

**RESOLUTION 20-08**

**A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, APPROVING AN AGREEMENT WITH RAFTELIS FINANCIAL CONSULTANTS, INC., FOR A FINANCIAL ANALYSIS OF WATER/WASTEWATER RATES AND REVENUE, IN THE AMOUNT OF \$32,855.**

**BE IT RESOLVED** that the appropriate officers of the City are authorized to accept and deliver on behalf of the City that certain Task Order No. 2019-1 between the City and Raftelis Financial Consultants, Inc., relating to professional services associated with a revenue sufficiency study of the City's water and wastewater systems, in the basic amount of Thirty Two Thousand, Eight Hundred, Fifty Five Dollars (\$32,855.00), in substantially the form attached and presented to the Council today, draft dated October 22, 2019, with such changes, insertions or omissions as may be approved by the City Manager and whose execution shall be conclusive evidence of such approval.

**THIS RESOLUTION** shall be effective immediately upon passage.

**PASSED** in regular session this 14<sup>th</sup> day of November, 2019.

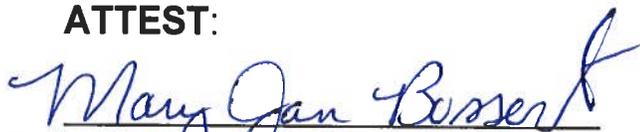
**CITY OF PANAMA CITY BEACH**

By: \_\_\_\_\_



Mike Thomas, Mayor

**ATTEST:**

  
Mary Jan Bossert, City Clerk



IS NOW  
PART OF



RAFTELIS

October 22, 2019

Mr. Albert Short, P.E.  
City Engineer / Utilities Director  
City of Panama City Beach  
110 S. Arnold Road  
Panama City Beach, Florida 32413

**Subject: Water and Wastewater Utility Revenue Sufficiency Study**

Dear Mr. Short:

Per your request, Raftelis Financial Consultants, Inc. ("Raftelis") is pleased to submit this proposal to provide consulting services to the City of Panama City Beach, Florida (the "City" or "Client") associated with a revenue sufficiency study for the City's water and wastewater systems.

**SCOPE OF SERVICES**

The scope of services to be performed by Raftelis is included in Attachment A. The Project is anticipated to be completed within one hundred and twenty (120) days from receipt of the authorization to proceed.

**PROJECT TEAM AND BILLING RATES**

With respect to the performance of this engagement, Mr. Henry L. Thomas will be the Project Director and Shawn A. Ocasio will be the Project Manager and primary contact with the City. Other staff consultants, analysts and administrative personnel will be utilized during the engagement as needed. The services covered by this Agreement shall be billed based on the direct labor rates set out in Attachment B.

**COMPENSATION AND BILLING**

Based on the Scope of Services as summarized herein in Attachment A and the direct hourly labor billing rates as identified on Attachment B, we propose to establish a not-to-exceed contract budget of \$32,855 to provide consulting services associated with the performance of the Water and Wastewater Utility Revenue Sufficiency Study. Attachment C provides a detailed breakdown of the proposed budget by task.

This project budget amount includes 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. The costs incurred by Raftelis for such other direct costs, if any, will be billed to the City based on the standard unit costs or reimbursement schedule as reflected on Attachment B. It is proposed that Raftelis will bill monthly for services relative to this engagement 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. No additional services above the cost estimate will be performed without the prior written authorization of the City.

**TERM OF AGREEMENT**

The terms of this proposed agreement and the associated direct hourly labor billing rates for Raftelis personnel shall be in effect and continue for twelve (12) months after the date of execution of this agreement.

341 N. Maitland Avenue, Suite 300  
Maitland, FL 32751  
[www.raftelis.com](http://www.raftelis.com)

**ADDITIONAL TERMS AND CONDITIONS**

Additional standard terms and conditions, that are made part of this proposed agreement, are set forth in Attachment D which is made a part of this proposal.

We appreciate the opportunity to be of service to the City.

