

Sponsored by: Burnett

**CITY OF MARATHON, FLORIDA  
RESOLUTION 2008-153**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, AUTHORIZING AWARD OF CONSULTING CONTRACT TO PUBLIC RESOURCES MANAGEMENT GROUP, INC., (PRMG) FOR A STORMWATER AND WASTEWATER FINANCIAL FEASIBILITY REPORT FOR ISSUANCE OF UTILITY REVENUE BOND FINANCING IN AN AMOUNT NOT TO EXCEED \$26,505**

**WHEREAS**, the City of Marathon (The City) has been depending on State Revolving Fund (SRF) loan proceeds administered by Florida Department of Environmental Protection (FDEP) to finance the wastewater/Stormwater project to meet the 2010 mandate for sewer passed by the State of Florida. (House Bill 1993); and

**WHEREAS**, FDEP can not fund all the applicants desiring funding; subsequently Florida Rural Water Association created a program for long term financing that is beneficial to municipalities; and

**WHEREAS**, financial forecasting of the City's wastewater/Stormwater system is necessary for this long term financing.

**WHEREAS**, this contract will complete a feasibility report outlining the major assumptions and conclusions regarding capital financing and average Stormwater and wastewater rate levels needed to support both systems; and

**WHEREAS**, staff recommends award of this contract to PRMG.

**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.** The City Council hereby approves the contract between the City of Marathon and Public Resources Management Group, Inc. (PRMG), a copy of which is attached hereto as Exhibit "A", for a stormwater and wastewater financial feasibility report for issuance of utility revenue bond financing in an amount not to exceed \$26,505, together with such non-material changes as may be acceptable to the City Manager and approved as to form and legality by the City Attorney; and authorizes the Manager to execute the agreement.

**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 23rd day of September, 2008.

**THE CITY OF MARATHON, FLORIDA**

  
Edward P. Worthington, Mayor

AYES: Bull, Cinque, Tempest, Vasil, Worthington  
NOES: None  
ABSENT: None  
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:**

  
Jimmy Morales, City Attorney



**Public Resources Management Group, Inc.**

*Utility, Rate, Financial and Management Consultants*

September 15, 2008

Mr. Clyde Burnett  
City Manager  
City of Marathon  
9805 Overseas Highway  
Marathon, Florida 33050

**Subject: Agreement to Provide Stormwater and Wastewater Financial Feasibility Report**

Dear Mr. Burnett:

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 stormwater and wastewater financial feasibility report in support of the City's issuance of utility revenue bond financing. Based on discussions with City staff, the services to be provided by PRMG include: i) a detailed five-year financial forecast of the City's stormwater system and an updated financial forecast of the wastewater system, including a capital funding analysis for each system; ii) a financial feasibility report outlining the major assumptions and conclusions regarding capital financing and average stormwater and wastewater rate levels needed to support the stormwater and wastewater system; and iii) additional utility financial/rate planning support to the City through December 31, 2008.

**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 \$26,505 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,

Mr. Clyde Burnett  
City of Marathon  
September 15, 2008  
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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.

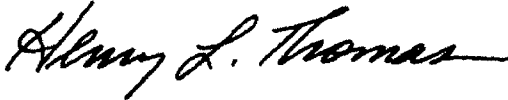
#### TERMS AND CONDITIONS

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,

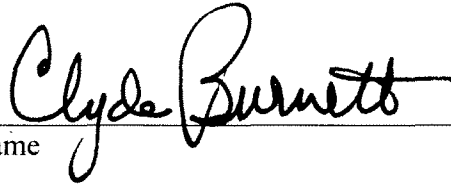
**Public Resources Management Group, Inc.**



Henry L. Thomas  
Vice President

ACCEPTED BY:

**City of Marathon, Florida**



Name

**CITY MANAGER**

Title

**10/24/08**

Date

HLT/dlm  
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	\$170.00
Associate	\$125.00
Managing Consultant	\$115.00
Supervising Consultant	\$110.00
Senior Consultant	\$105.00
Rate Consultant	\$ 95.00
Consultant	\$ 85.00
Senior Rate Analyst	\$ 75.00
Rate Analyst	\$ 65.00
Analyst	\$ 55.00
Assistant Analyst	\$ 45.00
Administrative	\$ 48.00

[\*] Direct labor hourly rates effective twelve months after the date of execution of the Agreement; rates will be adjusted by not more than the net percentage change in the Consumer Price Index – Urban Consumers per annum (rounded to the nearest dollar) or as mutually agreed between parties for invoices rendered after each anniversary date of each year thereafter until project completion or termination of the Agreement between the parties

**STANDARD COST RATES**

Expense Description	Standard Rates [*]
Mileage Allowance – Personal Car Use Only	\$0.485 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
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 twelve months after the date of execution of the Agreement; where applicable, rates will be adjusted by not more than the net percentage change in the Consumer Price Index – Urban Consumers per annum (rounded to the nearest dollar) or as mutually agreed between parties for invoices rendered after each anniversary date of each year thereafter until project completion or termination of the Agreement between the parties. Any Standard Rate adopted by policy by Client will supersede rates shown above.

## ATTACHMENT B

### CITY OF MARATHON, FLORIDA STORMWATER AND WASTEWATER FINANCIAL FEASIBILITY REPORT

#### SCOPE OF SERVICES

The scope of services to be performed by Public Resources Management Group, Inc. (PRMG) as it relates to the completion of a stormwater and wastewater system financial feasibility report is summarized below by major task:

Task 1 – Data Acquisition and Review: Prior to this engagement, PRMG has obtained a significant amount of data in support of this project. PRMG will continue to coordinate with the City and its consultants to obtain updated information, statistical and demographic data, reports, and other information relative to the expansion of the stormwater and wastewater utility systems. It is anticipated that more than one debt structure scenario will need to be reviewed prior to the completion of the draft financial feasibility report.

