

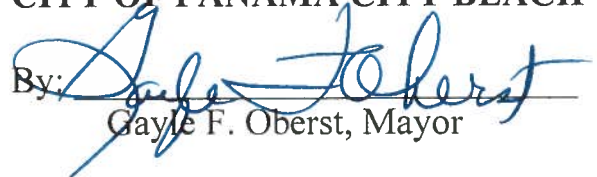
RESOLUTION 16-69

BE IT RESOLVED that the appropriate officers of the City are authorized but not required to accept and deliver on behalf of the City that certain Agreement between the City and Public Resources Management Group, Inc., relating to the performance of a financial analysis of the City's water and wastewater rates and impact fees, in the basic amount of Thirty Four Thousand Five Hundred Dollars (\$34,500), in substantially the form attached and presented to the Council today, draft dated April 6, 2016, 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 14th day of April, 2016.

CITY OF PANAMA CITY BEACH

By: 
Gayle F. Oberst, Mayor

ATTEST:


Diane Fowler, City Clerk

Memorandum

To: Mario Gisbert

CC: Holly White

From: Al Shortt 

Date: April 8, 2016

Subject: Water and Wastewater Rate & Impact Fee Study

Staff requested a proposal from its utility rate consultant, Public Resources Management Group, Inc. (PRMG), to provide a financial analysis to verify the City's future water and sewer rates and impact fees are sufficient to cover planned operating and capital expenditures. An analysis was last performed prior to the 2011 utility bond issuance. Rate recommendations are typically based on a 5 year forecast and rate recommendations for the next 5 years need to be developed. A copy of the proposal from PRMG is attached for your reference. Staff has reviewed the proposal and recommends that the City Council approve the task for the amount of \$34,500. The water and sewer utility has sufficient budgeted funds available to complete the work this year in time to prepare the recommended budget for FY 2016-2017.



Public Resources Management Group, Inc.

Utility, Rate, Financial and Management Consultants

April 6, 2016

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 Rate and Impact Fee Study

Dear Mr. Short:

As you have requested, Public Resources Management Group, Inc. (PRMG) is pleased to submit this Agreement to provide utility consulting services to the City of Panama City Beach, Florida (the "City" or "Client") associated with a rate and impact fee review for the City's water and wastewater systems.

PROJECT TEAM AND BILLING RATES

With respect to the performance of this engagement, Mr. Henry Thomas will be the project manager and primary contact with the City. Other analysts and administrative personnel employed by PRMG will be utilized during the course of the engagement as needed. On the next page is a summary of the direct labor hourly billing rates for this engagement by personnel title and indirect cost rates for miscellaneous expense.

SCOPE OF SERVICES

The scope of services to be performed by PRMG over the course of this project is included as Exhibit A. The anticipated completion date of the study is July 15, 2016 or ninety (90) days after notice to proceed.

(Remainder of page intentionally left blank)

DIRECT LABOR HOURLY RATES

Project Team Title	Direct Labor Hourly Rates [*]
Principal	\$185.00
Associate	\$150.00
Managing Consultant	\$135.00
Supervising Consultant	\$120.00
Senior Consultant	\$115.00
Rate Consultant	\$105.00
Consultant	\$ 95.00
Senior Rate Analyst	\$ 85.00
Rate Analyst	\$ 75.00
Analyst	\$ 65.00
Assistant Analyst	\$ 55.00
Administrative	\$ 52.00

[*] 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

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 (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 supersede rates shown above.

Mr. Albert Short, P.E.
City of Panama City Beach
April 6, 2016
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COMPENSATION AND BILLING

Based on the Scope of Services as summarized in Exhibit A and the direct hourly labor billing rates as identified herein, we propose to establish a not-to-exceed contract budget to provide the Water and Wastewater Rate and Impact Fee Study to the City of \$34,500.00. This budget amount includes the direct cost of personnel anticipated to be assigned to the project as well as any indirect costs such as telephone, reproduction, printing and shipping charges. The costs incurred by PRMG for such indirect costs, if any, will be billed to the City at the actual cost incurred by PRMG. Lastly, no additional services above the cost estimate will be performed without the prior written authorization of the City. The project labor cost will be billed monthly based upon the actual hours of service furnished toward the completion of the project. Indirect expenses will be billed as they are incurred.

TERM OF AGREEMENT

The terms of this Agreement and the associated direct hourly labor billing rates for PRMG personnel shall be in effect and continue through December 31, 2015, or some other contract period as mutually agreed to between the City and PRMG.

ADDITIONAL TERMS AND CONDITIONS

Additional standard terms and conditions, that are made part of this Addendum by reference, are set forth in Exhibit B.

We have enclosed two (2) copies of the Agreement for providing utility rate consulting services for the City's approval and authorization. Upon execution of the Agreement, please return one (1) copy to PRMG; the other copy is for the City's files. We appreciate the opportunity to continue our work with the City.

