



COPY

Request for Proposal #48-0-2017/SB

City of Palm Bay, FL

Financial Rate and Management Consultant Services



TITLE PAGE

May 23, 2017

City of Palm Bay, FL

RFP No. 48-0-2017

Financial Rate & Management Consultant Services

Submitted by:



Submitting Office:

Michael Burton, Vice President
200 Business Park Circle, Suite 101
St. Augustine, FL 32095
(904) 247-0787
Michael.Burton@Stantec.com

Tab 1

Transmittal Letter

Transmittal Letter



1. TRANSMITTAL LETTER



May 23, 2017

City of Palm Bay
City Hall, Procurement Department
120 Malabar Road, SE
Palm Bay, FL 32907-3009

Re: RFP No. 48-0-2017 – Financial Rate & Management Consultant Services

Dear Ms. Blair and Members of the Selection Committee:

We are pleased to present this proposal to provide Financial Rate & Management Consultant services for the City of Palm Bay (City). For this engagement, services will be provided primarily from our St. Augustine Office located at 200 Business Park Cir., Suite 101, St. Augustine, FL 32095, with supplemental resources provided by our Tampa, Florida office. We have specifically designed our project team to provide the City with the dedicated and experienced resources to best conduct the requested services in a timely manner.

Understanding & Approach – Providing local utility services is increasingly complex, and local attention and scrutiny of both the management of utility services and the administration of rates and charges is growing. The City provides these, and other critical infrastructure to its residents and businesses, and needs to recover costs efficiently, and equitably. Our role is to help you obtain the resources you need, to do so in a way that makes sense and is fundamentally fair, and to help you communicate the need for any rate changes in ways the community can understand and embrace.

To conduct many of the analyses that may be requested under this contract, we will use our integrated modeling system, Financial Analysis and Management System (FAMS-XL). Our modeling system and interactive process will allow us to conduct the study in the most timely and cost effective manner possible. It is robust, easy to use, and was built and developed in MS Excel to be easily customizable to reflect the unique dynamics of each utility or set of enterprise fund activities. You will enjoy working with our modeling system – it is unlike any other.

Contact Person –Mr. Michael Burton will serve as the Project Director, and he can be reached at (904) 247-0787 or via email at Michael.burton@stantec.com.

Summary – Our breadth of local and national experience and our interactive modeling process are a unique combination. Our team provides the City with:

- ✓ Unsurpassed national stature in utility ratemaking
- ✓ Experience with rate management practices in Florida,
- ✓ A powerful, easy-to-understand, and customized Microsoft Excel-based modeling system
- ✓ Excellence in stakeholder education and public outreach programs
- ✓ Commitment and availability of resources to complete the study in the desired time frame

If you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Michael Burton", written over a light blue horizontal line.

Michael Burton
Vice President, Financial Services

Tab 2

Completed Forms



2. COMPLETED FORMS

- ✓ Proposer's Information
- ✓ Check List of Submittal Requirement



**REQUEST FOR PROPOSAL #48-0-2017/SB
FINANCIAL RATE AND MANAGEMENT CONSULTANT SERVICES**

Procurement Department
120 Malabar Road, SE
Palm Bay, FL 32907-3009

ISSUE DATE: 5/2/2017
Page 1 of 38


PROCUREMENT CONTACT:
Susan Blair – CPPB
PHONE NUMBER: (321) 952-3424
FAX: (321) 952-3401
E-MAIL: susan.blair@pbf.org

**PROPOSALS TO BE RECEIVED
NO LATER THAN 5:00 PM ON
TUESDAY, 5/23/2017**

PLEASE COMPLETE AND SUBMIT THIS FORM WITH YOUR PROPOSAL	
Proposer Name: Stantec Consulting Services Inc. Address: 200 Business Park Cir., Suite 101 City, State, Zip: St. Augustine, FL 32095 Phone Number: (904) 247-0787 Fax Number: (813) 223-0009 E-Mail Address: michael.burton@stantec.com	FEIN Number: 11-2167170 Proposals are firm for 90 days Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other _____ Do you accept Visa? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO List of Deviations (if any) attached Yes <input type="checkbox"/> No <input type="checkbox"/> If submitting a "NO PROPOSAL", state reason: _____ _____

Proposal packages shall be mailed or hand-delivered to the Office of the Procurement Department, located at the CITY HALL, 120 Malabar Road SE, Suite 200, Palm Bay, Florida 32907. Receipt of Proposals will be officially closed after time and date identified above. Proposals received after the specified time and date will not be accepted. The City will not be responsible for mail delays, late or incorrect deliveries. The time/date stamp located in the Office of the Procurement Department will be the official authority for determining late Proposals.

One (1) original (MARKED "ORIGINAL") and three (3) copies, and one (1) electronic PDF copy on Compact disk (CD) or flash drive of all Proposal sheets and required attachments shall be executed and submitted in a sealed envelope. Proposer shall mark Proposal envelope, **RFP No. 48-0-2017/SB – Financial Rate and Management Consultant Services**. Proposer's name and return address shall be clearly identified on the outside of the envelope.



Authorized Signature
Andrew Burnham, Director
Printed Name & Title

Financial Services Director
Title (typed or printed)
5-18-17

Date

PROPOSAL FORM – Sheet 1 of 1
RFP NO. 48-0-2017/SB – FINANCIAL RATE & MANAGEMENT
CONSULTANT SERVICES

The undersigned declares that, after examining the Proposal Documents for the above referenced project, she/he does hereby submit a response to the proposal and warrants that:


- a. She/He is an officer of the organization.
- b. She/He is authorized to offer a proposal in full compliance with all requirements and conditions, as set forth in the RFP.
- c. She/He has fully read and understands the RFP and has full knowledge of the scope, nature, quantity and quality of the work to be performed, and the requirements and conditions under which the work is to be performed.
- d. If the proposal is accepted, a Purchase Order and/or Contract will be issued as proposed subject to any revisions mutually agreed-upon by the City and the Proposer.

In submitting this Proposal, Proposer represents as more fully set forth in the agreement, that Proposer has examined copies of all the contract Documents and of the following Addenda:

Addendum No 1 Dated 5/16/17 Addendum No Dated
 Addendum No Dated Addendum No Dated

The City desires to enter into this Agreement only if in so doing the City can place a limit on the City's liability for any cause of action arising out of this Agreement. For other and additional good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Contractor expresses its willingness to enter into this Agreement with the knowledge that the Contractor's recovery from the City to any action or claim arising from the Agreement is limited to a maximum amount of the contract value less the amount of all funds actually paid by the City to Contractor pursuant to this Agreement. Nothing contained in this paragraph or elsewhere in this Agreement is in any manner intended either to be a waiver of the limitation placed upon the City's liability as set forth in Section 768.28, Florida Statutes, or to extend the City's liability beyond the limits established in said Section; and no claim or award against the City shall include attorney fees, investigative costs, expert fees, suit costs or pre-judgment interest. This section shall not prevent the City from taking corrective action against the Contractor.

Conflict of Interest: *The undersigned hereby declares that any person(s) employed by the City of Palm Bay, Florida, who has direct or indirect personal or financial interest in this bid or in any portion of the profits which may be derived therefrom has been identified and the interest disclosed by separate attachment. (Please include in your disclosure any interest which you know of. An example of a direct interest would be a City employee who would be paid to perform services under this proposal. An example of an indirect interest would be a City employee who is related to any officers, employees, principal or shareholders of your firm or to you. If in doubt as to status or interest, please disclose to the extent known).*


 _____ Authorized Signature	_____ 200 Business Park Cir., Suite 101 Address
_____ Andrew Burnham, Director Printed Name & Title	_____ St. Augustine, FL 32095 City, State, Zip Code
_____ Stantec Consulting Services Inc. Company	_____ (813) 223-9500 Telephone Number
<u> 5-18-17 </u> _____ Date	_____ (813) 223-0009 Fax Number
_____ andrew.burnham@stantec.com Email Address	_____ (904) 631-5109 Cell Phone Number

CHECK LIST OF MINIMUM REQUIRED SUBMITTALS

This "Standardized Check List" has been provided to assist the Proposer with the submission of their Proposal package. This Check List cannot be construed as identifying all required submittal documents for this project. Proposers remain responsible for reading the entire Proposal document to insure that they are in compliance.

The City, in its sole discretion, reserves the right to reject any and all Proposals, to waive any and all formalities and reserves the right to disregard all nonconforming, non-responsive or incomplete Proposals. The City specifically reserves the absolute right to determine the seriousness of any proposer's failure to specifically conform to the requirements of the proposal document. Proposers cannot utilize the City's determination of the seriousness of any specific non-conformance as a basis to protest the award of any proposal. Proposals may be considered subject to rejection if in the sole opinion of the City: there is a serious omission, unauthorized alteration of form, an unauthorized alternate Proposal, incomplete or unbalanced unit price, or irregularities of any kind. The City may reject, as non-responsive, any or all Proposals where Proposers fail to acknowledge receipt of Addenda as prescribed.