Task 2 – Customer Forecast: This task includes a five year projection of wastewater customers by service area based on the most current construction schedule provided by the City's consulting engineers. The projection period will be Fiscal Year 2009 through Fiscal Year 2012. With the exception of the existing Little Venice wastewater customer base, the wastewater customer forecast will be completed based on the number of EDUs to be assessed for each area. An estimated average monthly bill per EDU will be utilized in order to project wastewater revenue from rates. The scope of services herein does not contemplate the development of the wastewater rate structure to be considered by the City. Since the City has adopted actual rates for existing Little Venice customers, the wastewater revenue for this area will be based on actual billing and rate information. The development of rates for the other wastewater service areas are expected to be established in 2009 under a separate agreement. Unlike the wastewater forecast, the stormwater system customer forecast will be completed on a total service area basis and will be based on the historical stormwater EDUs assessed for the past several years. The forecast will assume that the stormwater non-ad valorem assessment will be modified in order to recover both capital and operating costs for the stormwater system.

Task 3 –Projection of Assessment Revenue: Based on the actual adopted stormwater and wastewater assessment rolls and projected future assessment rolls for wastewater, PRMG will provide a five year projection of annual assessment revenue through Fiscal Year 2013. The City anticipates that all remaining wastewater areas will begin their initial assessments during the 2009 tax year. The number of assessed EDUs for these areas will be based on estimates previously developed by Government Services Group, Inc. (GSG) with an allowance for exemptions and corrections. The wastewater assessment revenue projection will estimate prepaid assessment levels based on actual results for the 2008 tax year. Stormwater assessment revenue will be based on historical assessment information, with an adjustment to the assessment level per EDU based on the overall stormwater revenue needs to be determined as part of the overall financial forecast.

Task 4 – Capital Funding Analysis: Based on the City's five-year construction schedule, PRMG will develop a capital funding analysis for the wastewater system and separately for the

stormwater system through Fiscal Year 2013. The available funding sources are expected to include available wastewater assessments, grants, available reserves, and proceeds from the issuance of additional debt for the wastewater system. For the stormwater system, available funding sources include stormwater assessments, grants, and proceeds from additional debt issuance.

Task 5 – 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 level purposes. The financial forecast will recognize i) initial operating expenses for each wastewater area as it is placed into service; ii) changes in operating expenses due to inflation, system growth, and additional funding requirements as identified by the City and its consulting engineers; iii) the cost of financing the utility system; and iv) 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 average rate per EDU necessary to support the wastewater system. Likewise, PRMG will develop a separate financial forecast for the stormwater system for the same period. The stormwater financial forecast will serve as the basis for the annual assessment level necessary to fund the stormwater system operating and capital related expenditures

Task 6 – Combined System Debt Service Coverage Analysis: While the financial forecast for the wastewater system will be developed separately from the stormwater system, a debt service coverage analysis will be completed for the combined system since it is anticipated that the combined revenues of both systems will be pledged for repayment of the anticipated new debt. It is our understanding that the additional debt to be issues includes a combination of a bank placement and Florida Rural Water Pooled Bonds. A detailed debt service coverage calculation, based on the results of Tasks 1 through 6 above, will be completed for the combined systems from Fiscal Year 2009 through Fiscal Year 2013.

Task 7 – Financial Feasibility Report: PRMG will prepare a financial feasibility report documenting the assumptions, analyses, and recommendations or conclusions for consideration by the prospective bond investors for the City’s wastewater and stormwater system. The report will include a description of the overall wastewater and stormwater implementation plan, and a description of the results of the financial projections including the significant assumptions utilized in the development of such projections. The report will include a comparison of typical monthly residential wastewater bills for other wastewater service providers in the Florida Keys. An initial draft will be developed for review by City staff and its consultants. One additional draft will be completed if necessary prior to the completion of the final report.

Task 8 – Meetings: It is anticipated that during the course of this engagement, that PRMG will need to attend up to two (2) meetings with staff, its consulting engineers, and legal counsel in support of the feasibility report and the overall financing initiative. Additionally it is anticipated that PRMG will need to participate in various conference calls with the City financial advisor, staff, consultants, and investors in order to coordinate the financing effort and questions related to the financing initiative. For the purposes of this scope of services and the not-to-exceed budget included herein in the Agreement, PRMG has assumed the attendance of up to five (5) 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
Allowance for Conference Calls With Financing Team	<u>5</u>
Total Meetings	<u>7</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/conference calls in addition to what is contemplated in the scope of services referenced above.
2. Preparation of a feasibility report for the purpose of utility revenue bonds or similar offering that requires a public offering document, rating agency review, or similar additional documentation above the simplified documentation required through the Florida Rural Water Association or a bank placement.
3. Development of wastewater rates, stormwater rates, rate resolutions, assessment rolls, 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. 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. Delay in the utility financing beyond December 31, 2008 would require a review of the scope of services and associated budget herein.

### **DELIVERY SCHEDULE**

The draft financial feasibility report study will be prepared by October 31, 2008. 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. It should be noted that the completion of the financial feasibility report within this timeframe will require the assistance of staff and the City's engineering consultants in providing relevant data and responding to certain inquiries regarding the wastewater and stormwater initiative. The final feasibility report will be prepared by November 30, 2008, contingent on the City's financing issuance schedule.



**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.

**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.