

Sponsored by: Puto

**CITY OF MARATHON, FLORIDA
RESOLUTION 2007-29**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, APPROVING AN AGREEMENT WITH PUBLIC RESOURCES MANAGEMENT GROUP, INC. (PRMG) FOR A WASTEWATER UTILITY RATE STUDY IN AN AMOUNT NOT TO EXCEED \$29,800

WHEREAS, this Agreement represents a continuation of consulting services related to the implementation of a City wastewater utility system (the "System") as set forth in a general service agreement between the City and PRMG dated October 27, 2006; and

WHEREAS, the services to be provided by PRMG include i) a detailed five-year financial forecast of the City's wastewater system including a capital funding analysis and revenue requirement forecast; ii) in concert with the City's assessment consultant and wastewater team, PRMG will provide sensitivity analysis regarding the effects of various system development charge levels on monthly rate levels; iii) proposed system development charges and initial monthly rates for wastewater service; and iv) attendance at City Council workshops and public hearings in support of the analysis; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, that:

Section 1. The above recitals are true and correct and incorporated herein.

Section 2. Council approves the agreement with Public Resources Management Group, Inc. (PRMG), attached as exhibit A in an amount not to exceed \$29,800.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED by the City Council of the City of Marathon, Florida, this 27th day of March, 2007.


THE CITY OF MARATHON, FLORIDA



Marilyn Tempest, Acting Mayor

AYES: Cinque, Tempest, Worthington, Tempest
NOES: None
ABSENT: Bull
ABSTAIN: None


ATTEST:



Diane Clavier, City Clerk

(City Seal)

**APPROVED AS TO FORM AND LEGALITY FOR THE USE AND RELIANCE OF THE
CITY OF MARATHON, FLORIDA ONLY:**



City Attorney



Public Resources Management Group, Inc.
Utility, Rate, Financial and Management Consultants

RECEIVED
APR - 2 2007

BY: _____

February 27, 2007

Mr. Michael H. Puto
City Manager
City of Marathon
10045-55 Overseas Highway
Marathon, Florida 33050

Subject: **Agreement to Provide Wastewater Utility Rate Study**

Dear Mr. Puto:

Public Resources Management Group, Inc. (PRMG) is pleased to submit this agreement (the "Agreement") to the City of Marathon (the "City" or "Client") for a wastewater financial forecast rate study. This Agreement represents a continuation of consulting services related to the implementation of a City wastewater utility system (the "System") as set forth in a general service agreement between the City and PRMG dated October 27, 2006.

Based on discussions with City representatives, the services to be provided by PRMG include i) a detailed five-year financial forecast of the City's wastewater system including a capital funding analysis and revenue requirement forecast; ii) in concert with the City's assessment consultant and wastewater team, PRMG will provide sensitivity analysis regarding the effects of various system development charge levels on monthly rate levels; iii) proposed system development charges and initial monthly rates for wastewater service; and iv) attendance at City Council workshops and public hearings in support of the analysis.

PROJECT TEAM AND BILLING RATES

With respect to the performance of this engagement, Tony Hairston will be the project manager and primary contact with the City. Other analysts and administrative personnel will be utilized during the course of the engagement as needed. Attachment A, which is made a part of this Agreement, summarizes the direct labor hourly billing rates by project team title that may be used relative to this engagement.

SCOPE OF SERVICES

A scope of services to be performed by PRMG relative to this Agreement is included herein as Attachment B, which is made a part of this Agreement.

COMPENSATION AND BILLING

Based on the Scope of Services as summarized herein in Attachment B and the direct hourly labor billing rates as shown on Attachment A herein, we propose a not-to-exceed budget of \$29,800 for the project. The billings for the services provided pursuant to this Agreement and in accordance with the project budget will include the direct cost of personnel anticipated to be assigned to the project as well as any other direct costs such as travel, telephone, and copying, printing and shipping charges and subconsulting expenses. The costs incurred by PRMG for such other direct costs, if any, will be billed to the City based on the reimbursement schedule as reflected in Attachment A.

It is proposed that PRMG will bill monthly for services relative to this Agreement based on the hourly amount of time spent by the project team members, the other direct costs incurred and the pass-through of any sub-consulting costs that may be required for the engagement. PRMG does not anticipate the need for sub-consultant services during the course of the engagement. To the extent that PRMG determines a need for sub-consultant services, PRMG will notify the City of such need and will not employ or use any sub-consultant without the approval of authorized City personnel. No additional services above the cost estimate will be performed without the prior written authorization of the City.