SUBMITTALS	Included		
	YES	NO	N/A
Proposer has completed, signed (blue ink) and included Request for Proposal Cover Sheet (page 1)	✓		
Proposer has completed, signed (blue ink) and included the Check List of Minimum Required Submittals (page 2)	✓		
Proposer has provided One (1) Original hard-copy Proposal (marked "ORIGINAL"), signed (blue ink), plus one (1) electronic PDF copy on compact disk (CD) or flash drive of the proposal complete with all supporting documentation	✓		
Proposer has provided the number of hard copies of their proposal (marked "COPY"), as referenced in Section I (page 4)	✓		
Proposer submittal is organized (to include all information requested under each tab) in tabbed format as described in Section III	✓		
Proposer has confirmed that their proposal reflects all Addenda for this project (all Addenda will be posted to Demandstar.com and PublicPurchase.com for notification and retrieval)	✓		
Proposer has completed, signed (blue ink) and included their Proposal Form	✓		
If applicable, Proposer has provided a signed Conflict of Interest statement			✓
Proposer completed and included their Reference Form			✓ *
Proposer has completed, signed (blue ink) and included their Identical Tie Proposal sheet with signature – (if applicable)	✓		
Proposer has signed (blue ink) and included their Proposer's Insurance Requirements Acknowledgement	✓		
Proposer has completed and included their Business Location Certification Statement (not required for Class "D")	✓		
Proposer has included a copy of business tax receipt (occupational license)	✓		
Proposer has signed and notarized & included their Non-Collusion Affidavit	✓		
Proposer has signed and included their Palm Bay Utilities Department Environmental Policy Form	✓		
Proposer has read, understood, and submitted all required documentation for proposal evaluation.	✓		



 Authorized Signature
Andrew Burnham, Director
 Printed Name & Title

Stantec Consulting Services Inc.

 Company
5-18-17

 Date

* A Reference form was not included with the RFP Packet. Please see Section 5. for Project References

Tab 3

Table of Contents



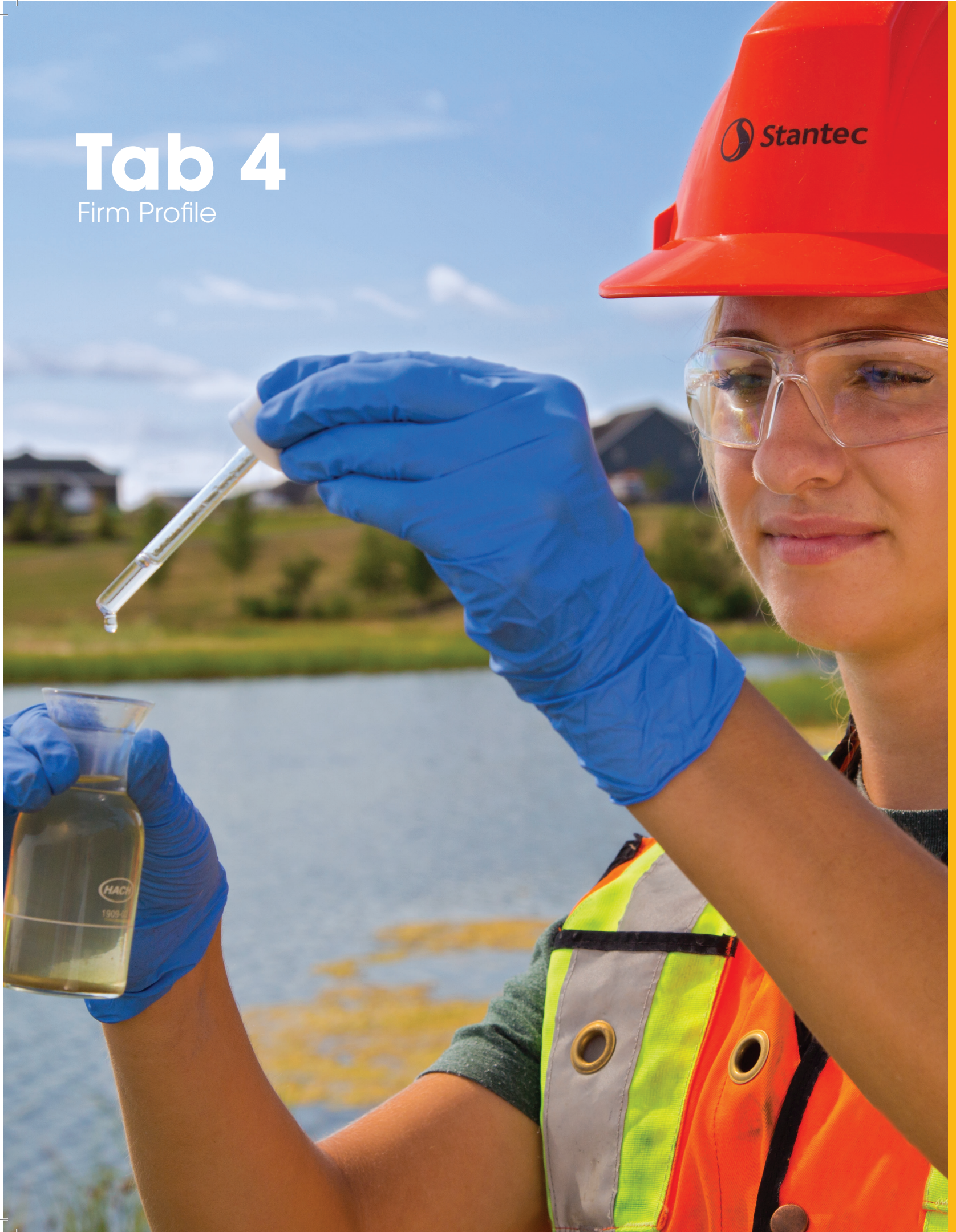
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Tab 4

Firm Profile

 Stantec



4. FIRM PROFILE

History of the Firm

The Stantec community unites more than 22,000 employees working in over 400 locations. We collaborate across disciplines and industries to bring financial services, buildings, energy and resources, environmental, and infrastructure projects to life. Our work – professional consulting in utility rate studies, engineering, architecture, interior design, landscape architecture, surveying, environmental science, project management and project economics – being at the intersection of community, creativity, and client relationships.

Since 1957, our local strength, knowledge, and relationships, coupled with our world-class expertise, have allowed us to go anywhere to meet our clients' needs in more creative and personalized ways. With long-term commitment to the people and places we serve, Stantec has the unique ability to connect to projects on a personal level and advance the quality of life in communities across the globe.

We are the Financial Services Practice of Stantec Consulting Services Inc. (Stantec). Our group has 37 professionals with a variety of experience in the municipal financial sector, totaling over 300 years of experience. We have seven consultants with over 20 years of industry experience, more than any other firm in the U.S. Supporting our senior consultants is a robust team that includes six additional consultants with more than 10 years of experience, and another 21 consultants between one and ten years. This combination of diverse backgrounds and experience has made us who we are today – **a trusted source to our clients in providing independent and objective financial management services to local governments and utilities throughout the country.**

It is this deep bench of experience that brings value to your project. As a group, we work together and learn from each other's experiences. This sharing of knowledge and expertise will be brought to your project as well. You can be assured that our team will develop a comprehensive and balanced solution to this study. The evolution of the Stantec Financial Services Practice is illustrated below.



Resources of the Consultant

Stantec's Financial Services Practice is home to an impressive amount of experience and knowledge. Our practice leaders have authored hundreds of articles for industry trade journals, and have authored or co-authored most of the standards that serve as industry guidelines for setting utility rates and charges. We aspire to provide our clients with financial guidance that makes a difference in their organizations, their performance, and in their communities. **We have 37 rate and financial consultants available to the City**, some of whom are presented below.

Our Directors:

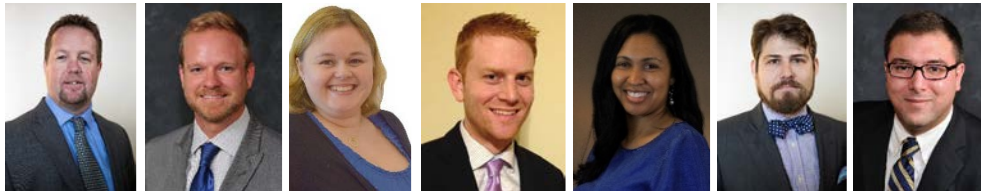


At Stantec, we look at every challenge as an opportunity to bring communities together.

