demands. Imported groundwater from the Big Chino Sub-basin is anticipated to be an essential element in the Town of Chino Valley's future water supply.

D. Prescott Active Management Area (AMA). The three communities are located within the Prescott AMA. In January 1999, the Arizona Department of Water Resources declared that the Prescott AMA was no longer at safe-yield, which triggered full implementation of Assured Water Supply Rules, requiring that only renewable or imported water supplies from outside the Prescott AMA be utilized for new subdivision approval within the AMA. Imported groundwater resources from the Big Chino Sub-basin will be used by the communities for both future development and to achieve the safe-yield goal of the Prescott AMA.

As previously mentioned, in late 2004 the City of Prescott, in partnership with the Town of Prescott Valley, purchased lands north of the Prescott AMA in the Big Chino Sub-basin of the Verde River Groundwater Basin now referred to as the Big Chino Water Ranch. The Big Chino Water Ranch is comprised of 4,582.1 acres of deeded lands and 1,808.6 acres of Arizona State Land within Yavapai County located in Townships 19 and 20 North-Range 4 West and Township 20 North-Range 5 West, G&SRB&M.

The City of Prescott and the Town of Prescott Valley intend to develop a well field and associated infrastructure within the Big Chino Water Ranch, improve access to it, and construct the pipeline and additional infrastructure described herein to transport water across groundwater basin boundaries for use inside the Prescott AMA. The total cost forward to develop this project is estimated to be \$135,000,000. The partners have already spent \$35 million on design and land acquisition and are committed to bringing this project to completion.

In September 2005 the City of Prescott engaged the engineering firm of Black and Veatch to design project improvements, including pipelines, pumping facilities and reservoirs. Upon request, access to the conceptual design documents, which may be used to evaluate the project or for preliminary value engineering, will be provided.

Although conceptually designed, the well field and all other improvements within the Big Chino Water Ranch property have not yet been fully engineered. An agreement for PPP delivery of the project may include engineering, construction and financing of the well field.

Located in central Arizona, Prescott is the Yavapai County seat. Direct flights to the City are available from both Los Angeles (LAX) and Phoenix (PHX). For more information refer to the City of Prescott (www.cityofprescott.net), Town of Prescott Valley (www.pvaz.net) and Town of Chino Valley (www.chinoaz.net) websites.

The Prescott region is located at an elevation of 5000 feet in the mountains of north/central Arizona. Its moderate climate makes the Prescott area ideal for living, working, retiring and recreating. The area has been named one of America’s best places to retire in four national/international publications over the past five years. The area has experienced a continuous influx of new residents and one of the highest growth rates in the country among non-metropolitan areas. Its proximity to major markets in California and the Phoenix metropolitan area continues to be a major attraction for new and expanding businesses.

II. SCOPE OF SERVICES

The tentative scope of engagement includes an evaluation of alternative project delivery options utilizing multiple criteria analysis and a complete range of PPP professional advisory services including financial modeling and analysis, specialized public-private contract counsel, and technical assistance with respect to the construction, operation and maintenance of the system. Public infrastructure responsibilities include design and/or design review, permitting, construction, operation, maintenance, management, and possible ownership of facilities to pump, convey, import and deliver up to 12,000 acre-feet of water annually from the Big Chino Sub-basin to the Prescott AMA. These facilities may consist of the following components:

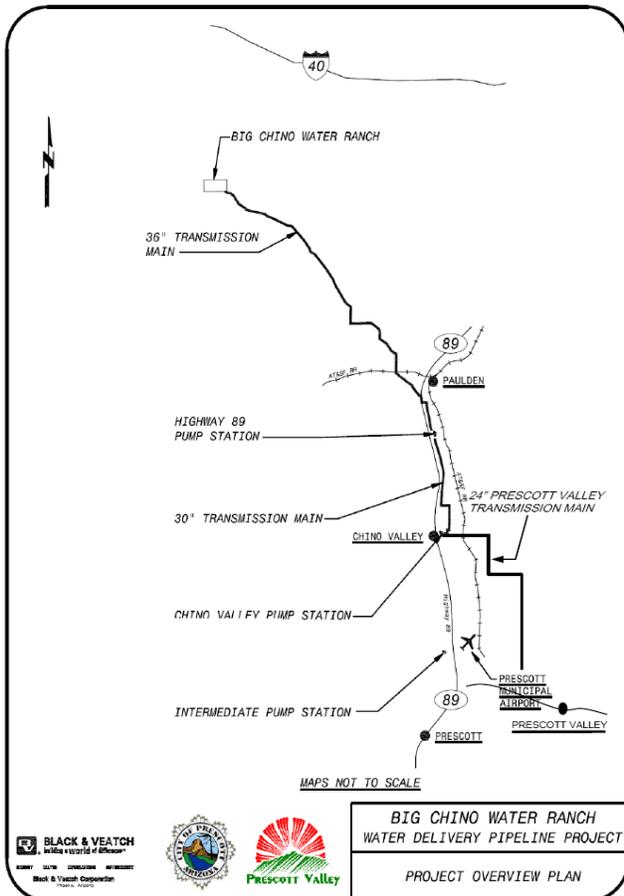


Figure 1. Big Chino Water Delivery System

1. Well field – multiple wells, connecting pipes and storage reservoirs on the City’s Big Chino Water Ranch property
2. Big Chino Water Delivery Pipeline – approximately 30 miles of pipeline varying from 30 to 36 inches in diameter, with a maximum delivery capacity of 27.5 cubic feet per second
3. Pumping Facilities – Highway 89 Pump Station and Chino Valley Water Production Facility. The Intermediate Pump Station and storage reservoirs will be constructed separately by others.