IN WITNESS WHEREOF, the parties hereto have accepted, made and executed this Agreement upon the terms and conditions above stated.

ATTEST:

Public Resources Management Group, Inc.
341 N. Maitland Ave., Suite 300
Maitland, FL 32751

By 
Name: Henry L. Thomas
Title: Vice President

ATTEST:

City of Panama City Beach
110 South Arnold Road
Panama City, FL 32413

By _____
Name: _____
Title: _____

EXHIBIT A
CITY OF PANAMA CITY BEACH
WATER AND WASTEWATER RATE AND IMPACT FEE STUDY

SCOPE OF SERVICES

The scope of service to be performed by Public Resources Management Group, Inc. is related to the preparation of a water and wastewater rate and impact fee study. The rate 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, 2017. The activities associated with the Water and Wastewater Rate and Impact Fee Study are summarized below by major task:

1. *Data Request and Data Gathering* – PRMG 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, fixed asset records 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.
2. *Customer and Sales Forecast* – PRMG 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.
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* – PRMG will prepare a five-year financial forecast and revenue requirements analysis based on the City's proposed FY 2016 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 developed 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, PRMG will recommend any overall Water and Wastewater System rate adjustments and, if appropriate, develop a revised cost recovery strategy in conjunction with the City staff.
5. *Design Proposed Water and Wastewater Rates* – PRMG will design proposed monthly rates for Water and Wastewater Service including monthly base charges and metered usage charges based on 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. *Design of Water And Wastewater Impact Fees* – PRMG will developed proposed Water and Wastewater Impact Fees based on the capital cost of providing capacity to serve new development. These capital costs will include both the cost of existing treatment and backbone transmission assets that have capacity available to serve new development and the expansion-related projects included in the City's Capital Improvement Plan. These fees will be based on our understanding of the requirements of the Florida Impact Fee Act and Florida case law as it relates to the establishment of valid Impact fees.
7. *Development of Miscellaneous Service Charges and Fees* – PRMG will review the City's miscellaneous water and wastewater charges for various ancillary services including meter installation and connection fees, customer deposits, meter testing fees, etc. The proposed fees will be developed based on the cost of providing the miscellaneous services.
8. *Present Rate Review Results* – PRMG will attend a meeting to present the results of the Water and Wastewater Rate and Impact Fee Study to the City Council. Meetings will be held with the City staff throughout the course of the engagement including an initial project meeting, and a subsequent meeting to review preliminary study results. This task will also include preparation of a briefing document and letter report to summarize the study results.

(Remainder of page intentionally left blank)

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
- Proposed Water and Wastewater Impact Fees
- Proposed Miscellaneous Service Charges
- Rate Comparison with Other Jurisdictions
- Briefing Document to Summarize the Rate Review
- Letter Report Summarizing Annual Update

ADDITIONAL SERVICES

During the course of the study, the Client may request additional services from PRMG. 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; and 4) project delays that require updated analyses that are not the fault of PRMG. 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.

(Remainder of page intentionally left blank)

**PUBLIC RESOURCES MANAGEMENT GROUP, INC.
STANDARD TERMS AND CONDITIONS**

ATTACHMENT B

I. SCOPE

Public Resources Management Group, Inc. (PRMG) 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 PRMG 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 after 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 PRMG.

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. PRMG does not expressly warrant or guarantee its services.

IV. RELIANCE UPON INFORMATION PROVIDED BY OTHERS.

If PRMG's performance of services hereunder requires PRMG to rely on information provided by other parties (excepting PRMG's subcontractors), PRMG 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

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. Regardless of any other term of this Agreement, in no event shall PRMG be responsible or liable to Client for any incidental, consequential, or other indirect damages.

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.

VI. INSURANCE

PRMG 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)	\$300,000
Medical Expense (Any one person)	\$5,000
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 \$2,000,000 aggregate.

VII. SUBCONTRACTS

Unless specifically specified in the Agreement, PRMG shall be entitled, to the extent determined to be appropriate by PRMG, 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 PRMG 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 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.

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

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

XIII. NO BENEFIT FOR THIRD PARTIES

The services to be performed by PRMG 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 PRMG's performance of its services hereunder.

XIV. WORK PRODUCT

PRMG and Client recognize that PRMG's 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 PRMG 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. 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. PRMG shall be compensated for its reasonable expenses resulting from such suspension including mobilization and demobilization. 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 PRMG: a) for cause, if Client breaches this Agreement through no fault of PRMG and Client neither cures such material breach nor makes reasonable progress toward cure within 15 days after PRMG 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 PRMG in the aggregate for more than ninety (90) days.

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 five percent (5%) of the time expended on the terminated portion of the project prior to the effective date of termination. PRMG 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.

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).

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. NOTICES

All notices required under this Agreement shall be by personal delivery, facsimile or mail to the PRMG 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.

XIX. PUBLIC RECORDS

Pursuant to applicable Florida law, PRMG's 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. PRMG shall