Our Principals:



Our Managing Consultants:

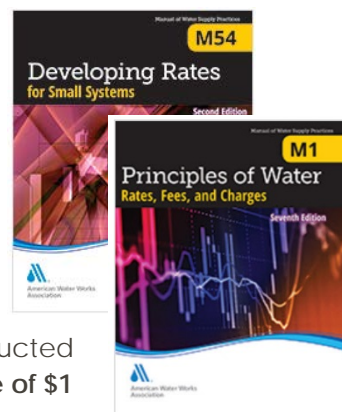


Select Consultants & Analysts:



General Experience

Our practice covers a broad range of financial issues for our water sector clients. We have a tremendous amount of experience with and knowledge of a variety of accepted ratemaking and cost of service methodologies, including practices and approaches identified in **American Water Works Association (AWWA) and Water Environment Federation** manuals, as well as accepted industry practices for electric related financial analysis in various parts of the country. In addition, we are very **familiar with the financial criteria used by the municipal ratings agencies** in evaluating the financial health of municipal water and sewer systems. In fact, our project team has conducted financial feasibility analyses and other services in **support of the issuance of \$1 billion in utility bonds in just the past five years.**



A representative listing of all services we offer is provided below.

Rate Studies

- Water & Wastewater
- Reclaimed Water
- Stormwater
- Electric / Gas
- Solid Waste & Recycling
- General Government Services

Revenue Requirement / Cost of Service Analysis

- Utility Basis
- Cash Basis
- Utility Basis with Cash Residual
- Regional Cost Sharing
- Custom cost allocation modeling
- Custom Contract Cost Modeling

Long-Term Financial & Capital Plans

- Financial metrics
- Reserve level policies
- Bond feasibility plans
- Capital planning optimization models
- Sensitivity analysis
- Bond rating improvement plans

Development Fees / System Charges

- Legal compliance evaluation
- Buy-in fee development
- Incremental fee development
- Expert witness assistance
- Hybrid fee approaches
- Developer reimbursement plans

Financial Benchmarking

- Proprietary U.S. database of audited financials
- 100 data points per record
- 50,000 total financial metrics (current)
- Common-size financial statements
- 1, 3, and 5-year industry averages
- Peer group comparisons

Affordability Assessment

- Innovative and unique approach – WARi™
- Based on US Census Tract data and specific utility data
- Multi-year affordability metrics
- High-resolution maps highlight at-risk areas
- Regulatory/CSO case support
- Low-income program development

Revenue Variability Solutions

- Mitigation strategies
- Weather variability analysis
- Revenue risk assessment
- Weather-risk insurance products
- Custom underwriting solutions

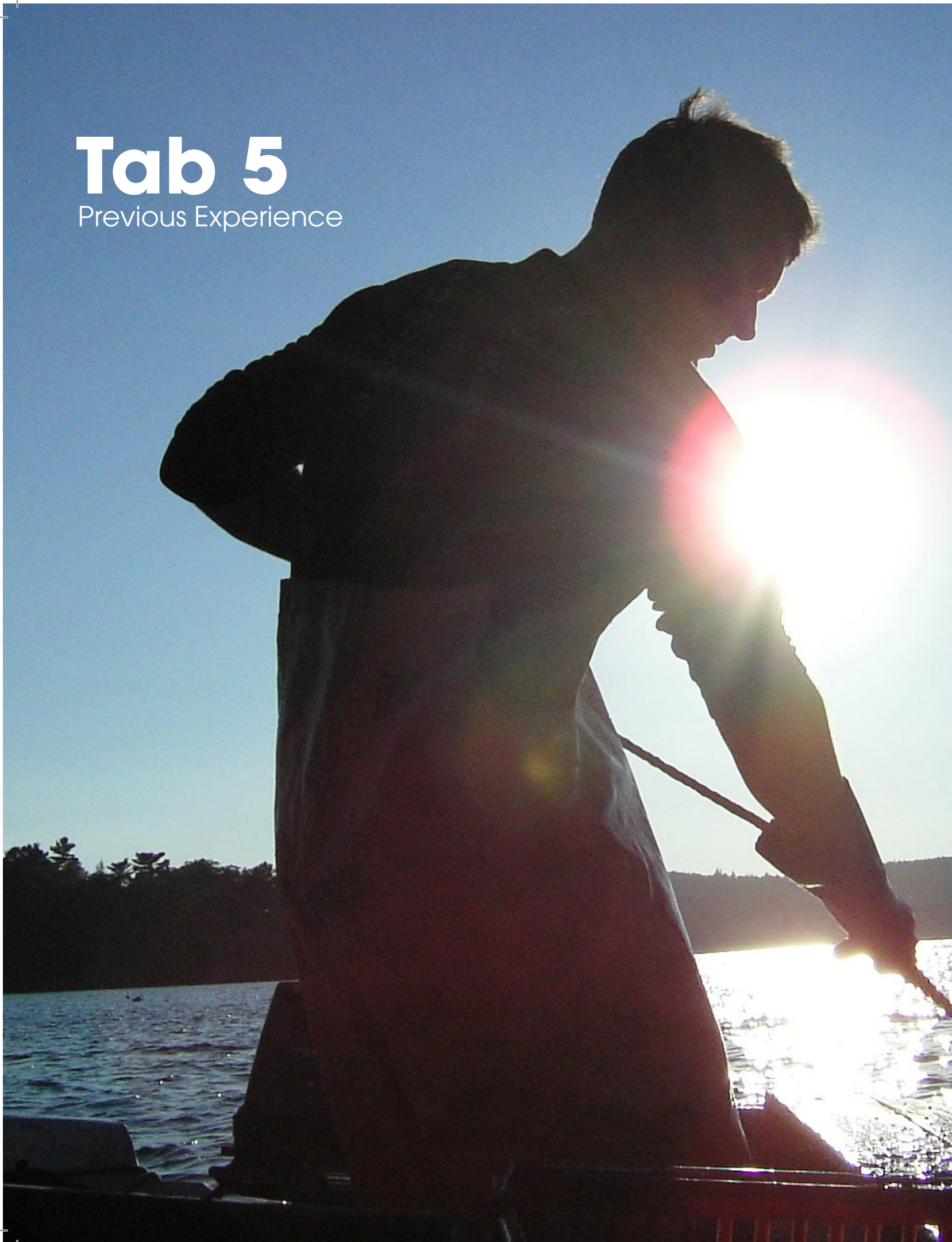
Litigation Information

Stantec Consulting Services Inc. Financial Services Practice has not been involved in any litigation relative to the related scope within the past five (5) years.

Tab 5

Previous Experience

Previous Experience



5. PREVIOUS EXPERIENCE

Members of our project team have completed hundreds of similar rate studies for clients across the country, as evidenced in the table below. Detailed descriptions for our most relevant examples to the City are presented on the following pages.

Client		Financial Forecasting & Revenue Requirements	Cost of Service Analysis	Rate Structure Development	Wholesale/Bulk Rate Analysis	Capacity Charges/Impact Fees	Miscellaneous Service Charges/Fees	Affordability Analysis/Water™	Capital Improvement Finance Planning	Custom Modeling & Tool Development	Public/Stakeholder Engagement	Customer Billing & Demand Analysis	Financial Policy Development	Ordinance/Service Agreement Assistance
GA	Cobb County Marietta Water Authority	●	●	●	●	●	●	●	●	●	●	●	●	●
GA	Brunswick/Glynn County Joint Water & Sewer	●	●	●	●	●	●	●	●	●	●	●	●	●
GA	City of Rome	●	●	●	●	●	●	●	●	●	●	●	●	●
GA	Bartow County	●	●	●	●	●	●	●	●	●	●	●	●	●
GA	City of Flowery Branch	●	●	●	●	●	●	●	●	●	●	●	●	●
GA	City of Perry	●	●	●	●	●	●	●	●	●	●	●	●	●
GA	Glynn County	●	●	●	●	●	●	●	●	●	●	●	●	●
AL	Decatur Utilities	●	●	●	●	●	●	●	●	●	●	●	●	●
AL	Mobile Area Water and Sewer System	●	●	●	●	●	●	●	●	●	●	●	●	●
MS	Diamondhead Water & Sewer District	●	●	●	●	●	●	●	●	●	●	●	●	●
FL	JEA (Jacksonville)	●	●	●	●	●	●	●	●	●	●	●	●	●
FL	City of Clearwater	●	●	●	●	●	●	●	●	●	●	●	●	●
FL	City of St. Petersburg	●	●	●	●	●	●	●	●	●	●	●	●	●
FL	City of Cocoa	●	●	●	●	●	●	●	●	●	●	●	●	●
FL	City of Fort Myers	●	●	●	●	●	●	●	●	●	●	●	●	●
SC	Town of Lexington	●	●	●	●	●	●	●	●	●	●	●	●	●
SC	Powdersville Water District	●	●	●	●	●	●	●	●	●	●	●	●	●
TN	Harpeth Valley Utilities District	●	●	●	●	●	●	●	●	●	●	●	●	●
NC	Orange Water and Sewer Authority	●	●	●	●	●	●	●	●	●	●	●	●	●
NC	Town of Cary	●	●	●	●	●	●	●	●	●	●	●	●	●
NC	Union County	●	●	●	●	●	●	●	●	●	●	●	●	●
NC	University of North Carolina at Chapel Hill	●	●	●	●	●	●	●	●	●	●	●	●	●
NC	City of Wendell	●	●	●	●	●	●	●	●	●	●	●	●	●
VA	City of Chesapeake	●	●	●	●	●	●	●	●	●	●	●	●	●
VA	Henrico County	●	●	●	●	●	●	●	●	●	●	●	●	●
VA	James City Service Authority	●	●	●	●	●	●	●	●	●	●	●	●	●
VA	Town of Front Royal	●	●	●	●	●	●	●	●	●	●	●	●	●
VA	BVU Authority	●	●	●	●	●	●	●	●	●	●	●	●	●
VA	Loudoun Water	●	●	●	●	●	●	●	●	●	●	●	●	●

