

REQUEST FOR PROPOSALS

PROJECT ALIGN

Utility Organizational Readiness, Billing and Data Integrity, Water and Sewer Rate Study, and System Development Fee Study

Accuracy | Long-term Sustainability | Integrity | Governance | Next-Generation

RFP number	10-26-0001
Issue date	Monday, October 12, 2026
Questions due	Monday, October 26, 2026, 5:00PM
Response to Questions/ Addendum Issued (If needed)	Wednesday, October 28, 2026, (Addendum issued by 5:00PM if needed)
DOWNLOAD RFQ & ADDENDUMS LINK:	https://cloud.lexingtonnc.gov/s/G8ZzWWhcejodjBL
Proposals due	Monday, November 2, 2026, 4:00PM
PROPOSAL SUBMISSION LINK:	https://cloud.lexingtonnc.gov/s/WfMQoqGFXZGRiaE
Procurement contact	Britt Smith, Purchasing Officer
Project Lead	David Lambert, Assistant City Manager
City address	28 W. Center Street, Lexington, NC 27292
Anticipated commencement	November 2026

The City reserves the right to revise the schedule by written addendum.

Invitation

The City of Lexington invites proposals from experienced consulting firms or multidisciplinary teams to support Project ALIGN, a forward-looking utility organizational readiness and financial strategy initiative. The selected consultant will help the City strengthen the systems, processes, policies, organizational structure, financial practices, data controls, and management tools needed to remain responsive as service demands, infrastructure needs, customer expectations, technology, and regulatory requirements evolve.

The engagement includes utility operational and organizational assessment, end-to-end process mapping, policy and SOP development, centralized utility billing and data integrity, water meter reading and billing controls, a focused sanitation billing review for trash and recycling, third-party billing and data exchange controls, a comprehensive water and sewer rate study, a system development fee study, stormwater billing and financial analysis, and implementation support. For Stormwater, the City is particularly interested in a billing and fee framework that is equitable, administratively workable, legally supportable, understandable to customers, and sustainable over time. The City seeks a team that can connect financial analysis with the day-to-day processes that create customer accounts, deliver utility service, generate bills, exchange data, allocate costs, and support management decisions.

The City expects an implementation-oriented engagement. Recommendations should be translated, where appropriate, into usable reports, queries, reconciliations, process maps, policy drafts, SOPs, financial models, data cleanup assistance, training, and transition steps rather than a report-only product.

1. Project Purpose and Strategic Context

Project ALIGN is intended to prepare the City's utility and support functions for the next stage of organizational and financial maturity. The City is seeking an independent, practical review of how work is organized, how information moves, how financial decisions are supported, and how customer and development activity becomes utility service and billing.

The project is not a financial statement audit, forensic investigation, or individual employee performance review. The consultant should identify and preserve practices that are working well, identify opportunities to improve consistency or scalability, and help the City establish a more documented, resilient, and responsive operating model.

The City's management objective is to verify that authorized revenues are applied consistently, ensure account and billing data remain accurate, place responsibilities and controls where they can be sustained, understand the cost and revenue requirements of the water and sewer utilities, update system development fees in accordance with applicable law, and establish a clear basis for future management and governing-board decisions.

1.1 Desired Organizational Characteristics

- Clear ownership of processes, decisions, data, and customer outcomes.
- Consistent external service experience for residents, businesses, developers, and partner organizations.
- Documented internal handoffs that remain effective despite staff turnover, growth, or changes in technology.
- Financial and operational information that allows management and the governing board to distinguish operating needs, capital needs, reserves, cost allocation, rate requirements, and development-related cost recovery.
- Policies and SOPs that reflect actual operations, define responsibilities, and support timely decisions.
- An organizational structure that places functions, authority, staffing, and accountability where they can best support utility operations and customer service.
- Reusable management tools, reports, reconciliations, and controls that City staff can maintain after the engagement.

1.2 Functional Scope

The functional scope is centered on the City's centralized utility billing and the departments and utility operations that create, maintain, use, or rely on billing and customer data. The engagement will primarily involve Electric, Natural Gas, Water, Sewer, Stormwater, Sanitation (trash and recycling billing), Finance, IT, Customer Service, and related utility administration functions. Other functions may be included where a process or data handoff materially affects utility service, account accuracy, billing, collections, development activity, or operational

responsiveness. Sanitation is included only for billing accuracy and related service-to-account handoffs, not a comprehensive collection operations or rate study.

The City performs utility billing internally for most customers. Certain customers or service areas are billed through another agency or external entity. The consultant shall evaluate the data exchanges, responsibilities, timing, reconciliation, exception handling, and communication required between the City and those entities so that customer, service, usage, rate, and billing information remains complete and synchronized.

The review should consider how billing and customer data support operations as well as financial reporting. Recommendations should help field and utility operations receive timely, reliable information and ensure that operational changes, service status, meter activity, development activity, and other relevant events are reflected in billing and customer records.

1.3 Lexington Utility Context

The following background is provided to assist respondents in understanding the scale and operating environment of the engagement. Respondents should validate material assumptions during the project.