Sincerely,



**Henry L. Thomas**  
*Vice President*  
407-628-2600  
[hthomas@raftelis.com](mailto:hthomas@raftelis.com)

Accepted By:

**City of Panama City Beach**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**ATTACHMENT A**  
**CITY OF PANAMA CITY BEACH, FLORIDA**  
**WATER AND WASTEWATER UTILITY REVENUE SUFFICIENCY STUDY**

**SCOPE OF SERVICES**

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The scope of service to be performed by Raftelis is related to the preparation of a water and wastewater utility revenue sufficiency study. The study will include updating the City's financial forecast in order to project Water and Wastewater System financial operations over the five-year period beginning with the fiscal year ending September 30, 2020. The activities associated with the Water and Wastewater Utility Revenue Study are summarized below by major task:

1. *Data Request, Data Gathering, and Project Kickoff Call* – Raftelis will prepare a written data request for the collection of financial, customer billing, operating, engineering, and planning data necessary to conduct the annual rate review. Information requested will include, but is not limited to, financial statements, existing rate schedules, operating budgets and capital work plans, existing debt service schedules, and customer billing data. The initial data request will be as comprehensive as possible; however, based on review the City's initial response it is contemplated that follow up data requests will be required during the course of the review. Once the City has responded to the initial data request, the data provided will be reviewed and incorporated into the City's utility rate and financial planning model. Raftelis will also attend, via conference call, a working group teleconference call in order to discuss study objectives, concerns and goals for the study.
2. *Customer, Sales, and Revenue Forecast* – Raftelis will prepare a forecast of customer and usage requirements based on detailed customer account information provided by the City. This task will include review of the most recent historical customer and usage statistics by rate classification and development of a forecast of customers and sales based on the best available information about future growth. This task also includes preparing a detailed profile of billing determinants to be included in the financial forecast. The task will involve the development of bill frequency reports based on detailed billing records. The first step of this task will be to work with City staff to specify the billing data to be provided. Once the customer billing data is provided it will be summarized and assembled for use in the financial forecast model and rate sufficiency review. A forecast of utility rate revenue will be developed based on applying the currently adopted rates to the customer and sales forecast and detailed profile of water and wastewater billing determinants.
3. *Review of Capital Improvements Program* – This task will involve the development of a capital finance plan to identify the funding sources for the City's Water and Wastewater System Five Year Capital Improvements Program (CIP). In addition to reviewing the City's current CIP, this activity will also include identification of available funding sources and fund balances and development of an updated capital funding strategy based on project timing and proposed funding sources.
4. *Development of Projected Revenue Requirements* – Raftelis will prepare a five-year financial forecast and revenue requirements analysis based on the City's adopted FY 2020 and Operating Budget and Capital Improvement Program. This task will include analysis of operations and maintenance expenses, capital expenditures and funding criteria, and other non-operating costs such as debt service, renewal and replacement funding requirements and general fund transfers. This task will also include the development of a forecast of revenues and income including utility rate revenues, other operating revenues from miscellaneous service charges and other income such as interest income on fund balances. The forecast of utility rate revenue will be based on applying the currently adopted rates to the customer and sales forecast and detailed profile of water and wastewater billing determinants described in Task 2. The final step in this task will be to compare the projected revenues from existing rates with the projected revenue requirements in order to estimate the adequacy of current and future rate levels. Based on this summary of the adequacy of rates, Raftelis will

recommend overall Water and Wastewater System rate adjustments in conjunction with the City staff. Raftelis will attend one on site meeting with City staff to review and discuss study assumptions, results, and recommendations.

5. *Develop Proposed Water and Wastewater Rates* – Raftelis will recommend proposed monthly rates for Water and Wastewater Service including monthly base charges and metered usage charges based on the proposed rate adjustments associated with the costs of providing service identified in Task 4. This task will include a comparison of existing and proposed rates with the rates of neighboring utilities.
6. *Present Study Results* – Raftelis will attend one on site meeting to present the results of the Water and Wastewater Utility Revenue Sufficiency Study to the City Council. This task will also include preparation of a briefing document and letter report to summarize the study results.

### **LIST OF DELIVERABLES**

The deliverables to be provided in this engagement include the following items:

- Data Request
- Five Year Financial Forecast
- Proposed Water and Wastewater Rates
- Rate Comparison with Other Jurisdictions
- Briefing Document to Summarize the Study
- Letter Report Summarizing Study

### **ADDITIONAL SERVICES**

During the course of the study, the Client may request additional services from Raftelis. Such services may include: 1) assisting in the gathering of detailed billing information; 2) developing additional rate designs or significantly updating the financial analysis with revised assumptions after the City's review and subsequent to completion of the draft letter report; 3) preparing documentation associated with future debt issuance; 4) project delays that require updated analyses that are not the fault of Raftelis; and 5) additional onsite meetings above the two (2) included in this scope of services. The Client will be billed for such additional services based on the direct labor rates as set forth herein and any direct out of pocket expenses associated with such additional work.