TERMS AND CONDITIONS

Standard terms and conditions, that are made part of this Agreement, are set forth in Attachment C.

We are providing two copies of this Agreement for your approval. If this Agreement is acceptable to you, please execute both copies and return one to us. The other copy is for your records. We appreciate the opportunity to continue providing utility rate consulting services to the City.

Very truly yours,

Public Resources Management Group, Inc.

ACCEPTED BY:

City of Marathon, Florida


Henry L. Thomas
Vice President


Name

CITY MANAGER 4/3/07
Title Date

Attachments

ATTACHMENT A

**CITY OF MARATHON, FLORIDA
WASTEWATER UTILITY RATE STUDY**

SCHEDULE OF DIRECT LABOR HOURLY RATES AND STANDARD COSTS

DIRECT HOURLY RATES

Project Team Title	Direct Labor Hourly Rates [*]
Principal	\$150.00
Associate	\$125.00
Managing Consultant	\$110.00
Supervising Consultant	\$100.00
Senior Consultant	\$ 85.00
Rate Consultant	\$ 75.00
Consultant	\$ 65.00
Rate Analyst	\$ 55.00
Analyst	\$ 45.00
Assistant Analyst	\$ 35.00
Administrative	\$ 45.00

[*] Direct labor hourly rates effective to December 31, 2007; rates will be adjusted by not more than five percent (5%) per annum (rounded to the nearest dollar) or as mutually agreed between parties for invoices rendered after October 1 of each year thereafter until project completion or termination of the agreement.

STANDARD COST RATES

Expense Description	Standard Rates [*]
Mileage Allowance – Personal Car Use Only	\$0.420 per mile
Reproduction (black and white) (in house)	\$0.05 per page
Reproduction (color) (in house)	\$0.25 per page
Reproduction (contracted)	Actual Cost
Computer Time	\$0.00 per hour
<input type="checkbox"/> TELEPHONE CHARGES	Actual Cost
Delivery Charges	Actual Cost
Lodging/Other Travel Costs	Actual Cost
Meals	Not to exceed per PRMG Employee \$8.00 – Breakfast \$12.00 – Lunch \$25.00 – Dinner
Subconsultant Services	Actual Cost plus 5.0%
Other Costs for Services Rendered	Actual Cost

[*] Standard cost rates effective to December 31, 2007; rates will be adjusted by not more than five percent (5%) per annum (rounded to the nearest dollar) or as mutually agreed between parties for invoices rendered after October 1 of each year thereafter until project completion or termination of the agreement.

ATTACHMENT B

CITY OF MARATHON, FLORIDA WASTEWATER UTILITY RATE STUDY

SCOPE OF SERVICES

The scope of services to be performed by Public Resources Management Group, Inc. (PRMG) as it relates to the implementation of a wastewater utility system is summarized below by major task:

Task 1 – Data Acquisition and Review: In order to initiate the project, PRMG will work with the City and its consultants to obtain information, statistical and demographic data, reports, and other information relative to the expansion of the wastewater utility system. PRMG will prepare a data request to obtain information prepared by or on behalf of the City as part of its wastewater implementation process as well as obtain information from other utilities or sources as considered necessary (e.g. Florida Keys Aqueduct Authority) in order to review historical usage trends and future wastewater billings by service area.

Task 2 – Customer Forecast: In order to review the rates for service and projected revenue, it will be necessary to develop a customer and usage forecast of the wastewater system. PRMG, working with the City's consulting engineers and data derived from other sources, including additional information from the Florida Keys Aqueduct Authority (i.e. water billing data); PRMG will prepare a forecast of the customer accounts, Equivalent Dwelling Units (EDU) and, based on available information, historical sales and revenue for the existing Little Venice service area. A five-year customer forecast (Fiscal Year 2008 through Fiscal Year 2012) will be developed to identify trends in financial needs and the ability of rates to meet the overall revenue requirements of the utility system. The customer forecast will follow the City's wastewater system expansion schedule.