- **Utility Enterprise.** The City owns and operates water, wastewater, electric, and natural gas utility systems and administers a stormwater utility program. Utility services represent a significant portion of the City's overall financial operations. The FY 2026-27 City budget identifies approximately \$97 million associated with business-enterprise services, including electric, natural gas, water resources, and stormwater.
- **Water and Wastewater.** The Water and Sewer Operating Fund is operated as a self-supporting enterprise fund. The City operates two water treatment plants with approximately 9.3 MGD of combined capacity, serves approximately 9,015 retail water customers, and maintains approximately 200 miles of water distribution mains. The City also operates a regional wastewater treatment facility with approximately 6.5 MGD of permitted capacity, serves approximately 9,658 retail wastewater customers, and maintains approximately 200 miles of gravity and pressurized sewer mains, together with pump stations and related infrastructure. The approved FY 2026-27 Water and Sewer operating budget is approximately \$21.2 million. Because Project ALIGN includes a comprehensive water and sewer rate study and System Development Fee analysis, respondents should anticipate a more detailed financial, rate, capital, customer-classification, and demand analysis of these systems.
- **Electric.** Lexington is a municipal public-power provider serving residential, commercial, and industrial customers. The City's most recently published departmental performance measures report approximately 20,190 electric customers and 1,331 miles of electric line for FY 2023-24. Lexington has participated in North Carolina public power since 1904, and electric system operations have been managed in partnership with ElectriCities of North Carolina since 2018.
- **Natural Gas.** Lexington has operated a municipal natural gas system since 1954 and provides residential, commercial, and industrial service throughout much of Davidson County. The City's most recently published departmental performance measures report approximately 10,176 customers, 525 miles of natural gas main, and 293 miles of service line for FY 2023-24. The City's gas rate structure includes multiple residential, commercial, and industrial classifications.
- **Stormwater.** Lexington operates a municipal stormwater program and is a federally designated NPDES Phase II community. The program is administered through the Public Services function and supports drainage infrastructure, regulatory compliance, maintenance, street sweeping, and related stormwater responsibilities. Stormwater charges are administered through the City's utility billing environment rather than through a county property-tax billing process. The City's billing framework uses an Equivalent Residential Unit (ERU) methodology, with non-residential charges based on impervious area. This structure creates important account-management questions involving parcel data, ownership and tenancy changes, inactive utility accounts, billing continuity, exemptions and adjustments, and coordination among Stormwater, GIS, Customer Service, Finance, and other functions.
- **Sanitation Billing.** Trash and recycling services are included for a focused review of applicable charges, service records, account coverage, and coordination between Sanitation and centralized billing. Respondents should confirm the City's current fee structure and service eligibility rules during the engagement.
- **Centralized Utility Billing and Customer Service.** The City centrally administers utility accounts and customer service across multiple utility services. Most utility billing is performed directly by the City; however, certain customer populations and services involve billing or data exchanges with outside entities. Project ALIGN is intended to evaluate the reliability of these interfaces, establish clear data ownership and

reconciliation practices, and ensure that operational changes consistently result in accurate customer accounts and billing.

- **Billing Environment.** Water and wastewater services are billed monthly using base and consumption charges with inside-city and outside-city distinctions. Electric and natural gas services have multiple customer and rate classifications, while Stormwater introduces property- and impervious-area-based billing considerations that differ from traditional metered utility services. The City currently uses Cayenta as its utility billing system. Recommendations, controls, reports, rate structures, and operating procedures should be implementable within the City's existing billing environment unless the consultant separately identifies a future technology or system recommendation.

2. Scope of Services

2.1 Organizational Readiness and Operating Model

- Assess whether the City's current operating model is positioned to support reliable utility administration, responsive customer service, growth, major capital investment, economic development activity, technology changes, and evolving regulatory or legislative requirements. The assessment shall focus on functions and organizational design rather than individual employee performance.
- Review functional responsibilities, reporting relationships, spans of responsibility, decision rights, staffing roles, backup coverage, and separation of duties across the functions included in ALIGN.
- Identify areas where responsibility is unclear, duplicated, fragmented, overly dependent on an individual position, or separated from the information needed to perform the work.
- Evaluate whether selected functions should remain decentralized, be coordinated through a centralized utility administration function, be centralized elsewhere, or be assigned to a different department or organizational level.
- Recommend structural or functional changes where they would improve accountability, service responsiveness, financial stewardship, process continuity, or management capacity.
- For significant recommendations, provide rationale, organizational implications, likely staffing or budget effects, sequencing, and practical transition steps.
- Identify governance routines that should be established or strengthened, such as recurring cross-functional reviews, rate-change controls, billing exception reviews, capital and reserve reviews, data governance routines, or management dashboards.

2.2 End-to-End Process Mapping and Future-State Design

Develop clear, usable process maps that show both how the City's utility processes are experienced externally and how work occurs internally. The process mapping shall not be limited to a narrative description. The City expects visual, editable flow charts suitable for staff training, management review, and future process improvement.

At minimum, the consultant shall develop current-state and recommended future-state maps for the principal utility customer and development-to-billing processes. The mapping should address new service, development or redevelopment, changes to existing service, meter or account changes, billing, adjustments, service issues, third-party data exchanges, and closure or termination where material. Use shared maps for common processes, with utility-specific variations or exception paths where material; separate complete map sets for every utility are not required. The sanitation review may be incorporated into the shared service-to-billing workflow.

View	Required content	Purpose
External service journey	What a resident, business, developer, contractor, or partner must do; required information; points of contact; expected communications; key decisions; status updates; and the transition from request or development activity to active service and billing.	Create a clear picture of the customer-facing experience and identify opportunities to make the City easier to navigate and more responsive.
Internal operating workflow	Department and role swimlanes showing intake, approvals, field activity, GIS updates, meter or asset records, account setup, rate or class assignment, billing, review, exceptions, financial posting, data exchange, and	Show how work actually moves across departments and systems and establish accountability for each handoff.

	escalation. Identify systems, records, controls, decision points, timing, and handoffs.	
External-to-internal crosswalk	Connect each major external step to the internal actions required to fulfill it, including the responsible function and expected service standard.	Make visible where the customer experience depends on internal coordination and create a common operating model across departments.

Future-state maps shall identify recommended ownership, service standards, controls, records, system touchpoints, data responsibilities, and escalation paths. The consultant shall provide maps in editable source format and publication-ready format.

2.3 Policy, Procedure, and SOP Framework

- Review written policies, procedures, practices, forms, and informal operating conventions that govern the processes within ALIGN.
- Create an inventory of relevant policies and procedures and identify conflicts, gaps, outdated provisions, inconsistent terminology, or areas where actual practice is not adequately documented.
- Recommend edits to existing policies and prepare proposed redline and clean versions for City consideration where changes are warranted.
- Identify areas where a new policy is appropriate and draft proposed policy language for City review.
- Develop or revise SOPs for material recurring processes, including roles, triggers, required inputs, step-by-step actions, decision points, controls, approvals, documentation requirements, escalation, backup responsibility, and evidence of completion.
- Develop practical forms, checklists, templates, or job aids where they would improve consistency or reduce dependence on institutional knowledge.
- Identify which documents require administrative approval, governing-board action, legal review, or other formal adoption.