**ATTACHMENT B**

**RAFTELIS FINANCIAL CONSULTANTS, INC.**

**SCHEDULE OF DIRECT LABOR HOURLY RATES AND STANDARD COST RATES**

**DIRECT LABOR HOURLY RATES**

<u>Project Team Title</u>	<u>Direct Labor Hourly Rates [*]</u>
Principal	\$225.00
Associate	\$200.00
Managing Consultant	\$185.00
Supervising Consultant	\$170.00
Senior Consultant	\$160.00
Rate Consultant	\$150.00
Consultant	\$140.00
Senior Rate Analyst	\$125.00
Rate Analyst	\$110.00
Analyst	\$100.00
Assistant Analyst	\$ 90.00
Administrative	\$ 80.00

[\*] 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 (but not less than 0%) 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**

<u>Expense Description</u>	<u>Standard Rates [*]</u>
Mileage Allowance – Personal Car Use Only	IRS Standard Mileage Rate
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 Raftelis 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 (but not less than 0%) 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 be substituted for the rates shown above.

**Attachment C**  
**City of Panama City Beach, Florida**  
**Project Cost Estimate for Water and Wastewater Utility Revenue Sufficiency Study**

Line No.		Project Director / Principal-in- Charge	Project Manager / Senior Consultant	Senior Rate Analyst	Admin	Totals
	<b>Project Billing Rates (\$/Hr.)</b>	<b>\$225.00</b>	<b>\$160.00</b>	<b>\$125.00</b>	<b>\$80.00</b>	
1	Task 1 - Data Request and Data Gathering	0	4	8	1	13
2	Project Kickoff Call	2	2	0	0	4
3	Task 2 - Customer, Sales, and Revenue Forecast	1	8	16	0	25
4	Task 3 - Review of Capital Improvements Program	1	4	16	0	21
	Task 4 - Development of Projected Revenue Requirements					
5	Projection of Operating and Maintenance Expenses	1	2	12	0	15
6	Existing and Proposed Debt Service Analysis	1	4	8	0	13
7	Projection of Other Operating Revenues	1	1	4	0	6
8	Projection of Other Revenue Requirements	1	2	4	0	7
9	Review Adequacy of Existing Rates	1	4	0	0	5
10	Debt Service Coverage Compliance Review	1	4	0	0	5
11	Project Meeting to Review Results	10	10	0	0	20
12	Task 5 - Develop Proposed Water and Wastewater Rates	1	2	0	0	3
13	Preparation of Rate Comparison	0	1	8	0	9
	Task 6 - Present Study Results					
14	Preparation of Presentation Briefing Documents	1	2	8	2	13
15	Preparation of Letter Report	2	16	4	8	30
16	Presentation to City Council	10	10	0	0	20
17	Project Management	2	0	0	2	4
18	<b>Total Hours</b>	<b>36</b>	<b>76</b>	<b>88</b>	<b>13</b>	<b>213</b>
19	<b>Direct Labor Cost</b>	<b>\$8,100</b>	<b>\$12,160</b>	<b>\$11,000</b>	<b>\$1,040</b>	<b>\$32,300</b>
	<u>Allowance for Indirect Costs</u>					
20	Miscellaneous (Phone\Postage\Reproduction\Other)					\$105
21	Travel Expenses (Car Rental, Gas, Tolls, etc.)					450
22	<b>Total Allowance for Indirect Costs</b>					<b>\$555</b>
23	<b>Total Project Cost (Rounded)</b>					<b>\$32,855</b>

**I. SCOPE**

Raftelis Financial Consultants, Inc. ("Raftelis") agrees to perform the professional consulting services described in the agreement (the "Work") that incorporates these standard terms and conditions. Unless modified in writing by the parties hereto, the duties of Raftelis shall not be construed to exceed those services specifically set forth in the agreement. These terms and conditions and the agreement, when executed by the Client, shall constitute a binding agreement on both parties (hereinafter 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, not to exceed a monthly compound rate of one percent (1.0%) applied to the delinquent unpaid balance.

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 the actual cost as incurred by Raftelis.

**III. RESPONSIBILITY**

Raftelis 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. Raftelis shall perform analyses, provide opinions, make factual presentations, and provide professional advice and recommendations. Raftelis does not expressly warrant or guarantee its services.

**IV. RELIANCE UPON INFORMATION PROVIDED BY OTHERS**

If Raftelis' performance of services hereunder requires Raftelis to rely on information provided by other parties (excepting Raftelis' subcontractors), Raftelis shall not independently verify the validity, completeness or accuracy of such information unless otherwise expressly engaged to do so in writing by Client.