City of Fort Lauderdale, FL

Financial Consulting Services

We have served as the water and wastewater rate and financial consultants for the City since 2008, and during that time we have performed a variety of services, including:

1. Detailed analysis of historical customer counts and demands as well as the development of multi-year projections of the same.
2. Development of multi-year financial management plans and rate adjustment plans.
3. Detailed cost of service allocations isolating costs between water and sewer services.
4. Detailed cost allocations apportioning the cost of service between retail and wholesale users.
5. Evaluation of the base and volumetric charges and the subsequent development of modifications to the structure of those charges as appropriate to conform to accepted industry and local practices as well as enhance affordability for low volume users and provide a greater price incentive for conservation to larger volume users with discretionary use.
6. Development of water shortage surcharges (drought surcharges).
7. Preparation of financial feasibility reports in support of the issuance of bonds, including participation in presentations to the major rating agencies.
8. Updates to water and sewer impact/capital cost recovery fees and other miscellaneous charges.

In addition to water and wastewater services, we have provided stormwater rate consulting services periodically for the City since 2011. Most recent, we were contracted to develop an alternative cost allocation and rate structure for the stormwater system. First, we **developed a ten year financial sustainability plan for the utility to determine the overall annual revenue** required to fund the identified CIP and O&M costs over the projection period. Second, we **developed an alternative cost apportionment methodology based upon trip generation rates as the City's stormwater system addresses flooding in roadways as opposed to properties.** Finally, we developed a two tiered rate structure to address 1) the "normal" stormwater costs throughout the City, and 2) the localized effects of mitigating "sunny day" flooding in some streets caused by tidal flooding resulting from the inexorable sea level rise that the City has been experiencing over the past 20 years.

We also completed a long-term financial modeling and sustainability analysis in which we developed a common financial forecasting modeling platform that we have used for real-time evaluation and understanding relative to key services, including the City's General Fund and seven other separate major funds (Water/Sewer, Regional Wastewater, Stormwater, Sanitation, Airport, Parking, and Building funds).

Dates of Services: 2008 - Present

Client Contact: Ms. Laura Aker Reece, Budget Manager, 101 NE 3rd Ave, Suite 1400, Fort Lauderdale, FL 33301, (954) 828-5894, lreece@fortlauderdale.gov

Pasco County, FL

Utility Rate Structure Analysis & Other Services

We were recently awarded a continuing services contract with the County to conduct periodic rate and financial studies for the County's water, wastewater, reclaimed water and solid waste utilities. As part of the contract, we will perform various economic analyses, analysis of the County's current rate structures, impact fees, and miscellaneous fees, and recommend an approach or approaches for capital funding, revenue sufficiency, and capital charges.

The initial task order included a water and wastewater revenue sufficiency analysis, which we recently completed. The objectives were to develop a multi-year utility financial management plan and perform a local cost comparison for the typical residential customer. To begin the study, we identified the revenue requirements of the system, including purchased water expenses and capital improvement projects. Challenges that were addressed during this portion of the study were that the purchased water costs are not directly controlled by the utility, and that there was a need for significant capital improvements for system expansion as well as renewal and replacement. We accounted for both of these challenges when developing the multi-year financial plan.

Using our FAMS-XL modeling system, we customized a financial plan to account for customer and usage data, revenues, and all revenue requirements of the utility system. We then developed alternative financial management plans in order to achieve and maintain strong debt service coverage ratios, maintain sufficient operating reserves (6 months of O&M expenses in FY 2017 and 9 months of O&M expenses by FY 2020), and develop a manageable capital financing plan. We worked with staff in interactive work sessions to develop these plans, which were ultimately presented to the County Commission.

During the County Commission meeting, we reviewed the models in a live, interactive setting to demonstrate how our modeling system works. As a result of the presentation, we have initiated a comprehensive rate study to further evaluate the cost of service and rate structure of the water and sewer rates, as well as to conduct a detailed review of the miscellaneous service charges and impact fees of the water resources utility.

Dates of Services: 2016 - Present

Client Contact: Mr. Flip Mellinger, Assistant County Administrator, Utilities, 19420 Central Blvd., Land O' Lakes, FL 34637, (727) 847-8145, flipmellinger@pascocountyfl.net

City of Cocoa, FL

Water, Wastewater & Reclaimed Water Cost of Service and Rate Study

We conducted a comprehensive water, wastewater, and reclaimed water cost of service and rate study, including development of a ten-year financial management plan, rate design, impact fees, and specific service charges. We evaluated the City's current inclining block rate structure and recommended refinements to number of usage blocks, block ranges, and rates for each new block. We also developed updated water and wastewater impact fees, including assessment of the effects of adjusted impact fees upon the rate plan scenarios in the rate revenue forecast.

During this work, we used our FAMS-XL model to replicate the financial dynamics of the City's Water and Sewer Enterprise Fund and we evaluated several scenarios of capital funding alternatives, demands, and annual rate adjustments with City staff for presentation to City management. We have since provided several updates to the revenue sufficiency analysis, including updates to the financial management plan and multi-year plan of rate adjustments.

We also recently completed an integrated financial sustainability analysis for the City. This analysis included the General Fund, the Water and Wastewater Fund, and the Fire Assessment. The analysis identified an integrated solution to the identified budget shortfall that involved a water and wastewater transfer to the General Fund and an increase in the Fire Assessment to fund the portion of additional staffing, facilities and equipment that cannot be funded by the General Fund. We are in the process of updating the Fire Assessment in conformance with the plan developed in the above described integrated financial sustainability analysis. We are also in the process of updating the Water and Sewer Ten Year Financial Sustainability Analysis, as well as an update of the Integrated General Fund Financial Sustainability Analysis.

In addition to the above, we are completing the comprehensive development of a Regional Water Supply Rate for the City in cooperation with four (4) regional partners, Orange County the Orlando Utility Commission, the Tohoe Water Authority and the Deseret Ranch. We have developed a detailed cost allocation analysis to allocate the costs of the Cocoa Water and Sewer System to services (water, sewer and reclaimed water), then to allocate the water costs to customer cost pools in order to isolate the costs associated with the provision of water service to the regional partners, from which a regional rate is developed.

Dates of Services: 2009 - Present

Client Contact: Mr. John Titkanich, City Manager, 65 Stone Street, Cocoa, FL 32922 (321) 433-8484, jtitkanich@cocoafl.org

City of Clearwater, FL

Utility Rate Study Services

We have been performing periodic comprehensive annual rate studies for the City's water, sewer, reclaimed water, solid waste, recycling, and stormwater utilities for over 20 years, including:

1. Detailed analysis of historical customer and demand data, including the development of multi-year projections of the same based upon current economic and environmental conditions
2. Development of multi-year financial forecasts and rate adjustment plans for each utility
3. Cost of service allocations isolating costs between systems and customer classes
4. Development of rate structures that ensure fair and equitable rates and conformance to accepted industry practices and legal precedent
5. Assistance in developing and updating various miscellaneous charges
6. Establishment of a stormwater utility fee and annual revenue sufficiency evaluations
7. Presentations of the results to City management, elected officials, and stakeholders
8. Support in the issuance of bonds, including presentations to the major rating agencies

Although we have performed many water and sewer rate analyses for the City, of note relative to application of our experience and expertise to other areas of the City's utility operations, we recently completed a Solid Waste and Recycling Revenue Sufficiency Analysis during which we individually modeled the respective utility systems. We had previously conducted a rate study three years prior, but several changes to utility operations had since occurred which needed to be incorporated into the financial plan. Most notably, the City implemented single-stream recycling collection, which has increased the total material being recycled, but the material is resulting in a reduced revenue level as comingled material has less value. In addition, several capital investment and operational changes also needed to be considered, including rebuilding of a solid waste transfer station and consideration of building a new single-stream recycling sorting facility.