2.4 Billing, Revenue Integrity, and Data Assurance

- Evaluate whether customer, account, meter, service, rate, and billing data are accurate and whether authorized rates and charges are consistently translated into customer accounts and bills.
- Reconcile authorized rate schedules, effective dates, account classifications, billing-system rate tables, meter or multiplier factors, service status, and actual billing logic on a risk-based basis.
- Analyze account, meter, usage, billing, adjustment, collection, and related operational data to identify material exceptions such as missing or inactive accounts, unusual zero or low bills, classification anomalies, unusual credits, inconsistent factors, duplicate or incomplete records, and incomplete data handoffs.
- Review the controls used to establish and maintain accounts, apply rate changes, maintain meter factors, process adjustments, update service or property information, and confirm that field or operational activity becomes an appropriate customer record and bill.
- Quantify material financial opportunities or exposures where reasonably determinable, while clearly distinguishing preliminary estimates, validated amounts, amounts authorized for billing or recovery, and recurring revenue protection.
- Recommend and, where practical, assist with development of reusable exception reports, reconciliations, management dashboards, periodic data-validation routines, and review practices with assigned ownership and frequency.
- Provide guidance on specific reports, queries, data-cleanup activities, and other practical tools needed to establish and maintain reliable utility data.
- Assist City staff with approved data cleanup, process, configuration, documentation, reporting, or control improvements and perform follow-up testing to confirm that selected changes operate as intended.
- Independently recalculate representative customer bills using authorized rates and source data, and compare expected charges with actual billing-system results. Include material rate changes, inside-city and outside-city classifications, meter multipliers, estimated reads, deduct meters, and applicable trash and recycling charges. For estimated reads, compare the current method with a reasonable alternative using selected accounts and periods where actual reads are available. Use a City-approved test environment where available, or independent calculations from authorized extracts. Document test cases, assumptions, expected and actual results, discrepancies, and corrective actions; expand testing only as justified by findings and authorized scope.

2.4.1 Water Meter Reading and Billing Accuracy

- Reconcile the water meter inventory, reading system, active service records, and billing accounts. Identify installed and active meters, meters expected to be read each billing cycle, and meters successfully read, validated, and used for billing. Document scheduled and actual reading frequency by reading method and cycle, including manual, drive-by, or automated methods where applicable, and distinguish automated data collection frequency from the reading used to generate a bill.
- Review missed, stale, estimated, rejected, and repeated zero reads; unusually high or low usage; inactive meters with usage; and active services without a corresponding billed reading. Evaluate how exceptions are identified, reread or investigated, approved for estimation, corrected, and carried forward to resolution.
- Use risk-based samples to trace source readings through transfer, validation, consumption calculation, and billing. Verify meter and account identifiers, read dates and billing periods, units of measure, multipliers, meter size, and replacement or rollover handling. Review existing meter testing and replacement practices and recommend targeted physical testing where records indicate possible meter accuracy issues; consultant field testing or systemwide meter testing is outside the base scope.
- Provide a reusable reconciliation by billing cycle showing expected reads, successful reads, validated reads used for billing, estimated bills, missed or stale reads, and unresolved exceptions. Define each measure and denominator, assign review and correction responsibilities, and recommend reporting frequency and escalation thresholds. These counts should reconcile with meter and account records rather than assume one customer equals one meter.

2.4.2 Sanitation Billing for Trash and Recycling

- Compare available trash and recycling service, route, and container records with billing accounts using electronic matching where practical and targeted samples. Verify applicable fees, customer classifications, billable service or container counts where relevant, and the treatment of new service, changes, exemptions, and terminations. Identify eligible services not billed, duplicate or incorrect charges, and charges inconsistent with current service.
- Recommend a simple recurring reconciliation and exception report, with responsibility for notifying billing of service changes and confirming corrections. Incorporate findings into the existing billing controls and SOP deliverables. A sanitation cost-of-service study, rate redesign, collection route optimization, and staffing or fleet assessment are outside the base scope.

2.5 Third-Party Billing and Interagency Data Management

- Document the current data flow between the City and any outside agency or entity that bills utility customers or maintains information used for billing. Identify the authoritative source for each key data element, required exchange frequency, responsible party, validation method, exception process, and escalation path. Review applicable agreements, memoranda, service arrangements, and documented business rules with outside entities to determine whether responsibilities for account creation, usage data, rate updates, adjustments, collections, ownership changes, and reconciliation are clear and consistent with actual practice.
- Evaluate whether the City can independently reconcile customers, services, usage, rates, adjustments, amounts billed, collections, and changes received from or transmitted to outside entities.
- Recommend reports, file controls, certifications, reconciliations, and periodic reviews needed to maintain confidence in the data.
- Recommend improvements to data formats, transfer practices, responsibilities, documentation, and response protocols so discrepancies can be identified, researched, corrected, and communicated promptly and operational staff can rely on the information when responding to service needs.

2.6 Comprehensive Water and Sewer Rate Study

The water and sewer rate study is a required core workstream. It shall be coordinated with the broader ALIGN review so that rate recommendations reflect validated billing assumptions, appropriate operating and capital costs, customer usage, debt obligations, reserve considerations, growth, and the City's current and planned capital program. The detailed financial forecasting required in this subsection applies to the water and sewer rate study and is not intended to require an equivalent multi-year forecast for every utility included in Project ALIGN.

2.6.1 Financial and Rate Sufficiency Analysis

- Review historical and current operating expenses, revenues, customer and usage data, meter sizes, customer classes, current rate schedules, debt service, depreciation, capital needs, financing plans,

contractual obligations, and growth assumptions. Review the timing, cost, and funding assumptions for planned capital improvements and coordinate those assumptions with available master plans, capital improvement plans, engineering studies, and other relevant technical information.

- Provide a ten-year forecast of revenues, operation and maintenance expenses, and capital improvement costs sufficient to evaluate long-term rate sufficiency and identify a recommended five-year rate structure.
- Evaluate whether projected revenues will support appropriate reserves, debt and bond coverage requirements, cash flow and working capital needs, and planned capital funding.
- Where grant, loan, debt, capital timing, or other financing assumptions remain uncertain, evaluate reasonable alternative scenarios and identify the resulting effects on revenue requirements, debt coverage, reserves, cash flow, and customer rates.
- Assess the performance and sustainability of the current rate structure under current conditions and projected growth demands.
- Consider the City's ability to satisfy relevant ranking or financial requirements for potential funding sources, including Department of Water Infrastructure applications where applicable.