**V. INSURANCE**

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

1. Commercial general liability insurance, including hired and non-owned automobiles, with the following limits:

Each Occurrence	\$1,000,000
Damage to Rented Premises (Each Occurrence)	\$500,000
Medical Expense (Any one person)	\$15,000
Personal and Advertising Injury	\$1,000,000
General Aggregate	\$2,000,000
Products – Completed/Operation General Aggregate	\$2,000,000

2. Statutory worker's compensation and employers' liability insurance as required by state law.
3. Professional liability insurance at a limit of liability of not less than \$5,000,000 aggregate.

**VI. SUBCONTRACTS**

Unless specifically specified in the Agreement, Raftelis shall be entitled, to the extent determined to be appropriate by Raftelis, to subcontract any portion of the Work to be performed under this Agreement.

**VII. 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 Raftelis without prior, written consent of the other.

**VIII. INTEGRATION**

These terms and conditions and the agreement to which they are attached represent the entire understanding of Client and Raftelis 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.

**IX. 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.

**X. SEVERABILITY**

If any part of the Agreement is found unenforceable under 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.

**XI. FORCE MAJEURE**

Raftelis shall not be responsible for delays in performing the scope of services that may result from causes beyond the reasonable control or contemplation of Raftelis. Raftelis will take reasonable steps to mitigate the impact of any force majeure.

**XII. NO BENEFIT FOR THIRD PARTIES**

The services to be performed by Raftelis hereunder are intended solely for the benefit of Client, and neither right nor benefit is conferred on, nor any contractual relationship intended or established with any person or entity not a party to this Agreement. No such person or entity shall be entitled to rely on Raftelis' performance of its services hereunder.

**XIII. WORK PRODUCT**

Raftelis and Client recognize that Raftelis' Work product submitted in performance of this Agreement is intended only for the Client's benefit and use. Change, alteration, or reuse on another project by Client shall be at Client's sole risk, and Client shall hold harmless and indemnify Raftelis against all losses, damages, costs, and expenses, including attorneys' fees, arising out of or related to any such unauthorized change, alteration, or reuse.

**XIV. 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. Raftelis may request that the Work be suspended by notifying

Client, in writing, of circumstances that are interfering with the normal progress of Work. Raftelis may suspend Work on the project in the event Client does not pay invoices when due. Raftelis shall be compensated for its reasonable expenses resulting from such suspension including mobilization and de-mobilization. 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.

**XV. 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.

This agreement may be terminated by Raftelis: a) for cause, if Client breaches this Agreement through no fault of Raftelis and Client neither cures such material breach nor makes reasonable progress toward cure within 15 days after Raftelis has given written notice of the alleged breach to Client; or b) upon five days' notice if Work under this Agreement has been suspended by either Client or Raftelis in the aggregate for more than ninety (90) days.

In the event of termination, Raftelis 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 five percent (5%) of the time expended on the terminated portion of the project prior to the effective date of termination. Raftelis shall be compensated by the client for Work actually performed prior to the effective date of termination plus the Work required for filing and closing as described in this Article.

**XVI. NOTICES**

All notices required under this Agreement shall be by personal delivery, facsimile or mail to the Raftelis Project Manager and to the person signing the

Agreement on behalf of the Client and shall be effective upon delivery to the address stated in the Agreement.

**XVII. PUBLIC RECORDS**

The City is a public agency subject to the Florida Public Records Law expressed in Chapter 119, Florida Statutes. Accordingly, to the extent that it is determined that Raftelis is acting on behalf of City as provided under Section 119.011(2), Raftelis agrees to also comply with that law, specifically including to:

A. Keep and maintain public records that ordinarily and necessarily would be required by the City in order to perform the service.

B. Upon request of the City, provide the public with access to public records on the same terms and conditions that the City would provide the records and at a cost that does not exceed the cost provided in this chapter or as otherwise provided by law, or provide the City with a copy of the requested records.

C. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the Consultant does not transfer the records to the City.

D. Meet all requirements for retaining public records and transfer, at no cost, to the City all public records in possession of the contractor upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the City in a format that is compatible with the information technology systems of the City.

IF RAFTELIS HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO RAFTELIS'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT 850.233.5100, [mjbossert@pcbgov.com](mailto:mjbossert@pcbgov.com), 110 S. Arnold Road, Panama City Beach, FL 32413.