

**CITY OF MARATHON, FLORIDA
RESOLUTION 2010-104**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, AUTHORIZING THE CITY TO ENTER INTO AN AGREEMENT WITH PUBLIC RESOURCES MANAGEMENT GROUP, INC., FOR THE 2010 WASTEWATER AND STORMWATER RATE STUDY IN AN THE AMOUNT NOT TO EXCEED \$25,000.00; AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT ON BEHALF OF THE CITY AND EXPEND BUDGETED FUNDS; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, this agreement represents a continuation of consulting services related to the implementation of the City's wastewater and stormwater utility systems (the "Utilities"); and

WHEREAS, the services to be provided by Public Resources Management Group ("PRMG") will include a detailed five-year financial forecast of the City's Utilities, including a capital funding analysis for each system; and

WHEREAS, PRMG will analyze the historical water customer statistics resulting in an updated rate structure for monthly operation and maintenance fees for the wastewater utility and annual fees for the stormwater utility non ad-valorem assessment.

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

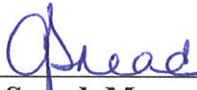
Section 1. The above recitals are true and correct and incorporated herein.

Section 2. The agreement with PRMG for the 2010 Wastewater and Stormwater Rate Study in an amount not to exceed \$25,000.00, a copy of which is attached as Exhibit "A," together with such non-material changes as may be acceptable to the City Manager and approved as to form by the City Attorney, is hereby approved. The City Manager is authorized to execute the agreement and expend budgeted funds on behalf of the City.

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 28th DAY OF SEPTEMBER, 2010.

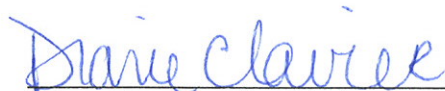
THE CITY OF MARATHON, FLORIDA



Ginger Snead, Mayor

AYES: Ramsay, Cinque, Keating, Worthington, Snead
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:**



City Attorney



Public Resources Management Group, Inc.

Utility, Rate, Financial and Management Consultants

October 18, 2010

Ms. Susie Thomas
Director of Community Services
City of Marathon
10045-55 Overseas Highway
Marathon, FL 33050

Subject: Agreement to Provide 2010 Stormwater and Wastewater Financial Forecast Update

Dear Ms. Thomas:

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 update. Based on discussions with City staff, the services to be provided by PRMG include a summary update to the wastewater system financial forecast, with reliance on a capital funding analysis prepared and updated by City staff. The financial forecast and capital funding analysis is an update to the previous forecast completed as part of the 2009 Rate Study. The scope of services set forth herein contemplates an update to the analysis and the preparation of a briefing document to the City Council regarding wastewater rate levels. An analysis of the existing base facility charge level and residential wastewater charge usage cap, based on the City's objectives and parameters, is contemplated in the scope herein. However, this scope does not include analysis of multiple rate design options or scenarios.

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

K:\1199\PRMG Marathon Agmt 2010.Forecast.adjusted

341 NORTH MAITLAND AVENUE – SUITE 300 – MAITLAND, FL 32751
TELEPHONE: (407) 628-2600 • FAX: (407) 628-2610 • EMAIL: PRMG@PRMGinc.com

Ms. Susie Thomas
City of Marathon
October 18, 2010
Page 2

\$25,000 for the project, exclusive of direct travel expenses, if any. 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 other than travel such as telephone, copying, printing, 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

11/4/10
Date

Attachments

ATTACHMENT A

**CITY OF MARATHON, FLORIDA
2010 WASTEWATER AND STORMWATER FINANCIAL FORECAST**

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 2010 WASTEWATER AND STORMWATER FINANCIAL FORECAST

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 forecast update is summarized below by major task:

Task 1 – Data Acquisition and Review: PRMG will review the analysis and data utilized as part of the 2009 Rate Study and prepare a request for data necessary to complete the financial forecast update. The data request will include items such as: i) monthly customer billing records; ii) operating budgets and actual operating results; iii) updated incremental operating expenses; iv) capital improvements program; v) identified funding sources and loan/grant agreements; vi) assessment role data; and vii) other data relevant to the financial forecast update.

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 2011 through Fiscal Year 2015 and include both wastewater customers by service area and stormwater customers for the entire City limits (i.e. on a consolidated basis).

Task 3 –Projection of Assessment Revenue: Based on the customer forecast in Task 2, revenues from existing wastewater and stormwater rates will be projected during the forecast period.

Task 4 – Capital Funding Analysis: PRMG will review the City's wastewater capital funding plan and compare to the projections in the 2009 rate study. It is our understanding that the grant funded portion of the wastewater capital plan is higher than what was forecasted in the 2009 rate study, and ultimately should result in lower annual debt service. PRMG will rely on the City's wastewater capital funding plan and existing loan commitments to project the annual wastewater debt service. Based on the level of annual wastewater assessment revenue available for wastewater debt service, the remaining debt service to be funded from monthly wastewater rates will be projected.

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 review of monthly rate levels. 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. This financial forecast will serve as the basis for the average rate per EDU necessary to support the wastewater system.

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.

Task 7 – Analysis of Base Facility Charge: PRMG will prepare an analysis of the base facility charge level. The initial design of the base facility charge in the 2009 Rate Study included the portion of debt service that was not funded from system development charges (i.e. non-ad valorem assessments. Since additional grant funding has become available since the initial rate study, the existing base facility charge level and residential wastewater billing cap will be reviewed and a recommended rate structure change will be provided, if feasible. However, this task does not include the development of multiple scenarios once the rate structure modification is designed.

Task 8 – Briefing Document and Documentation: PRMG will prepare a briefing document that provides an overview of the financial forecast and also provide a documentation of the assumptions, analyses, and recommendations resulting from our forecast.

Task 9 – Meetings: It is anticipated that during the course of this engagement, that PRMG will need to attend up to two (2) conference calls with staff, its consulting engineers, and legal counsel during the development of the financial forecast:

Description	Number of Meetings
City Council Briefing	1
Allowance for Conference Calls With City Utility Team	2
Total Meetings (Including Conference Calls)	3

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 supporting bank qualified financing, 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. Multiple scenarios or options after completion of the base facility charge and residential usage cap analysis is completed.
4. Development of stormwater rates, rate resolutions, assessment rolls, and associated tasks.

5. 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.
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. Delay in the utility financing beyond February 28, 2011 would require a review of the scope of services and associated budget herein.

DELIVERY SCHEDULE

Based on the City's initial request, the draft financial analysis will be prepared by January 31, 2011, with the final analysis complete by February 28, 2011. This schedule is dependent on data availability and the information provided by the City including the City's existing wastewater and stormwater capital finance plans. The City will need to provide the necessary data by December 3, 2010 in order to meet the delivery 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.