2.6.2 Cost of Service and Rate Design

- Determine the water and sewer revenue requirements and evaluate allocation of costs among applicable customer classes and rate components, including fixed, capacity, commodity, volumetric, and other material cost drivers.
- Review customer-class definitions and nonstandard service arrangements that may require distinct billing, rate, or cost-of-service treatment, such as master-metered or shared-meter accounts, multifamily or mixed-use properties, large commercial or industrial accounts, deduct or submeter arrangements, and other atypical configurations identified during the study.
- Evaluate the existing rate structures and develop practical alternatives, which may include flat, uniform, increasing block, decreasing block, hybrid, or other structures appropriate to Lexington. Evaluate alternatives for cost-of-service alignment, revenue stability, administrative simplicity, customer understandability, billing-system compatibility, and applicable City policy objectives, including conservation or affordability where directed by the City.
- Compare proposed rates to selected surrounding and similarly situated utilities for context, while emphasizing Lexington's own cost and revenue requirements as the basis for recommendations.
- Evaluate representative customer bill impacts and identify the operational and billing-system changes required to implement recommended rates.
- Ensure recommended rate structures are compatible with the City's existing Cayenta utility billing environment and can be clearly explained to customers.

2.6.3 Electronic Rate Model and Implementation

- Develop an editable electronic rate model in Microsoft Excel or another City-approved format. Compatibility with established public-sector water and wastewater rate analysis methodologies is preferred.
- The model shall allow City staff to update consumption patterns by customer classification; major operating cost categories; debt service; capital costs; depreciation; growth assumptions; financing sources; reserves; and applicable rate inputs. The model shall be structured for practical annual updates and allow staff to revise capital project timing, cost, and duration and evaluate debt coverage or similar financial metrics without rebuilding the core model.
- The model shall integrate expected revenue from the recommended water and sewer rates and permit practical scenario testing.
- Install or transfer the completed model to the City, provide documentation and assumptions, and train at least two designated City staff members in its use.
- Provide a preliminary report and recommended rates for City staff review, incorporate comments into the final report, and present final findings to City staff and to City Council if requested.
- Assist with approved rate-table implementation and verification in the City's existing billing environment. The City retains authority to adopt rates and effective dates.
- Coordinate, as directed by the City, with engineering, capital-planning, and other technical consultants so that rate and system development fee analyses use consistent project scope, timing, cost, capacity, financing, and growth assumptions.

2.7 System Development Fee Study

The consultant shall update the City's water and sewer system development fees in accordance with the Public Water and Sewer System Development Fee Act of 2017, N.C.G.S. Chapter 162A, Article 8, as amended, and other applicable requirements.

- Review the City's current system development fee methodology, fee schedule, capital improvement information, system assets, capacity information, debt and financing information, growth assumptions, and other data necessary to complete a legally supportable fee analysis.
- Calculate and recommend updated system development fees using an appropriate statutory methodology and clearly document assumptions, calculations, credits, capacity considerations, and supporting data.
- Coordinate the system development fee analysis with the water and sewer rate study so that capital assumptions are consistent and costs are not inappropriately duplicated between revenue mechanisms.
- Prepare the technical documentation, schedules, and explanatory material needed for City review and any required statutory process.
- Present the system development fee analysis and recommendations at a regularly scheduled City Council meeting or other public meeting if requested.

2.8 Stormwater Billing, Administration, and Financial Sustainability

- Evaluate the City's stormwater utility as a stand-alone billing and financial function, including billing completeness, parcel and account coverage, applicable billing units or ERUs, exemptions and adjustments, collection practices, financial sustainability, reserves, capital needs, and rate sufficiency. The analysis shall specifically address how stormwater charges are created and maintained within the City's utility billing system rather than through a county property-tax billing program.
- Review and help the City articulate the principal policy and program goals that should govern the stormwater utility, including equity, administrative practicality, legal supportability, revenue sufficiency, customer understandability, and long-term maintainability.
- Evaluate the program cost basis, revenue requirements, fee structure basis, and allocation methodology supporting the stormwater charge. Assess whether the current approach remains fair and supportable across applicable property types and recommend practical alternatives where warranted.
- Map the full stormwater account lifecycle from identification of a billable property or change in impervious area through account creation, assignment of the charge, billing, collection, delinquency, property transfer, and account closure or change.
- Evaluate and recommend a consistent method for associating stormwater charges with the property while administering the charge through utility billing. Address owner-occupied and tenant-occupied properties, including which party is billed, how ownership and occupancy changes are identified, and how the City maintains continuity of the property-related stormwater obligation when utility customers change.
- Review the administrative and legal mechanics applicable when utility service is disconnected, terminated, transferred, or otherwise inactive. Recommend procedures for ensuring that stormwater charges continue to be assessed and accumulated as appropriate, remain traceable to the affected property, and are not inadvertently discontinued because another utility service ends.
- Review the process for property transfers and recommend a clear method for identifying outstanding stormwater amounts, communicating balances, updating ownership information, and determining how unpaid charges are handled when property changes hands, subject to applicable law and City policy. Identify legal or policy questions requiring City Attorney review rather than assuming authority that has not been established.
- Develop recurring stormwater reconciliation and exception reports designed to identify newly developed or altered properties, properties without an active utility account, owner or tenant changes, inactive accounts still subject to stormwater charges, unusual or missing ERUs, exemptions, adjustments, and other conditions that could affect billing completeness or accuracy.
- Develop a five-year stormwater operating and capital financial plan and practical rate or fee alternatives as warranted. Recommend a clear, systematic billing and collection framework that can be implemented and maintained through the City's utility billing environment.
- For any recommended stormwater fee, billing, policy, or administrative changes, provide implementation assistance that may include billing-system integration guidance, draft ordinance or fee-schedule language, policy and procedure revisions, customer or public communication materials, Council presentation support, and coordination with City staff and legal counsel.

- Prepare practical stormwater implementation and maintenance guidance identifying recurring data updates, review cycles, reports, responsible roles, exception handling, and periodic validation needed to keep the fee and account base accurate after implementation. Provide a defined period or allowance for on-call implementation assistance if proposed by the City.

2.9 Other Utility Financial Assessment

Evaluate the principal revenue, expense, reserve, capital, and financial sustainability considerations of Natural Gas and Electric using existing financial information and recent or ongoing rate evaluations. Review those evaluations for material gaps and implications for ALIGN rather than duplicate completed analysis. Identify material future pressures, opportunities to improve financial planning or cost recovery, and areas where a separate detailed study may be warranted. A full class cost-of-service and rate-design study for these utilities is outside the base scope unless separately authorized.