We developed individual models for the Solid Waste and Recycling Funds in order to evaluate the sufficiency of the rates, including the considerations of new capital and operational changes. We then built a combined model to evaluate how a consolidated Solid Waste & Recycling Enterprise Fund (Fund) would benefit the City, due to recent changes, including the implementation of single-stream recycling that benefits both systems.

As separate enterprise funds, the Solid Waste Fund would require minor, inflationary rate increases to remain sustainable, however the Recycling Fund would require significant increases in order to eliminate the cash flow deficit caused by reduced revenues from comingled recycling. By forming a single Enterprise Fund, the cash flow issues and corresponding large rate adjustment of the Recycling Fund would be mitigated by the larger fund balance and adequate cash flows of the Solid Waste Fund. The City recently officially combined the funds as of October 1, 2014, and the rates of the new fund will require only inflationary increases for the five-year planning period.

Dates of Services: 1995 - Present

Client Contact: Mr. Jay Ravins, Finance Director, 112 S. Osceola Avenue, Clearwater, FL 33756, (727) 562-4040, Jay.Ravins@myclearwater.com

Tab 6

Project Team



6. PROJECT TEAM

We have a tremendous amount of experience with and knowledge of a variety of accepted ratemaking and cost of service methodologies, including practices and approaches identified in **American Water Works Association (AWWA) and Water Environment Federation (WEF)** manuals, as well as accepted industry practices in various parts of the country. In addition, we are very **familiar with the financial criteria used by the municipal ratings agencies** in evaluating the financial health of municipal water and sewer systems. In fact, our project team has conducted financial feasibility analyses and other services in **support of the issuance of \$1 billion in utility bonds in just the past five years.**

We have carefully selected our proposed project team with members that are experienced in each service requested by the City. Moreover, if additional resources are needed at any time during the conduct of the study, we have 30+ specialized rate and financial consultants that could step in to provide supplemental services to our team. As such, we will not be using a sub-consultant during the course of this study. We have structured our project team with members experienced in:

- ✓ **Development of Multi-Year Financial Management Plans and Rate Programs**, for systems of similar size operated by local government agencies, including capital and operations & maintenance expense budgeting, grant funding, and ensuring government finance best practices
- ✓ **Cost of Service Allocations According to AWWA and WEF Guidelines**, with the expertise to analyze system configurations, facilities, plans, design criteria, usage characteristics, etc. in the context of allocating costs in order to establish fair and equitable rates for all customers
- ✓ **Retail and Wholesale Rate Structure Concepts** and their practical application to address specific local policy objectives (such as affordability, conservation, fixed cost recovery/revenue stability) while conforming to accepted industry practice and legal precedent (both nationally and locally)
- ✓ **Financial Policy Review** including the development of specific targets relative to various types of reserves, capital spending, debt levels, affordability, and other metrics
- ✓ **Development of Specific Fees and Charges**, including development of tap fees, connection fees, and system development charges
- ✓ **Preparation of Public Education and Outreach Initiatives**, including special purpose public engagement meetings and presentation of information about the rate study process, identification of key system issues/challenges, necessity of any rate adjustments, national trends and local benchmarking, as well as customer impacts

Below presents the organizational structure of our project team followed by brief bios for each team member. Complete resumes can be found in Appendix A.

We are better together

When we combine our unique strengths and passion, we reach our full potential as an organization and trusted advisors to our clients.



Michael Burton, Director

"As Project Principal I will be responsible for the overall success of the project, attend all client meetings and will be the main point of contact for the City"

Mr. Burton has over 37 years of utility financial planning and rate experience for water, wastewater, reclaimed water, stormwater, solid waste, and recycling systems. He served for seven years on the AWWA Rates and Charges Committee where he co-authored AWWA Manual M54 - Developing Rates for Small Systems. Mr. Burton has personally conducted and/or managed over 700 water resources utility rate studies, and he has extensive experience performing cost of service studies for a variety of utility systems employing accepted industry practices.

EDUCATION

Bachelors of Industrial Engineering, 1970, University of Florida, Gainesville

MEMBERSHIPS

AWWA Rates and Charges Committee

SPECIALIZATIONS

Design of Financial Management and Rate Programs

Development of Infrastructure Financing Programs & Cost Recovery Mechanisms

Development of User Charges

INDUSTRY PUBLICATIONS

AWWA Manual M54 – Developing Rate for Small Systems, Co-Author for AWWA, 2004

Florida Section of the AWWA Conference – Funding Total Water Management (Co-Author, Orlando, FL)

Central Florida Alternative Water Supply Strategy Workshop of Water Management Districts and My Region Served on a Select Panel of industry experts as a Water Resources Economics and Pricing Panelist (Orlando, FL)

Andrew Burnham, Director

"As QA/QC and Technical Advisor, I will provide general oversight to the methodologies used throughout the conduct of the study."

Mr. Burnham is a leader in our industry and has provided exemplary professional consulting services to our clients for many years. Andy has extensive experience in utility financial planning, cost allocation, and rate development, during which he has been recognized as an industry expert as part of utility rate-related regulatory proceedings in multiple states and territories. Mr. Burnham is currently serving on the AWWA Rates and Charges Committee, and was actively involved in the recent update to AWWA Manual M1 – Principles of Water Rates, Fees and Charges, notably in regards to outside city retail and wholesale rates.

EDUCATION

Bachelors of Business Administration, 2000, Lake Superior State University, Sault Ste. Marie, MI

MEMBERSHIPS

AWWA Rates and Charges Committee

AWWA Financial Accounting & Management Controls Committee

WEF Management Committee

Florida Governmental Finance Officers Association

INDUSTRY PRESENTATIONS

Florida Governmental Finance Officers Association School of Government – Long-Term Financial Modeling and Sustainability Analysis (Co-Author, Sarasota, FL)

WEFTEC – Funding Reuse as it Emerges from an Effluent Disposal Alternative to Water Resource (Co-Author, Orlando, FL)

AWWA & WEF Utility Management Conference - Water Re-using this for? (Co-Author, Austin, TX)

Jeff Dykstra, Managing Consultant

"As Project Manager, I will work closely with our team to ensure the quality and accuracy of the analysis and deliverables, including compliance with schedule and budget."

Mr. Dykstra is a Managing Consultant with eight years of experience. He is responsible for managing projects related to water utility finance, developing financial and pro forma models for utilities, performing cost-of-service and rate analyses, and analyzing utility finances and operations.

He has assisted in the development of many dynamic Microsoft Excel based financial models for utility financial planning purposes and of utility operational benchmarking metrics, cost-of-service and rate analyses, rate surveys, benchmarking studies, and revenue bond and operational feasibility analyses.

EDUCATION

B.A., Business Administration, Finance, Dordt
College, IA 2008

AREAS OF PRACTICE

Water Resources
Water & Sewer
Reclaimed Water
Stormwater
Sanitation
Road & Drainage

Vita Paltridge, Consultant

"As Project Consultant, I will be in charge of the overall modeling efforts necessary to complete the scope of work."

Ms. Paltridge is a Consultant with four years of experience providing financial services, including utility rate design and development of assessment fee and other taxing/fee programs. She has superior financial, business, and analytical skills and has experience in performing day-to-day project activities, including scheduling, budgeting and client meetings.

She has strong Excel modeling skills and is experienced in developing financial models, and in working with our proprietary interactive model.

EDUCATION

Bachelor of Science in International Economics,
2002, Florida Atlantic University, Boca Raton, FL
Masters of Business Administration in Finance,
2010, Nova Southeastern University, Davie, FL

AREAS OF PRACTICE

Water Resources
Water & Sewer
Reclaimed Water
Stormwater
General Government
Fire/EMS
Parks & Recreation
Library
Roads

Patrick Luce, Analyst

"As the Project Analyst, I will work extensively with all data provided to populate the initial models to be used, including any unique customizations and scenario requirements."

Mr. Luce is a Project Analyst with Stantec. He has experience in populating and customizing the long-term financial planning, cost allocation, rate design, impact fee, and miscellaneous service fee modules of our modeling system. He has superior financial, business, and analytical skills and has provided our clients with exemplary financial analysis based on application of sound financial and economic concepts.

EDUCATION

Masters of Economics, 2015, University of South Florida, Tampa, Florida

Bachelors in Economics and Bachelors in Finance, 2013, University of Tampa, Tampa, Florida

AREAS OF PRACTICE

Water Resources

Water & Sewer

Reclaimed Water

Stormwater

Sanitation

SPECIALIZATIONS

Long-Term Financial Plan Development
Cost of Service, Cost Allocation & Rate Studies

Development of Impact Fees

Development of Capital Finance Plans

System & Property Valuation and Analysis

Operations and Performance Reviews, Strategic Planning, Financial Feasibility Analyses, and Annexation Analyses

Stakeholder Outreach/Educations Programs

Peter Napoli, Analyst

"As the Project Analyst, I will work extensively with all data provided to populate the initial models to be used, including any unique customizations and scenario requirements."