4. Prescott Valley Pipeline – approximately 15 miles of 24-inch diameter pipe

The purpose of the project is to produce and transport groundwater from the Big Chino Water Ranch, located approximately 18 miles northwest of Paulden, Arizona, to the City's Chino Valley Water Production Facility located in Chino Valley, Arizona. Water will then be conveyed to the City utilizing existing infrastructure and to its partner, the Town of Prescott Valley, utilizing the Prescott Valley Pipeline, and to other users who may participate, e.g., the Town of Chino Valley.

The provision of professional PPP advisory services, the public-private partnership and all related services for this project will be governed by applicable laws of the United States, State of Arizona, municipal ordinances, and the rules and regulations of all authorities having jurisdiction.

Respondents are advised that this is a large, complex project which may experience schedule interruptions arising from permitting, regulatory influences, the availability of electrical power supplies, litigation, and/or other actions. Any contract entered into by the City for advisory services for project implementation shall acknowledge, contemplate, and provide for such influences and/or interruptions.

III. PROCESS

The City is requesting Statements of Qualifications from qualified firm(s) for financial, legal and technical advisory services for the procurement of Big Chino Water Delivery System through a Public-Private Partnership.

The City will convene a Selection Committee to evaluate all responsive submittals for each PPP advisory service (financial, legal, technical) sought, based on the evaluation criteria set forth herein. The City reserves the right to reject any or all Statements of Qualifications in part or in whole. At the option of the Selection Committee, up to five (5) persons/firms qualified to provide financial advisory services, up to five (5) persons/firms qualified to provide legal advisory services and up to five (5) persons/firms qualified to provide technical advisory services may be called to discuss the agreement and the relative methods of approach for furnishing the required professional PPP advisory services. The Selection Committee shall select, in order of preference, a list of no more than three (3) persons/firms it deems to be the most qualified to provide each of the PPP advisory services. The contracts for this project shall be awarded on the basis of demonstrated competence and qualifications.

The City will enter into negotiations for a contract with the highest ranked person or firm within each category of PPP advisory service sought, to include compensation and other contract terms. The City will require all successful PPP advisory service providers to sign an agreement that they would not compete or respond to any solicitation from the City for a private partner for delivery of the Big Chino Water Delivery Project through a public-private partnership. If the City is not able to negotiate a satisfactory contract with the person/firm considered to be the most qualified, it shall formally terminate negotiations with that person/firm. The City may undertake

negotiations with the next most qualified person/firm in sequence until an agreement is reached or a determination is made to reject all persons/firms on the final list.

IV. ADDITIONAL INFORMATION

1. Inquiries: Please direct all inquiries regarding the **Big Chino Water Delivery System** only to:

James Holt
City of Prescott
Senior Project Manager
201 S. Cortez St.
P.O. Box 2059
Prescott AZ 8630
928-777-1696 928-777-1255(F)
james.holt@cityofprescott.net

Inquiries may be made between 8:00AM to 12:00 Noon and 1:00PM to 5:00PM, Arizona PDT, Monday through Friday. No other City personnel are to be contacted.

2. A packet of additional supporting information for this Request for Statements of Qualifications is available upon request. This project-specific information may include:

- maps
- budgets
- pipeline alignment and right-of-way acquisition
- target implementation timeframes
- ownership and financing options
- water service area information
- safe-yield analysis
- water rate information

Other supplemental information available includes:

- Most recent debt offerings made by the two municipalities
- Rating reviews of the two communities
- City of Prescott 2008 Water and Wastewater Rate and Impact Fee Study
- Town of Prescott Valley Water Rate and Impact Fee Study
- Big Chino Water Ranch Project Update-Presentation to Joint City of Prescott, Town of Prescott Valley Council Work-Study Session, August 12, 2008
- Big Chino Water Ranch Impact Analysis, Elliot D. Pollack & Company, August 2008

To obtain access to the additional information for the Request for Statements of Qualification for PPP advisory services for the Big Chino Water Delivery System, contact Mr. Holt.