2.10 Implementation, Change Management, and Verification

- Implementation assistance is required. The City does not intend to receive a report that simply identifies opportunities and leaves implementation undefined.
- Maintain an implementation register identifying recommendation, owner, priority, dependency, target date, City decision required, status, and evidence of completion.
- Facilitate working sessions with affected departments to validate future-state processes, resolve ownership questions, and build practical adoption of new procedures.
- Where rate, fee, ordinance, or customer-facing policy changes are proposed, recommend an appropriate communication and engagement approach and assist with staff, stakeholder, customer, or governing-board presentations as requested.
- Provide training for designated staff on new or revised SOPs, process maps, management controls, financial models, reports, and review routines.
- For selected billing or rate-table changes, verify agreed test cases before production use and confirm results after implementation within the negotiated support allowance. City staff shall approve production changes and final customer charge or credit calculations and communications. The consultant shall provide supporting calculations and findings for those decisions.
- Conduct follow-up verification of selected implemented changes and provide an unresolved-items and next-steps register at closeout.
- Provide a practical transition roadmap for recommended organizational or structural changes, including sequencing, communications, role clarification, and interim operating arrangements.

2.11 Technology and Scope Boundaries

The City does not intend this RFQ to procure a replacement customer information system, enterprise resource planning system, or utility billing platform. The consultant shall work with existing systems and vendors as practical; recommend reports, queries, interfaces, data-management practices, and cleanup activities that improve accuracy and operational responsiveness; and identify technology gaps or future needs where relevant. Additional engineering or other regulated professional services require written City authorization and compliance with applicable procurement and licensing requirements. Where legally permissible and approved by the City, these services may be retained through a consultant-managed subcontract. Substantial software purchases, systems integration, and construction remain subject to separate authorization and applicable procurement requirements.

2.11.1 Efficient Scope and Cost Controls

Use existing City studies, financial models, policies, GIS records, and available system reports wherever reliable. Reuse validated data and assumptions across workstreams. Base billing and meter-read transaction testing on the most recent twelve complete billing months available at kickoff, supplemented by current account and configuration records and known unresolved exceptions from earlier periods. This limit does not restrict historical financial information needed for the rate, system development fee, or stormwater analyses. Broader historical transaction review requires separate City authorization.

Perform electronic completeness and exception screening across available records where practical, then use risk-based samples for detailed account tracing and manual validation. Propose the sampling approach, priorities, and coverage for City approval and disclose limitations. An account-by-account audit, full manual parcel or meter inventory, new field surveys, and new engineering or capacity studies are outside the base scope. Recommend additional work separately when material findings justify expansion.

Keep implementation support bounded and reviewable. Include a stated allowance of hours and sessions for priority reports, SOPs, selected corrections, staff training, and follow-up verification within the base fee. Identify the work the consultant will perform, the work City staff or existing vendors will perform, and the proposed closeout date. Include up to two consolidated City review rounds per deliverable and combine workshops and presentations across workstreams where practical, while retaining required statutory processes. Additional cleanup, vendor programming, ongoing on-call support, or review rounds require written authorization.

Use remote meetings where practical, combine kickoff and planning activities, and consolidate necessary site visits. Identify travel assumptions and reimbursable expense limits; reimburse approved travel only as incurred and documented within the negotiated ceiling. Any additional or optional service shall have a separate scope and not-exceed price before authorization.

Extensive individual account reviews beyond the base screening, representative testing, and included implementation allowance shall be separately authorized in batches. Before each batch, agree on the account population, review period, tasks, completion criteria, and maximum hours or fee. No work beyond a batch ceiling may proceed without written authorization from the designated City representative. Before requesting another batch, report accounts completed, unresolved cases, findings, hours and cost used, and remaining authorized budget. Required base-scope work remains covered by the base fee.

2.11.2 Specialized Support and Engineering Subconsultants

The consultant may identify, recruit, and propose qualified engineering firms or other specialized subconsultants needed to support the engagement. Where approved by the City and permitted by applicable procurement and professional licensing requirements, the consultant may contract directly with, manage, and pay the approved subconsultant. The consultant shall remain responsible for coordination, schedule, integration of findings, and performance of its contractual obligations.

Before retaining an engineering subconsultant, the consultant shall submit the proposed scope, qualifications, applicable individual and firm license information, selection method, deliverables, schedule, and proposed contracting structure for City approval. The City shall determine the applicable procurement procedure before solicitation or selection and shall approve the scope and compensation before work begins. The consultant may administer a City-approved selection process, but City approval alone does not constitute a statutory exemption.

Engineering services shall be performed through a contracting structure that satisfies North Carolina professional licensing requirements and under the responsible charge of an appropriately licensed professional engineer. **3.**

Required Deliverables

The negotiated base scope shall produce usable management tools, editable documents, implementation support, and decision-ready financial analysis. Final formats and milestones may be refined during negotiations, but the following outcomes are expected.

Deliverable	Minimum content
1. Organizational readiness assessment	Current operating model, strengths to preserve, role and accountability findings, organizational risks, and prioritized recommendations for structure, staffing responsibilities, governance, or functional placement.
2. Process architecture package (all utilities)	Current-state and future-state external service journey maps, internal swimlane workflows, and external-to-internal crosswalks, including centralized billing and third-party data handoffs. Include ownership, systems, records, controls, service standards, decision points, and escalation paths. Provide editable source files and publication-ready versions. Shared maps with material utility-specific variations are acceptable; include sanitation service-to-billing handoffs.
3. Policy and SOP package (all utilities)	Policy and procedure inventory, recommended edits, redline and clean policy drafts where warranted, new policy drafts where needed, SOPs, responsibility matrix, checklists or templates, and implementation or approval pathway.
4. Account accuracy and data-management package (all utilities)	Assessment of account and billing data accuracy; prioritized cleanup recommendations and assistance; reusable exception reports, reconciliations, queries, dashboards, review calendar, and assigned control owners; and a documented approach for keeping data accurate over time. Include water meter inventory and read-to-bill reconciliation, reading frequency and exception controls, and the focused trash and recycling billing review described in Section