Mr. Napoli has experience in populating and customizing the utility long-term financial planning, impact fee and rate design modules in our FAMS-XL modeling system. He has also been an integral part of the growing General Government Financial Sustainability modelling and consulting team. He has superior financial, business and analytical skills and has provided our clients with exemplary financial analysis based on application of sound financial and economic concepts

EDUCATION

Bachelors of Business Administration in Finance, 2015, University of North Florida, Jacksonville, FL

AREAS OF PRACTICE

Water Resources

Water & Sewer

Reclaimed Water

Stormwater

General Government

Fire/EMS

Parks & Recreation

Library

Roads

SPECIALIZATIONS

Long-Term Financial Plan Development

Development of Impact Fees

Development of Special Assessments

Development of Capital Finance Plans

Property Data Analytics

Customer, Demand, and Revenue Forecasts

Tab 7

Project Management &
Quality Control



7. PROJECT MANAGEMENT & QUALITY CONTROL

At Stantec, we pride ourselves on providing the highest level of service to our clients in the timeliest and cost-effective manner possible. We exercise significant internal quality assurance and quality control prior to meeting with clients or publishing study results using the quality control and project management techniques we have developed over the years to ensure our projects meet stated objectives, stay within budget, and are completed on schedule. Our experienced and cross-trained team will ensure that the City receives an unparalleled quality of service throughout the conduct of the study.

For these types of services, we will typically structure a project team with a Project Manager to lead overall completion of the study, a QA/QC Technical Advisor to provide insight on the methodologies and ensure the accuracy of all components of the analysis, and Project Consultants and Analysts to provide model population and customization activities.



We dedicate a substantial amount of our time to internal model and document reviews with our project team. This includes allotting time for managerial, technical and administrative tasks. Through the course of several such internal review sessions and interactive work sessions with City staff, **we are able to ensure all data, assumptions, and results are thoroughly vetted with all team members involved in each study, resulting in the highest quality final work products. Additionally, we will conduct progress meetings throughout the study as part of our interactive approach.** We will provide interim work products to City staff throughout the study for their review, input and feedback, which is then incorporated before moving on to the next step in the study.

To ensure the project is completed on time and within budget, we use additional scheduling tools, including a Detailed Internal Critical Path & Key Date Schedule, to map out our projects from start to finish. We include key meeting dates with staff, internal deadlines for work products, and internal QA/QC reviews in order to ensure that our projects are completed within the desired timeframe, as well as to ensure the accuracy of all work products we prepare.

Moreover, we have access to and utilize advanced project management training, tools, and processes including scope planning and control, quality planning and management, resource planning, financial planning and risk monitoring, as well as schedule control and budget control tools that ensure we will stay within scope, on time, and within budget.

In the unlikely event there is a loss of key personnel, we have 35 highly qualified individuals on staff that will be available to fill in at each level of our project team. The following table identifies the proposed primary team member that will be assigned to the project, along with a secondary team member available to fill in if there is a loss in personnel.

Role in Project	Primary Member	Secondary Member
Project Principal	Michael Burton	William Zieburtz
QA/QC Technical Advisor	Andrew Burnham	Dave Hyder
Project Manager	Jeff Dykstra	Eric Grau
Project Consultant	Vita Paltridge	Leticia Gaglianone
Project Analyst	Patrick Luce	Alexander Bellino
Project Analyst	Peter Napoli	Deborah Kloeckner

While we currently serve several clients throughout Florida and the United States, we have the capacity to conduct the services requested by the City. Our project team is highly experienced in providing these services concurrently with other projects. The table below presents our estimated recent, current and projected work load, based on percentage of total time, for each team member.

Team Member	Recent Work Load	Current Work Load	Projected Work Load	Availability for City
Michael Burton	40%	40%	40%	60%
Andrew Burnham	70%	65%	65%	35%
Jeff Dykstra	70%	60%	60%	40%
Vita Paltridge	80%	75%	60%	40%
Patrick Luce	80%	65%	50%	50%
Peter Napoli	70%	65%	50%	50%



Note: Stantec Consulting Services Inc. carries errors and omissions insurance. Similarly, the Financial Services Practice of Stantec has not received any errors and omissions claims of similar scope of work from previous clients.

Tab 8

Project Approach





8. PROJECT APPROACH


We understand the City is looking for a utility rate consultant to perform various economic analyses, analysis of its current rate structures, impact fees, and miscellaneous fees, and recommend an approach or approaches for capital funding, revenue sufficiency, and capital charges. While rate adjustments are typically part of long-term financial sustainability, we understand the pre-requisites to enacting rate adjustments in today's environment. Utilities must first evaluate all cost containment and efficiency opportunities, as well as optimize non-rate related cost recovery mechanisms (such as impact fees and miscellaneous charges). Even after doing these things, an explicit understanding of the drivers of changes to rates and the ability to communicate them to stakeholders is critical.


An overview description of how our modeling process optimizes the funding of a capital improvement program is presented below. It is important to note the last point below, which is typically the optimized solution that is required.


How it Works
The capital projects funding algorithm manages an optimization process that repeats itself as many times as necessary until a solution is found—one that minimizes both the debt issued and the rate increases needed!

**Evaluate Goals and Constraints**
The algorithm reads the debt service coverage target, minimum reserve fund balance target, and other inputted values and stores them as constraints.

**Propose Debt Ceiling**
For a selected period between one and three years, the algorithm proposes a debt ceiling to cover any cash flow gaps sufficient to fund projects without taking reserves below the target balance.

**Calculate Level Rate Increase**
If a rate increase is necessary to meet the constraints, the algorithm changes rates at an equal level for each of the one to three years being considered.

**Recalculate Need For Debt and Reduce**
If the rate increases raise additional cash, the algorithm reduces the amount of debt in the ceiling to the minimum needed.

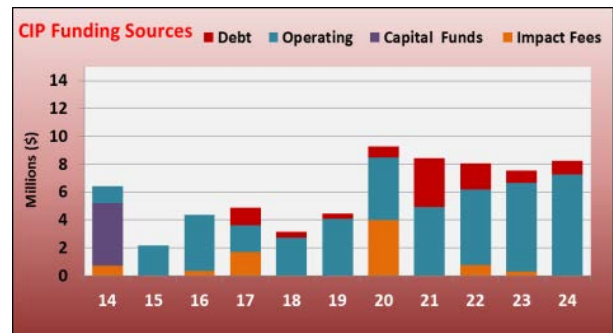
**Adjust For Revenue Limited Scenario**
If there is a political limit on the level of rate increases possible (which is usually the case), the rate increases are set at that limit and the algorithm determines the optimum level of capital that can be funded and the optimum mix of cash and debt funding within the revenue constraints.

To initialize each respective study, we will meet with City staff to finalize the scope of services, discuss key issues, data requirements, stakeholder concerns, and the overall project schedule. Once data has been received and thoroughly reviewed by our team, we begin the modeling process.

Revenue Sufficiency Analysis/Financial Sustainability - We will use our revenue sufficiency and financial planning module to evaluate alternative multi-year financial management plans for the water and wastewater systems, including projected annual revenue requirements and rate adjustments based upon the current rate structure. This module allows for examination of operating expense changes, growth and consumption trends, alternative capital spending, debt service coverage ratios, and reserve levels, as well as other financial policies/goals that affect the revenue requirements of the systems.

In addition to evaluating financial goals and objectives, we will also evaluate alternative demand projections, changes in usage patterns, elasticity of customer demand in response to rate increases, and other variables that could affect water use within the City.

Water use patterns are influenced by price signals, but changes in customer behavior result from many non-price factors, including rainfall, conservation programs, and economic conditions. We will analyze probable ranges of demand changes in response to different degrees of rate increases, weather patterns, rate structure changes, etc. Price elasticity is not identical between communities, or even within a single service area, but it is possible to model the implications for revenue generation and to be prepared to address changes in demand patterns. Prudent planning requires that utilities prepare for reductions and changes in demand patterns, and such planning will be incorporated in our process to achieve the financial and fund balance targets of the City.

