

RESOLUTION NO. 23-138

A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, APPROVING AN AGREEMENT WITH RAFTELIS FINANCIAL CONSULTANTS, INC. IN AN AMOUNT NOT TO EXCEED \$37,400 FOR PREPARATION OF A WATER AND WASTEWATER UTILITY REVENUE SUFFICIENCY STUDY.

BE IT RESOLVED that the appropriate officers of the City are authorized to accept and deliver on behalf of the City that certain Agreement between the City and Raftelis Financial Consultants, Inc., for preparation of a water and wastewater utility revenue sufficiency study in an amount not to exceed Thirty-Seven Thousand, Four Hundred Dollars (\$37,400), in substantially the form **attached** and presented to the Council today, 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 9th day of March, 2023.

CITY OF PANAMA CITY BEACH

By: 
Mark Sheldon, Mayor

ATTEST:


Lynne Fasone, City Clerk



February 14, 2022

Mark Shaeffer, P.E.
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. Shaeffer:

Raftelis Financial Consultants, Inc. ("Raftelis") is pleased to provide this agreement to the City of Panama City Beach (the "City" or "Client") to provide utility rate and financial consulting services on behalf of the City's Utility Department (the "Utility Department"). Based on our discussions, Raftelis will perform a revenue sufficiency study for the water and wastewater systems. Based on our understanding of the needs of the City, we propose the following:

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 fifty (150) 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 \$37,400 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.

TERMS AND CONDITIONS

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

We appreciate the opportunity to submit this Agreement to the City to provide utility consulting services on behalf of the City's Utility Department. Upon execution of this Agreement, please return a signed copy to Raftelis along with an executed purchase order which we will then take as our notice to proceed.

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

Sincerely,



Henry L. Thomas
Vice President
407-628-2600
hthomas@raftelis.com

Accepted By:

City of Panama City Beach



Name

CITY MANAGER 3-17-23

Title

Date

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

SCOPE OF SERVICES

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, 2023. 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 virtual 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 customer account and sales 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 summary profile of billing determinants to be included in the financial forecast. 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 historical revenue trends, the City's budget, and applying the currently adopted rates to the customer and sales forecast and summary 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 2023 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 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 two virtual meetings 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 (1) 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 meetings above the three (3) virtual and one (1) onsite meeting 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 C
City of Panama City Beach, Florida

Project Cost Estimate for Water and Wastewater Utility Revenue Sufficiency Study

Line No.		Project Director	Project Manager	Associate Consultant	Admin.	Totals
	Project Billing Rates (\$/Hr.)	\$300.00	\$245.00	\$155.00	\$95.00	
1	Task 1 - Data Request and Data Gathering	0	4	8	0	12
2	Project Kickoff Call / Virtual Meeting	1	2	1	0	4
3	Task 2 - Customer, Sales, and Revenue Forecast	1	4	8	0	13
4	Task 3 - Review of Capital Improvements Program	2	8	16	0	26
	Task 4 - Development of Projected Revenue Requirements					
5	Projection of Operating and Maintenance Expenses	1	4	8	0	13
6	Existing and Proposed Debt Service Analysis	1	4	8	0	13
7	Projection of Other Operating Revenues	1	1	2	0	4
8	Projection of Other Revenue Requirements	1	2	6	0	9
9	Review Adequacy of Existing Rates	2	4	0	0	6
10	Debt Service Coverage Compliance Review	1	4	8	0	13
11	Two (2) Virtual Meetings to Review Results	2	2	2	0	6
12	Task 5 - Develop Proposed Water and Wastewater Rates	1	2	1	0	4
13	Preparation of Rate Comparison	0	1	8	0	9
	Task 6 - Present Study Results					
14	Preparation of Presentation Briefing Documents	1	2	8	0	11
15	Preparation of Letter Report	2	4	10	6	22
16	Presentation to City Council - Split with Impact Fee Study	6	6	0	0	12
17	Project Management	2	4	0	2	8
18	Total Hours	25	58	94	8	185
19	Direct Labor Cost	<u>\$7,500</u>	<u>\$14,210</u>	<u>\$14,570</u>	<u>\$760</u>	<u>\$37,040</u>
	<u>Allowance for Indirect Costs</u>					
20	Miscellaneous (Phone\Postage\Reproduction\Other)					\$79
21	Travel Expenses (Car Rental, Gas, Tolls, etc.) - Split with Impact Fee Study					281
22	Total Allowance for Indirect Costs					<u>\$360</u>
23	Total Project Cost (Rounded)					<u><u>\$37,400</u></u>