3. An optional pre-submittal telephone conference is scheduled for August 10, 2009 at 1:00 PM Arizona PDT. Advance registration for the telephone conference is required. Notify Mr. Holt at the e-mail address provided in this notice with contact name, contact information, and company name no later than 5:00 PM Arizona PDT, August 7, 2009. Telephone conference instructions will be supplied to those individuals and firms requesting participation no later than 10:00 AM Arizona PDT on August 10, 2009.

V. SUBMITTAL REQUIREMENTS

Each Statement of Qualification shall address ALL of the following:

1. Firm or Consortium: Legal names, addresses, the legal form of each firm (e.g., partnership, corporation, joint venture, sole proprietorship) and date of establishment. If a corporation, identify the state in which it is incorporated. If a consortium, identify the members and provide all the information required under this section for each member. If the firm is a wholly owned subsidiary of a "parent company," identify the "parent company." Attach a brochure or website address for the company or firm, if available.
2. Each Respondent submitting a Statement of Qualifications for this project shall clearly indicate which PPP advisory service the firm is proposing to provide: financial, legal and/or technical PPP advisory service.
3. Respondent's experience in providing similar PPP advisory services to similar municipalities, agencies, and/or other government entities. List recent experience of at least two (2) comparable projects completed within the past five (5) years. Include descriptions of the type of project, the proposed schedule for completion vs. actual completion schedule, and the name, address and telephone number of contact for the owner of each project. Indicate the individuals responsible for each project, the level of that responsibility, and whether they are still employed by your firm or consortium members.
4. Discuss the capacity and capability of your organization to perform the work according to the attached schedule.
5. List names, addresses and telephone numbers for at least three references within the last three years for which services have been provided similar to those described herein.
6. Provide a narrative discussion of the following questions:
 - A. Describe the evaluation of alternative project delivery options utilizing multiple criteria analysis you have employed for similar projects.
 - B. Describe the financial analysis you would use to evaluate a project of this type.
 - C. Describe the method of evaluation of a private party's proposed investment or equity position in the project.
 - D. How might you evaluate the allocation of risk between the public and private partners in a project such as this?

- E. Describe the organizational structure you would utilize to ensure consistent and appropriate communication and lines of responsibility among project members.
- F. Describe the performance monitoring and quality control mechanisms you would utilize.
- G. Discuss or describe any anticipated major issues which could jeopardize completion of this project, and the solutions or options that were employed to resolve them for projects completed with other PPP Partners.

7. Discuss any other relevant topics.

Furnish five (5) copies of your submittal to the Prescott City Clerk's office at City Hall, 201 S. Cortez St., P.O. Box 2059, Prescott, AZ 86302. The outside of the envelope shall clearly indicate the name and address of the person/firm submitting the packet, and the project name, "Statement of Qualifications: Financial, Legal and Technical Advisory Services for Public-Private Partnership Procurement of the Big Chino Water Delivery System."

All Statements of Qualification shall be submitted on or before 2:00 PM Arizona PDT, Monday, August 31, 2009.

VI. GENERAL TERMS AND CONDITIONS

1. This Request for Statements of Qualifications will not commit the City to enter into an agreement, to pay any cost incurred in the preparation of a Request for Statements of Qualifications in response to this notice or in subsequent negotiations, or to procure or contract for the project.
2. At any time prior to the specified time and date set for the Request for Statements of Qualifications submission, a person/firm, or their designated representative, may withdraw their Statement of Qualifications.
3. The issuance of this Request for Statements of Qualifications and the acceptance of any Statement of Qualifications do not constitute an agreement by the City that any contract will actually be entered into by the City of Prescott. The City of Prescott expressly reserves the right to:
 - Reject any or all Statements of Qualifications.
 - Reissue a Request for Statements of Qualifications.
 - Extend the timeframe for submission of the Statements of Qualifications submittals by notification to all parties who have registered an interest in this Request with the City.
 - Request more information from any or all applicants.
 - Waive any immaterial defect or informality.
 - Decline to go forward with the Request for Statements of Qualifications to any contract.

4. Each respondent and potential respondent will be responsible for all costs incurred in preparing a response to this Request for Statements of Qualifications.
5. All materials and documents submitted in response to this Request for Statements of Qualifications will become the property of the City and will not be returned. Persons/firms who participate in further discussions will be responsible for all costs incurred by it during those discussions whether or not such discussions lead to a contract with the City.

VII. SCHEDULE & MILESTONES

Requests for Statements of Qualifications for PPP Advisory Services

Schedule

Request for Statements of Qualifications for PPP Advisory Services Issued	July 17, 2009
Statements of Qualifications for PPP Advisory Services Due	August 31, 2009
Presentation of Recommendations for PPP Advisory Services to Joint Session of Prescott City & Prescott Valley Town Councils	September 30, 2009
Approval of Contracts for PPP Advisory Services by Joint Session of Prescott City & Prescott Valley Town Councils	October 14, 2009

Milestones

Request for Statements of Qualifications for Private Partner(s) for Big Chino Water Delivery System Issued	January 2010
Statements of Qualifications for Private Partner(s) for Big Chino Water Delivery System PPP Due	March 2010