Task 3 – Design System Development Charges: PRMG will coordinate with the City's assessment consultant, Government Services Group, Inc. (GSG), to determine the Wastewater System Development Charge levels. Based on City Council direction to date, it is anticipated that the City will have two separate System Development Charge components: i) treatment/transmission; and ii) collection system. GSG has separately contracted with the City to implement the City's wastewater non-ad valorem assessment program. PRMG will coordinate with GSG and City staff to determine the initial System Development Charge assumptions including capital cost allocations, existing and future grant allocations, total EDU calculations, total connection estimates, EDUs and connections by phase and initial assessment year, and other considerations. The level of System Development Charges and annual wastewater assessments is an integral component of the overall wastewater system financial forecast since monthly wastewater rates, as enumerated in a separate task below, will need to be developed at a level sufficient to fund operating expenses, renewal and replacement reserves, and any debt service that is not entirely funded from projected wastewater assessments.

Task 4 – System Development Charge Revenue Projection: Based on the task above, PRMG will provide a five-year projection of System Development Charge and non-ad valorem revenue through Fiscal Year 2012. These revenue projections will be consistent with the City's construction schedule and will be applied toward existing and future debt service and directly toward capital project funding to the extent available as discussed below.

Task 5 – Capital Funding Analysis: Based on the City's five-year construction schedule, PRMG will develop a projection of available funding for wastewater capital expenditures through the fiscal year ending September 30, 2012 (Fiscal Year 2012). The available funding sources are expected to include available System Development Charges and associated assessments, grants, other contributions, and proceeds from the issuance of additional debt.

Task 6 – Financial Forecast: PRMG will develop a five-year financial forecast of the anticipated wastewater utility system revenue requirements for consideration by the City for financial planning and initial monthly rate design purposes. The financial forecast will recognize i) changes in operating expenses due to inflation, system growth, and additional funding requirements as identified by the City and its consulting engineers; ii) the cost of financing the utility system; and iii) the projection of other revenue requirements based on the overall needs of the utility system and its financial and funding policies identified during the development of the overall budgets. It is anticipated that this financial forecast will serve as the basis for the design of rates such that rates will be sufficient in all years to meet the overall revenue requirements and financial needs of the utility system as expansion continues.

Task 7 – Design Wastewater Rates: PRMG will develop wastewater rates for the City on a system-wide basis (i.e. same rate schedule regardless of service area) sufficient to meet the estimated wastewater revenue requirements during the five-year projection period. This task involves the allocation of the projected revenue requirements between the various rate attributes (i.e., base charge and volume charge) and the development of the estimated billing determinants (equivalent units) for rate design purposes. The existing wastewater rates for the Little Venice service area, currently owned and operated by the Florida Keys Aqueduct Authority (and anticipated to be acquired by the City), will serve as a basis for future City wastewater rate levels. The implementation of future wastewater rates will consider the existing rates for the Little Venice service area and will endeavor to provide phasing of any necessary rate adjustments.

Task 8 – Rate Comparisons: PRMG will prepare a comparison of the existing and proposed wastewater rates for the City with the adopted rates and fees of other neighboring or similar utility systems throughout the Florida Keys.

Task 9 – Report and Presentation: PRMG will prepare a report documenting the assumptions, analyses, and recommendations or conclusions for consideration by the City. PRMG will prepare the necessary information to present the financial plan, the estimated financial impact to the customer receiving service, and any other information made available to or by PRMG for consideration by the City. PRMG will attend up to three (3) public hearings and/or workshops associated with this task. It is anticipated that at least one (1) of the public hearings will be

coordinated with GSG as part of GSG’s implementation of the non-ad valorem wastewater assessment program.

Task 10 – Meetings: It is anticipated that during the course of this engagement, that PRMG will need to attend meetings with staff, its consulting engineers, and legal counsel in order to prepare the financial plan and associated customer impact analysis for consideration by the City. For the purposes of this scope of services and the cost estimate included herein in the Agreement, PRMG has assumed the attendance of two (2) onsite/teleconference meetings with its staff. A summary of meetings, including presentation of results, is included below:

Description	Number of Meetings
Review System Development Charges/Financial Forecast/Utility Rates	2
City Council Workshops/Public Hearings	<u>3</u>
Total Meetings	<u>5</u>