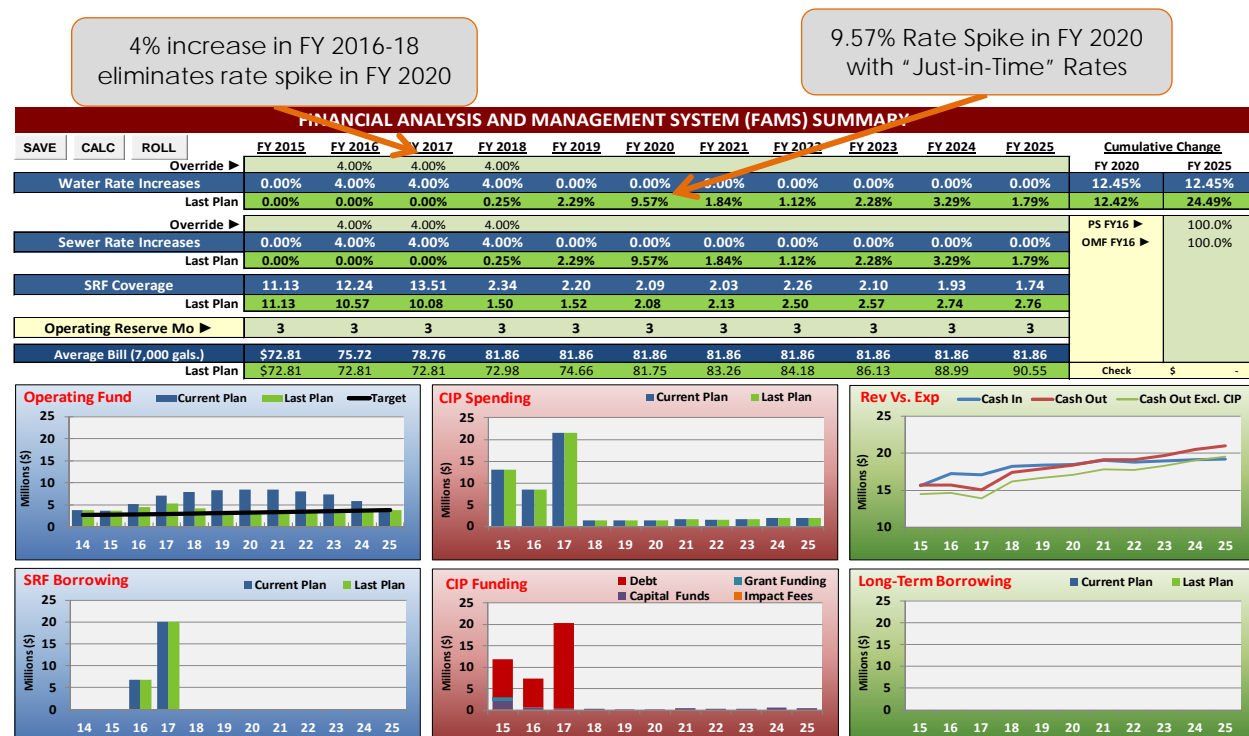


The financial planning module provides a valuable capital planning tool which we will use to review the City's capital program and to evaluate the impacts of alternative projects, costs, timing, and funding sources. Our capital planning tool allows us to evaluate the current and recommended investments for improvements as well renewal and replacement of utility systems and the financial impacts to customers. The proper basis for setting rates and fees incorporates a complete and forward-looking capital improvements program (CIP), not necessarily the capital spending in the current plan, or as reflected by recent years' budgets. We'll help you establish a sustainable capital spending basis that will contribute to the long term sustainability of the City's utility operations.

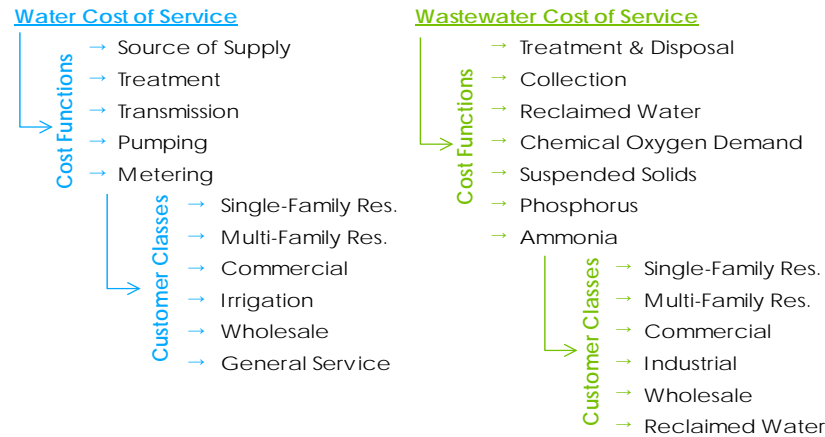
For all scenarios reviewed, the financial planning module will develop a funding plan, including the identification of the amount, timing, and type of borrowing required as may be necessary. We will examine the use of debt financing for capital improvements and assess the impact of current levels of debt financing, as well as building a financing scenario to support the City in maintaining a proper balance of cash and debt funding of capital projects, debt service coverage and rate stabilization over the study period. As with capital planning, the purpose is not to supplant the financial planning and management currently performed by the City. Instead, our practice is to create a set of financing and funding assumptions that incorporate the City's capital and management plans to create a fluid tool for management planning and rate discussions.

Closely related to this analysis is an examination of adequacy of reserves for operating and capital projects. Adequate reserves are fundamental to achieving financial stability, and can help some systems to avoid sudden or disruptive rate adjustments in the face of unanticipated operating or capital needs. We will examine the City's fund balances and incorporate these balances and alternative reserve policies into the interactive planning process and the conversations we will have regarding financial sustainability.

An example of a control panel of a revenue sufficiency and financial planning module used in the interactive work sessions for the development of a ten-year financial plan for a water and wastewater system is presented on the following page. The green bars and panels represent the "last" scenario evaluated, which was "just-in-time" rates, resulting in a rate spike in FY 2020, followed by varying increases throughout the forecast. The blue bars and panels represent the "active" scenario, which includes lower levels of rate increases in the initial three years, followed by no increases thereafter. As can be seen, the financial consequences of the earlier somewhat smaller rate increases in the "active" scenario are acceptable, and that the rate increases provide smaller, more predictable customer impacts.



Cost Allocation and Rate Design - The cost allocation and rate design module allows us to determine the total cost of service and revenue requirements to ensure each utility system is functionalized and its costs are properly distributed to customer classes. We will perform an independent review of the current rate structures for each customer class and look at alternative rate structures that may better serve the City's fiscal stability and/or public policy objectives relating to fixed cost recovery, economic development, conservation, and affordability, while ensuring a fair and equitable distribution of costs, and conformance to accepted industry practice, legal precedent, and terms of any service agreements.



At the conclusion of the cost allocation portion of the analysis, we compare the resulting allocation of revenue requirements to the revenue generated by the current rates for each customer class. To the extent current revenue recovery levels are not in line with the results of the cost of service allocation analysis, we evaluate alternative levels of revenue recovery by class of customer within the rate structure analysis that would better comport with the identified cost of service allocations. The objective is establishing and demonstrating equity in cost recovery by class, which is fundamental to maintaining a resilient rate structure over the long term.

At this time, we also evaluate the various customer classes and existing rate structure in order to recommend any changes, which may include adding a customer class or combining existing customer classes, based upon the results of the cost of service allocation analysis.

Impact Fees and Miscellaneous Service Charges - Our modeling system also includes an impact fee module to calculate capital cost recovery fees. Similarly, our modeling system includes a miscellaneous service charge module that is used to calculate miscellaneous fees, such as tap fees, hydrant fees, backflow prevention fees, etc. We will identify the appropriate cost-of-service for the City's existing fees in addition to identifying new miscellaneous fees which will serve to reduce or minimize the need for rate adjustments. This will include preparing a comparative rate/fee survey to determine what other communities in the area are charging.

Assist in the Bond Process - Upon completion of the analysis, we will prepare a formal Bond Feasibility Report (Report) for inclusion within an Official Statement. We have extensive experience in providing bond feasibility reports, and we will prepare a customized report and presentation that is consistent with the expectations and requirements of the City's financing team and the major rating agencies.

Assist in Ordinance Preparation - At the conclusion of the study, we will provide assistance in development and/or review of any of the City's inter local agreements, developer line extension policies and agreements, including the preparation and processing of loan applications. This includes updates to the City's Rate Ordinance, as necessary, to account for any updates or adjustments made to the rates and fees during the study. We can review all modifications in detail with City staff and/or legal representation to ensure the code is updated properly and reflects the results and recommendations of the study.

Additionally, we can review all service agreements, franchise agreements and acquisitions contracts, extension and development agreements, reclaimed water usage agreements and inter-local agreements between the City and other public agencies. If requested, we can also provide services such as drafting agreements and negotiations among specified parties and performance of economic analyses required for evaluation.

Licensing of our Model(s) – As an optional task, we can provide you with any of the modeling tools used at no additional cost. The models you will receive are fully functioning Excel-based models, and can be used by staff for future updates. We do require that the City signs a usage and non-disclosure agreement for any of our modeling tools in order to protect the propriety nature of our modeling system. Within the agreement, we also typically identify the parameters for any future maintenance, updates, and support services that the City may desire. Upon request, we can provide a sample agreement that we have used with our clients.