	2.4. Include the early findings memo and independent billing test results, with expected and actual charges, discrepancies, and corrective actions.
5. Third-party billing and data-exchange framework (all utilities-mainly water/wastewater)	Documented data flows, source-of-truth assignments, reconciliation methods, exception handling, response protocols, and recommended controls for customers or service areas billed through another agency or external entity.
6. Water and sewer rate study- (Water/Wastewater)	Ten-year financial forecast, five-year recommended rate structure, cost-of-service and rate-design analysis, customer-class and nonstandard-service guidance, customer impacts, reasonable financing and capital-scenario analysis, editable annually maintainable electronic model, comparison information, implementation requirements, staff training, final report, and governing-board presentation.
7. System development fee study- (Water/Wastewater)	Updated water and sewer system development fee analysis compliant with N.C.G.S. Chapter 162A, Article 8, including methodology, calculations, supporting schedules, assumptions, required technical documentation, and presentation materials.
8. Stormwater billing, fee, and five-year financial plan (Stormwater)	Stormwater policy and program goals; program cost and revenue assessment; fee-structure basis and equity review; detailed account lifecycle and billing framework; owner and renter, inactive-service, delinquency, and property-transfer procedures; recurring accuracy reports and controls; five-year operating and capital financial analysis; rate or fee alternatives as warranted; draft ordinance, fee-schedule, policy, or communication materials where changes are recommended; implementation and maintenance guidance; and implementation priorities.
9. Other utility financial assessment (Gas & Electric)	Management-level assessment of material financial sustainability considerations for Electric and Natural Gas, including areas where additional detailed study may be warranted.
10. Implementation and transition roadmap (All utilities)	Prioritized actions, owners, sequencing, organizational-change steps, data cleanup actions, staff training, verification results, unresolved items, and practical continuation plan for City management. Identify the included implementation allowance, City and vendor responsibilities, and separately authorized follow-on work. Include City approvals, acceptance evidence, and the status and remaining budget of any separately authorized account-review batches.

At kickoff, agree on deliverable acceptance criteria, review responsibilities, and dates. Acceptance shall be documented in writing by the designated City representative. As applicable, deliverables shall include reproducible calculations and supporting assumptions, editable source files, reports or queries demonstrated with City data, documented test results and unresolved exceptions, and staff instructions sufficient for routine maintenance. Correct deficiencies against the agreed scope before acceptance. Additional scope shall follow the written authorization process. Proposals shall identify a payment schedule tied to defined deliverables and documented progress; separately authorized hourly work shall be supported by task-level time records and cumulative expenditures against the authorized ceiling.

4. Project Approach and Schedule

The consultant shall propose an efficient, phased work plan that allows organizational and process work, billing and data review, the water and sewer rate study, the system development fee study, and stormwater analysis to proceed in a coordinated manner. The City expects the consultant to identify early decisions or improvements that can be implemented during the engagement rather than deferring all recommendations until final closeout.

At minimum, the engagement shall include a kickoff meeting, prioritized data request, leadership and staff interviews, process observation or working sessions, recurring management updates, draft-deliverable reviews, implementation workshops, staff training, and final presentations to management and City Council as requested. The consultant shall identify one project manager responsible for integrating the financial, organizational, process, policy, billing, data, and implementation workstreams. Use brief biweekly status updates and combine review meetings across workstreams where practical. Updates shall identify completed and upcoming work, decisions needed, risks or data limitations, and fee or hours used and remaining by workstream or authorized batch, as applicable.

Respondents shall propose a project schedule identifying major milestones, City decision points, anticipated staff participation, preliminary report dates, final report dates, statutory or public-process milestones associated with the system development fee study, and any recommended public or governing-board engagement associated with material stormwater fee or policy changes. Include an early findings memo after the initial data review and staff

sessions, at a milestone proposed by the respondent and agreed at kickoff. The memo shall identify confirmed issues, preliminary financial exposure with assumptions and limitations, priority corrections, and matters requiring further investigation or City decisions. Validate factual findings with City staff, issue material findings promptly, and integrate the memo into the final analysis.

5. Data Access and City Participation

The City anticipates providing reasonably available financial reports, budgets, consumption data, meter sizes, customer classes, depreciation schedules, capital improvement information, rate schedules, billing and account extracts, meter inventories, reading schedules and logs, actual and estimated read indicators, meter testing and replacement records, usage data, sanitation service and available route or container records, debt and financing information, policies and procedures, organizational information, contracts, GIS records, development records, third-party billing files or reports, and other relevant materials.

The selected consultant shall prepare a prioritized data request, assess data quality and completeness, identify material limitations, and recommend or assist with practical data cleanup where needed. The consultant shall protect customer, employee, financial, and system information; use only authorized access; and comply with applicable confidentiality, records, and cybersecurity requirements. No production-system change may be made without City authorization.

6. Proposal Submittal Requirements

Respondents shall provide the information below, together with any supplemental information necessary to present a comprehensive view of the firm, proposed team, and approach. Responses should be clear and concise. Unless otherwise stated in an addendum, the proposal shall not exceed ten pages printed front and back or twenty pages printed only on the front, excluding resumes, requested work samples, and required forms. If a hard-copy proposal is submitted, provide three copies.

- **Project Approach:** Describe the firm's understanding of Project ALIGN and its proposed approach to the integrated workstreams. Identify special ideas, techniques, sequencing, or implementation methods that would improve the project. Explain why the proposed team is particularly suited to this engagement. Identify the resources available to the project, anticipated level of effort, concurrent workload, and any commitments that could affect the proposed schedule or availability of key personnel.
- **Qualifications:** Provide a general overview of the prime firm and any subconsultants, including unique qualifications, relevant training, and professional credentials applicable to utility finance, rate studies, system development fees, process improvement, data and billing analysis, organizational assessment, and implementation.
- **Relevant Experience:** Describe at least three similar municipal or public utility engagements completed within the past five years. Include client, dates, scope, services performed, implementation role, measurable results, and reference information. Water and sewer rate study, system development fee, and stormwater utility fee or billing implementation experience should be specifically identified. North Carolina stormwater utility experience is preferred.
- **Assigned Personnel:** Identify the project manager and key personnel, their project responsibilities, qualifications, education, relevant governmental and utility experience, availability, current workload, and length of service with the present firm. If a key person has been with the firm fewer than two years, identify the prior firm where relevant experience was obtained.
- **References:** Provide at least three references, including organization, contact name, address, telephone number, and email address.
- **Subconsultants:** Identify anticipated specialized support, proposed subconsultants where known, their assigned responsibilities, and the proposed method for selecting any subconsultants not identified in the proposal. Identify any proposed administrative fee or markup on subconsultant charges. Approved subcontract costs shall remain within the authorized contract amount or a separately approved not-to-exceed amendment.
- **Schedule:** Provide a proposed project schedule with major milestones and assumptions regarding City participation.
- **Work Samples:** Provide representative examples such as process maps, SOPs or policy redlines, organizational assessments, utility exception or reconciliation reports, data-management controls, water or sewer rate-study excerpts, electronic model examples, system development fee work, stormwater fee or

billing implementation materials, or utility implementation and maintenance guidance. Confidential client information may be removed.