ADDITIONAL SERVICES

During the course of the engagement, the City may request additional services from PRMG. PRMG will perform such services only as mutually agreed between the City and PRMG in writing. Examples of utility rate consulting services, which would be considered as an additional service, include, but are not limited to, the following activities:

1. Attendance of meetings in addition to what is contemplated in the scope of services referenced above.
2. Preparation of a bond feasibility report and/or loan documents to obtain financing for the construction of the wastewater utility system.
3. Implementation of assessment program including drafting of assessment resolutions, preparation of assessment roll, certification of assessment roll, assessment notification, and associated tasks.
4. Preparation of a public information program and attendance at any meetings with affected customers, interested third parties, or other public agencies relative to the wastewater utility system.
5. Development of bulk (wholesale) rates for wastewater service or associated activities such as drafting of interlocal agreements for bulk service.
6. The preparation of additional capital and financial scenarios beyond what is generally contemplated in this scope of services; including the preparation of additional financial scenarios after substantial completion of the rate study and its delivery to the City for consideration in public meetings or workshops.

DELIVERY SCHEDULE

The preparation of the financial forecast and rate study will be prepared by September 30, 2007. This schedule is dependent on data availability and the information provided by the City's consultants and others and the overall financial needs of the City.

I. SCOPE

Public Resources Management Group, Inc. (PRMG) agrees to perform the utility consulting services described in the agreement that incorporates these standard terms and conditions. Unless modified in writing by the parties hereto, the duties of PRMG shall not be construed to exceed those services specifically set forth in the agreement.

II. COMPENSATION

The Client, as defined in the agreement, agrees to pay for the services as billed within thirty (30) days of receiving the invoice. Amounts paid after thirty (30) days may be subject to interest charges.

Time-related charges will be made in accordance with the billing rate referenced in the agreement. Other indirect expenses and subcontractor services, if any, will be billed in accordance with the standard unit cost rates as referenced in the agreement or if no reference is provided, at cost.

III. RESPONSIBILITY

PRMG is employed to render a professional service only, and any payments made by Client are compensation solely for such services rendered and recommendations made in carrying out the work. PRMG shall perform analyses, provide opinions, make factual presentations, and provide professional advice and recommendations.

IV. INDEMNIFICATION

PRMG agrees to indemnify, defend, and hold Client harmless from and against any liability arising out of the negligent errors or negligent omissions of PRMG, its agents, employees, or representatives, in the performance of duties set forth in Article I.

Client agrees to indemnify, defend, and hold PRMG harmless from and against any liability arising out of the negligent errors or negligent omissions of Client, its agents, employees, or representatives, in the performance of duties set forth in Article I.

V. INSURANCE

PRMG shall maintain during the life of the agreement the following minimum insurance:

1. Comprehensive general liability insurance, including personal injury liability, blanket contractual liability, and broad form property damage liability. The combined single limit for bodily injury and property damage shall be not less than \$1,000,000.
2. Automobile bodily injury and property damage liability insurance covering owned, non-owned, rented, and hired cars. The combined single limit for bodily injury and property damage shall be not less than \$1,000,000.
3. Statutory worker's compensation and employers' liability insurance as required by state law.
4. Professional liability insurance.

VI. ASSIGNMENT

These terms and conditions and the agreement to which they are attached are binding on the heirs, successors, and assigns of the parties hereto. This agreement may not be assigned by Client or PRMG without prior, written consent of the other.

VII. INTEGRATION

These terms and conditions and the agreement to which they are attached represent the entire understanding of Client and PRMG as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. The agreement may not be modified or altered except in writing signed by both parties.

VIII. JURISDICTION

This agreement shall be administered and interpreted under the laws of the State of Florida. Jurisdiction of litigation arising from the agreement shall be in that state. If any part of the agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said laws, but the remainder of the agreement shall be in full force and effect.

IX. SUSPENSION OF WORK

Client may suspend, in writing, all or a portion of the work under the agreement in the event unforeseen circumstances beyond Client's control make normal progress of the work impossible. PRMG may request that the work be suspended by notifying Client, in writing, of circumstances that are interfering with the normal progress of work. PRMG may suspend work on the project in the event Client does not pay invoices when due. The time for completion of the work shall be extended by the number of days work is suspended. In the event that the period of suspension exceeds 90 days, the terms of the agreement are subject to renegotiation and both parties are granted the option to terminate work on the suspended portion of the project.