I. SCOPE

Raftelis Financial Consultants, Inc. (Raftelis) agrees to perform the professional consulting services described in the agreement (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 30 days of receiving the invoice. Amounts paid after 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. INDEMNIFICATION

Raftelis agrees to indemnify, defend, and hold Client harmless from and against any liability caused by the negligent errors or negligent omissions of Raftelis, its agents, employees, or representatives, in the performance of duties set forth in Article I. Regardless of any other term of this Agreement, in no event shall Raftelis be responsible or liable to Client for any incidental, consequential, or other indirect damages.

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

VI. 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.

VII. 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.

VIII. 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.

IX. 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.

X. 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.

XI. 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.

XII. 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.

XIII. 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.

XIV. 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.

XV. 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.

XVI. 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 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.

XVII. 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.

XVIII. E-VERIFY REQUIRED

Raftelis and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees. Raftelis agrees and acknowledges that the Client is a public employer that is subject to the E-Verify requirements as set forth in Section 448.095, Florida Statutes, and that the provisions thereof apply to this Agreement. Raftelis by entering into this Agreement with the Client, certifies: (i) it is registered with and uses the E-Verify system operated by the U.S. Department of Homeland Security to verify the work authorization status of all newly hired employees; (ii) during the year prior to

making its submission or entering into this Agreement, no contract of Raftelis was terminated by a public employer in compliance with Section 448.095, Florida Statutes; and (iii) Raftelis is and shall remain in compliance with Sections 448.09 and 448.095, Florida Statutes, including securing and maintaining subcontractor affidavits as required by Section 448.095(2)(b), Florida Statutes. Additionally, Raftelis shall require all subcontractors performing work under this Agreement to use the E-Verify system for any employees hired on and after January 1, 2021. Contractor must provide evidence to the Authority of compliance with Section 448.095, Florida Statutes, prior to entering into the Agreement and then annually on each anniversary of the Agreement's Effective Date. The Client's receipt of proof that Raftelis and each subcontractor performing through Raftelis are E-Verify system participants is a condition precedent to entering this Agreement. The submission of an executed affidavit, similar to the affidavit in Exhibit A, from the Raftelis and any subcontractor stating it is in compliance with Section 448.095, Florida Statutes, and all employees hired on and after January 1, 2021, have had their work authorization status verified through the E-Verify system shall satisfy this requirement.

Notwithstanding any other provision herein, if the Client has a good faith belief that Raftelis or its subcontractors have knowingly hired, recruited, or referred an alien who is not duly authorized to work by the immigration laws or the Attorney General of the United States for employment under this Agreement, the Client shall terminate this Agreement. Raftelis shall be liable for any additional costs incurred by the Client as a result of the termination of this Agreement based on the failure of Raftelis or its subcontractors to comply with the E-Verify requirements referenced herein.

XIX. 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.

XIXI. PUBLIC RECORDS

Pursuant to applicable Florida law, Raftelis' records associated with this Agreement may be subject to

Florida's public records laws, Florida Statutes 119.01, et seq., as amended from time to time. Raftelis shall comply with all public records obligations set for in such laws, including those obligations to keep, maintain, provide access to, and maintain any applicable exemptions to public records, and transfer all such public records to the Client at the conclusion of this Agreement, as provided for in Florida Statutes 119.0701 (2013).