- **Cost Proposal:** Provide a standard hourly rate schedule, a proposed not-to-exceed fixed cost for the base scope, a breakdown by major workstream or phase, and a not-to-exceed amount for reimbursable or out-of-pocket expenses. Include a level-of-effort summary identifying anticipated hours by major workstream and by key personnel or personnel classification, together with applicable billing rates. Identify any optional services separately. The City will not use a percentage of identified or recovered revenue as the basis for compensation. State the billing review period, sample assumptions, implementation hours and sessions, number of site visits, review rounds, and reliance on City staff or existing vendors. Identify opportunities to reduce cost through shared workflows, reuse of existing studies, and City-performed tasks, and explain any resulting limitations. Identify project-management hours and cost separately from technical work. For optional extensive account reviews, provide hourly rates by personnel classification, proposed batch ceilings, and assumptions about account complexity and City participation. Include the proposed deliverable acceptance and payment schedule.
- **Disclosures:** Identify material conflicts of interest, pending matters that could impair performance, and any material exceptions to the solicitation requirements.

7. Minimum Qualifications and Proposed Team

- Municipal utility financial planning, comprehensive water and sewer rate and cost-of-service studies, and system development fee studies under North Carolina law.
- Utility billing operations, customer information systems, account and data validation, rate-table and meter-factor logic, third-party billing or data exchanges, revenue integrity, and recurring exception controls.
- Business process analysis and visual process mapping, including customer journey mapping, internal swimlane workflows, process redesign, and cross-functional handoff analysis.
- Policy and procedure review, development of SOPs and operational controls, and implementation of repeatable management practices.
- Organizational assessment and operating-model design, including responsibility allocation, reporting relationships, functional placement, governance, staffing roles, and transition planning.
- Experience working across municipal departments and multiple utility services, with direct electric, natural gas, water, sewer, stormwater, finance, IT, customer service, GIS, and development experience preferred.
- Demonstrated experience reviewing, developing, or implementing municipal stormwater utility fees or billing programs, including fee-basis analysis, billing integration, account maintenance, policy or ordinance support, and post-implementation controls. Experience in North Carolina is preferred.
- Demonstrated implementation capability, including staff facilitation, training, management tools, editable models, data cleanup assistance, and verification of implemented changes.
- Availability of qualified key personnel and sufficient capacity to complete the integrated engagement on the proposed schedule.

8. Evaluation and Selection

A selection committee will evaluate proposals using the point system below. The City may request clarification, contact references, review submitted work samples, and invite the highest-ranked firms to interviews before final selection.

Criterion	Points	Evaluation focus
Project approach and understanding of Project ALIGN	25	Integration of organizational readiness, process mapping, data and billing accuracy, rate and fee studies, stormwater, implementation, and practical sequencing. Include meter-read accuracy, the focused sanitation billing review, and efficient use of existing resources.
Firm experience and capability	20	Comparable municipal utility engagements, demonstrated results, implementation capability, and reference feedback.

Qualifications of assigned personnel	20	Experience and qualifications of the proposed project manager and technical leads, including role clarity, actual availability, current workload, and demonstrated capacity to complete the work on the proposed schedule.
Utility finance, rate study, SDF, billing, and data expertise	20	Depth of relevant technical capability across water and sewer rates, system development fees, billing operations, account accuracy, third-party data management, stormwater fee and billing implementation, and financial analysis.
Proposed cost	15	Reasonableness, completeness, transparency, and value of the proposed not-to-exceed cost and rate schedule in relation to the proposed scope and staffing.
Total	100	

The City may request the top-ranked firms to attend an interview with the selection committee. The City reserves the right to select the proposal determined to provide the best overall value and fit for the City's needs, subject to applicable law and required approvals.

9. Questions and Submission Instructions

Questions concerning the specifications and requirements of this Request for Proposals (RFP) shall be submitted in writing to Purchasing Officer, Britt Smith at bssmith@lexingtonnc.gov no later than **5:00pm on Monday, October 26, 2026**. Please make sure your email clearly indicates **RFP# 10-26-0001 PROJECT ALIGN**.

Responses to all questions received and any modifications to this RFP will be issued by formal addendum. All addenda will be posted and made available to all prospective vendors no later than **5:00pm on Wednesday, October 28, 2026**, from the download link on the coversheet.

No oral statement, explanation, interpretation or commitment made by any person shall be binding or have any force or effect unless expressly incorporated into a written addendum issued by the City. It is the responsibility of each firm to access and review all addenda posted at the link provided above and to acknowledge receipt of all addenda by signing and returning the required documentation with its proposal submission.

Proposers must submit one (1) electronic copy of their proposal in PDF format via document upload to the link provided in the coversheet above no later than 4:00PM on Monday, November 2, 2026 and clearly identify the proposal number and Project ALIGN on the submission. Proposals received after the stated deadline will not be accepted or considered.

The City of Lexington reserves the right to reject any or all submissions, in whole or in part, and to waive any informalities, irregularities, or technicalities when it is determined to be in the best interest of the City to do so. Any requirement of this RFP that a proposer cannot satisfy must be clearly identified and explained within the proposal submission. Proposers are required to respond to all sections and requirements of this Request for Proposals (RFP). Failure to provide complete responses or required information may result in the proposal being deemed non-responsive and may constitute grounds for disqualification.

10. Terms and Conditions

- Submission of a proposal indicates acceptance by the respondent of the conditions contained in this solicitation unless clearly and specifically noted in the proposal and subsequently addressed in the executed contract.
- The City reserves the right, without prejudice, to reject any or all proposals, waive non-material irregularities or informalities, accept or reject any item or combination of items, request additional clarification, negotiate scope and terms, or cancel or revise the solicitation as permitted by law.