X. TERMINATION OF WORK

Client may terminate all or a portion of the work covered by the agreement for its convenience. Either party may terminate work if the other party fails to perform in accordance with the provisions of the agreement. Termination of the agreement is accomplished by 15 days prior written notice from the party initiating termination to the other. Notice of termination shall be delivered by certified mail with receipt for delivery returned to the sender.

In the event of termination, PRMG shall perform such additional work as is necessary for the orderly filing of documents and closing of the project. The time spent on such additional work shall not exceed 5 percent of the time expended on the terminated portion of the project prior to the effective date of termination. PRMG shall be compensated for work actually performed prior to the effective date of termination plus the work required for filing and closing as described in this Article.

XI. ARBITRATION

All claims, disputes and other matters in question between the parties to this agreement arising out of or relating to this agreement or the breach thereof, which are not disposed by mutual agreement of the parties, shall be decided by arbitration in accordance with the Florida Arbitration Code. No arbitration arising out of or relating to this agreement shall include any person not a party to this agreement except by written consent containing a specific reference to this agreement and signed by the parties hereto and persons to be joined. This agreement to

arbitrate shall be specifically enforceable under prevailing arbitration law.

Notice of demand for arbitration shall be filed in writing with the other parties to this agreement. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen, but in no event after the date when the institution of legal or equitable proceedings would be barred by the applicable statute of limitations. The award rendered by the arbitrators shall be final and judgment may be entered in accordance with applicable law in any court having jurisdiction.

XII. POLICY OF NON-DISCRIMINATION

(a) PRMG shall comply with all federal, state and local laws and ordinances applicable to the work or payment for work and shall not discriminate on the grounds of race, color, religion, sex, age, marital status, national origin, physical or mental disability in the performance of work under this Agreement.

(b) PRMG shall comply with the wage provisions of Section 287.055, Florida Statutes. If the project is subject to federal or state grant funding that requires specific wage and non-discrimination provisions, PRMG shall be required to comply with the same.

XIII. NO CONTINGENT FEE

PRMG warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for PRMG, to solicit or secure this Agreement and that it has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working solely for PRMG, any fee, commission, percentage, gift, or other consideration contingent upon or resulting from the award or making of this Agreement. In the event PRMG violates this provision, the City shall have the right to terminate this Agreement, without liability, and at its sole discretion, to deduct from the contract price, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration.

XIV. INDEPENDENT CONTRACTOR

PRMG is an independent contractor under this Agreement. Services provided by PRMG shall be by employees of the PRMG, and not as officers, employees, or agents of the City. Personnel policies, tax responsibilities, social security, health insurance, employee benefits, purchasing policies and other similar administrative procedures applicable to

services rendered under this Agreement shall be those of PRMG.

**XV. TRUTH-IN-NEGOTIATION
CERTIFICATE**

Signature of this Agreement by PRMG shall act as the execution of a truth-in-negotiation certificate stating that wage rates and other factual unit costs supporting the compensation of this Agreement are accurate, complete, and current at the time of contracting.

XVI. PUBLIC ENTITY CRIMES ACT

PRMG represents that the execution of this Agreement will not violate the Public Entity Crimes Act (Section 287.133, Florida Statutes), which essentially provides that a person or affiliate who is a consultant or other provider and who has been placed on the convicted vendor list following a conviction for a Public Entity Crime may not submit a bid on a contract to provide any goods or services to the City, may not submit a bid on a contract with the City for the construction or repair of a public building or

public work, may not submit bids on agreements of real property to the City, may not be awarded or perform work as a consultant under a contract with the City, and may not transact any business with the City in excess of the threshold amount provided in Section 287.017, Florida Statutes, for category two purchases for a period of 36 months from the date of being placed on the convicted vendor list. Violation of this section shall be a material breach of the Agreement and result in termination of this Agreement and recovery of any monies paid by the City, and may result in debarment from the City's competitive procurement activities. In addition to the foregoing, PRMG further represents that there has been no determination, based on an audit, that it committed an act defined by Section 287.133, Florida Statutes, as a "public entity crime" and that it has not been formally charged with committing an act defined as a "public entity crime" regardless of the amount of money involved or whether PRMG has been placed on the convicted vendor list.