- All proposals received become the property of the City. Proposal materials are subject to applicable North Carolina public-records law upon receipt. Respondents may identify information they believe is legally protected, but designation alone does not guarantee confidentiality.
- All costs associated with preparing a response, participating in interviews, or negotiating with the City are the responsibility of the respondent and shall not be charged to the City.
- No contract exists until all required approvals are obtained and a written agreement is executed by authorized parties.
- Additional or optional work shall require written City authorization before performance.
- The selected consultant shall comply with applicable law, City policies, confidentiality requirements, cybersecurity requirements, and the executed agreement.

11. City of Lexington Insurance Requirements for Vendors and Contractors

The selected consultant shall maintain insurance appropriate to the final contract value and scope. The requirements below reflect the City's standard vendor and contractor insurance schedule. The City may adjust limits when warranted by the nature of the engagement.

11.1 Projects or Contracts Below \$50,000

- General Liability: \$1,000,000 per occurrence / \$2,000,000 aggregate for bodily injury, property damage, and personal or advertising injury.
- Workers' Compensation: statutory limits as required by state law; Employers' Liability of \$500,000 per accident, \$500,000 disease policy limit, and \$500,000 disease per employee.
- Automobile Liability, if applicable: \$1,000,000 combined single limit for owned, hired, and non-owned vehicles.
- Professional Liability, if applicable: \$1,000,000 per claim / \$1,000,000 aggregate.

11.2 Contracts Between \$50,000 and \$500,000

- General Liability: \$2,000,000 per occurrence / \$4,000,000 aggregate, including bodily injury, property damage, personal or advertising injury, contractual liability, and completed operations.
- Workers' Compensation: statutory limits as required by state law; Employers' Liability of \$1,000,000 per accident, \$1,000,000 disease policy limit, and \$1,000,000 disease per employee.
- Automobile Liability, if applicable: \$1,000,000 combined single limit for owned, hired, and non-owned vehicles.
- Professional Liability, if applicable: \$2,000,000 per claim / \$2,000,000 aggregate.
- Umbrella or Excess Liability: \$2,000,000 per occurrence / \$2,000,000 aggregate.
- Builder's Risk, if applicable to construction: 100% of the completed value of the project, including materials stored on site and in transit.

11.3 Contracts Between \$500,000 and \$5,000,000

- General Liability: \$5,000,000 per occurrence / \$10,000,000 aggregate, including bodily injury, property damage, personal or advertising injury, contractual liability, and completed operations.
- Workers' Compensation: statutory limits as required by state law; Employers' Liability of \$1,000,000 per accident, \$1,000,000 disease policy limit, and \$1,000,000 disease per employee.
- Automobile Liability, if applicable: \$2,000,000 combined single limit for owned, hired, and non-owned vehicles.
- Professional Liability, if applicable: \$5,000,000 per claim / \$5,000,000 aggregate.
- Umbrella or Excess Liability: \$5,000,000 per occurrence / \$5,000,000 aggregate.
- Builder's Risk, if applicable to construction: 100% of the completed value of the project, including materials stored on site and in transit.
- Pollution Liability, if applicable: \$2,000,000 per occurrence / \$2,000,000 aggregate.

11.4 Contracts Over \$5,000,000

- General Liability: \$10,000,000 per occurrence / \$20,000,000 aggregate, including bodily injury, property damage, personal or advertising injury, contractual liability, and completed operations.
- Workers' Compensation: statutory limits as required by state law; Employers' Liability of \$2,000,000 per accident, \$2,000,000 disease policy limit, and \$2,000,000 disease per employee.

- Automobile Liability, if applicable: \$5,000,000 combined single limit for owned, hired, and non-owned vehicles.
- Professional Liability, if applicable: \$10,000,000 per claim / \$10,000,000 aggregate.
- Umbrella or Excess Liability: \$10,000,000 per occurrence / \$10,000,000 aggregate.
- Builder's Risk, if applicable to construction: 100% of the completed value of the project, including materials stored on site and in transit.
- Pollution Liability, if applicable: \$5,000,000 per occurrence / \$5,000,000 aggregate.
- Cyber Liability, if applicable: \$5,000,000 per occurrence / \$5,000,000 aggregate.

11.5 Requirements Applicable to All Policies

- Indemnification: The final contract shall include the City's required indemnification language applicable to the engagement.
- Waiver of Subrogation: Required where applicable.
- Certificate of Insurance: A certificate shall confirm all required coverage. Each required coverage shall be specifically identified, and the certificate shall provide for at least 30 days prior notice of cancellation or material change to the extent available under the policy.
- Additional Insured: The City of Lexington shall be named as an additional insured on General Liability, Automobile Liability, and Umbrella or Excess Liability policies where applicable.
- Policy Basis: Required policies shall be written on a primary and non-contributory basis where applicable.
- The City may require higher or lower limits depending on the final scope. Contracts involving hazardous materials transportation, treatment, or disposal require specific review.

12. General Procurement and Contract Provisions

- Funding is anticipated from appropriate utility resources, subject to Finance and Legal review, budget authority, and applicable restrictions.
- This solicitation includes financial, organizational, operational, billing, data, policy, and implementation consulting. Separately authorized regulated professional services, software procurement, engineering design, or construction will follow applicable procurement requirements.
- The City may negotiate the final scope, schedule, staffing, deliverables, contract terms, and not-to-exceed fee with the selected consultant.
- Nothing in this solicitation commits the City to adopt a particular rate structure, fee, organizational change, policy, software solution, billing adjustment, or implementation recommendation.

Contractor Affirmations

E-Verify Requirements: Contractor shall comply with the requirements of Article 2 of Chapter 64 of the General Statutes of North Carolina. Further, if contractor utilizes a subcontractor, contractor shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the General Statutes of North Carolina.

Debarred Companies List: Contractor hereby certifies that Contractor and all subcontractors are not on either the North Carolina Divestment and Contract Prohibition List found at www.nctreasurer.com or the United States Federal Divestment and Contract Prohibition List found at www.sam.gov.

Contractor certifies that Contractor and all subcontractors are not engaged in a boycott of Israel as defined by the 'Companies Boycotting Israel Act of 2017'.

Contractor certifies that Contractor and all subcontractors are not engaged in any investment activities with Iran as defined by 'The Iran Divestment Act of 2015'.