We can prepare customized user manuals for the modules of our system that you license as well as onsite training for staff to ensure the future beneficial use of the modules by the City. For each tab of the model, the user manuals present the purpose and important features of each tab, describe how to update each tab, and identify other tabs within the model that are dependent upon or linked to each tab.

Tab 9

Public Involvement Experience
& Innovations

Public Involvement Experience



9. PUBLIC INVOLVEMENT EXPERIENCE & INNOVATION

Public support for rate design depends on whether or not the public perceives the utility as taking their interests to heart and the rates as fair. We recognize that rates play an important role in supporting public engagement and support of the utility overall, and we know that presenting the results of rate work is not merely a “checkbox” exercise.

Developing or enhancing public support requires openness and a high degree of clarity in all presentations and discussions at public hearings. Minor misunderstandings of the underlying rationale for a selected approach can cause disproportionate dissatisfaction with any proposed change in rates. We know that our support is not complete until the City has been able to adopt and implement any rate or fee changes desired as a result of the project, so we communicate with that goal in mind from beginning to end.



It has been our experience that the early and continued involvement of stakeholders in the rate study process is incredibly beneficial and increases public acceptance of needed rate adjustments.

We often engage all stakeholders at the beginning of the project to have a sort of “Rates 101” presentation that discusses the concepts of utility enterprise funds, explains the rate study process, presents national and local data/trends, and identifies areas of emphasis/focus during the rate study. This forum is very educational and also allows interested stakeholders the opportunity to share any concerns/objectives early in the process so that they may be properly considered. We then engage interested stakeholders again in the finalization of the process via a special purpose meeting to provide an advance understanding of the rates prior to presentation to elected officials so that any final changes can be made as appropriate in response.

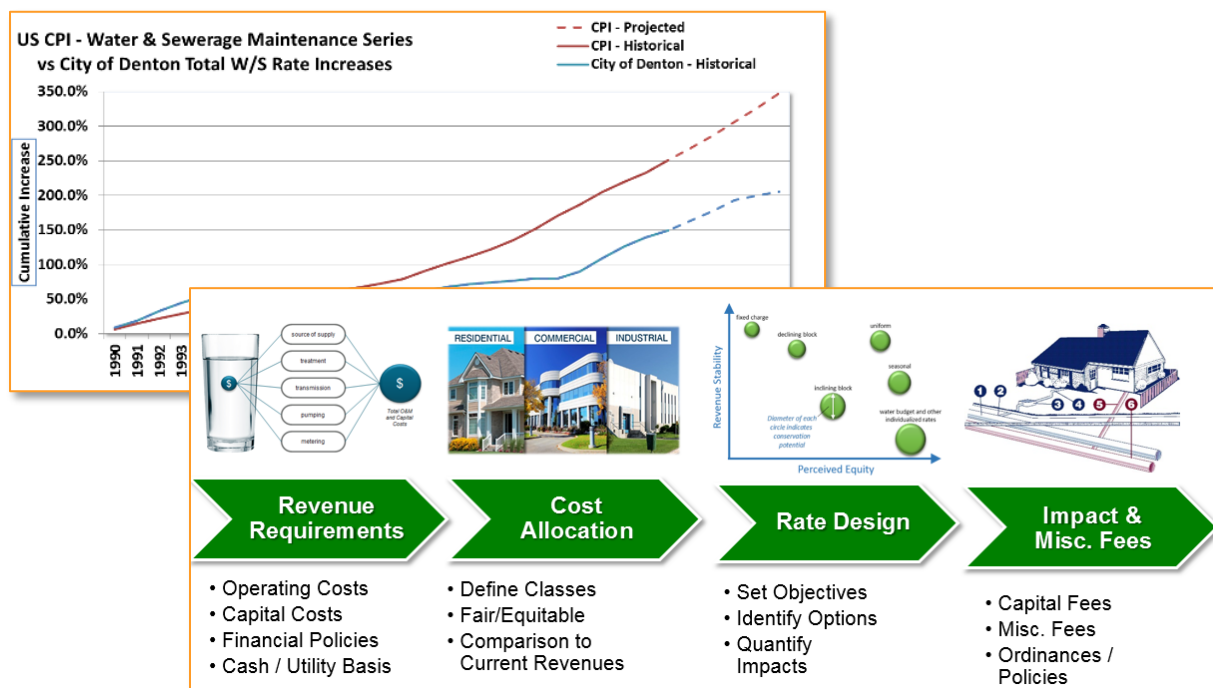
We have specific experience in facilitating formal stakeholder outreach initiatives, a recent example of which was for the City of Venice, FL. In this case, there was a formal Stakeholder Work Group made up of representatives from each customer class. The Stakeholder Work Group had some serious concerns about what they perceived as inequity in the water and sewer rate structure, particularly as it related to the multi-family class. We started our facilitation with the rates 101 approach described above and proceeded with a detailed evaluation of their concerns and how the current rate structure did or didn’t deal with certain rate making principals that were germane to their concerns. We work with the group over several meeting, during most of which we presented our rate model and demonstrated the changes to the structure that we recommended and how those changes would affect the various customer classes. It was a very open and transparent process and in the end the Stakeholder Work Group

unanimously recommended adoption of the rates to the City Council. As were concluding the process a number of the members of the Stakeholder Work Group stated that they weren't opposed to providing the utility with its needed revenue, but they wanted the rates to be fair and that they felt that the process that we facilitated achieved that.

We also often engage governing boards at the beginning of the project, and then again in the finalization of the rate design process to provide these community leaders an advance understanding of the rates and make subsequent public discourse less confused.

Higher and lower levels of involvement for elected officials can be appropriate in different circumstances, but staff involvement in the way we communicate study results is always critical. Throughout the conduct of the Study, our project team will work closely with City staff to prepare for and present meetings at critical points during the Study process. At the conclusion of the Study, we will first prepare a draft report, provide to City staff for comment, and then incorporate any edits into a final report. We will then present the results at various meetings determined by City staff, including presentations to the City Council at a regularly scheduled meeting as requested.

We will prepare detailed written reports of the study that clearly document the methods, results and recommendations. We have worked in many locations and with utilities facing a wide variety of circumstances. Our industry experience helps us to help you communicate the right level of detail in the right way to meet the City's objectives. In some cases, we have developed extensive outreach programs to address a wide variety of concerns, sometimes ranging beyond issues related to rates and charges. In other cases, very focused and brief communications provide the best approach. The following illustrations are examples of a visual aids that we have used to build an understanding of the rate study process.



Tab 10

Cost Proposal



10. COST PROPOSAL

Pursuant to the RFP requirements, our cost proposal has been included under separate cover.

Tab 11

Additional Forms



11. ADDITIONAL FORMS

- ✓ Identical Tie Proposal Sheet
- ✓ Proposer's Insurance Requirements Acknowledgement
- ✓ Business Tax Receipt
- ✓ Non-Collusion Affidavit
- ✓ Environmental Policy Form

IDENTICAL TIE PROPOSALS

In accordance with Section 287.087, Florida State Statutes, preference shall be given to businesses with drug-free workplace programs. Whenever two or more proposals that are equal with respect to price, quality, and service, are received by the State or any political subdivision for the procurement of commodities or contractual services, a proposal received from a business that certifies that has completed a drug-free workplace program shall be given preference in the award process. Established procedure for processing tie proposals will be followed if none of the tied vendors have a drug-free workplace program. In order to have a drug-free workplace program, a business shall:

- 1) Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibitions.
- 2) Inform employees about the dangers of drug abuse in the workplace the business policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that be imposed upon employees for drug abuse violations.
- 3) Give each employee engaged in providing the commodities or contractual services that are under Proposal a copy of the statement
- 4) In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under Proposal, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to any violation of Florida Statutes or of any controlled substance law(s) of the United States or any state five (5) days after such conviction or plea.
- 5) Impose sanctions on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, any employee who is so convicted.
- 6) Make a good-faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm complies fully with the above requirements.



AUTHORIZED SIGNATURE

Stantec Consulting Services Inc.

COMPANY

5-18-17

DATE

**CITY OF PALM BAY
PROPOSER'S INSURANCE REQUIREMENTS ACKNOWLEDGEMENT
RFP #48-0-2017 – FINANCIAL RATE & MANAGEMENT CONSULTANT SERVICES**

STANDARD INSURANCE REQUIREMENTS

Before starting and until acceptance of the work by the City, the Awarded Proposer shall, as a minimum mandatory condition precedent to this work, procure and maintain insurance of the types and to the limits specified below, at their own expense and without cost to the City, until final acceptance by the City of all products or services covered by the purchase order or contract. The policy limits required are to be considered minimum amounts:

The Certificate of insurance shall be made to the City of Palm Bay, 120 Malabar Rd. SE, Palm Bay FL 32907 and should reference the operation.

Prior to renewal, non-renewal, cancellation, or change or modification of any insurance policy, at least 30 days advance written notice shall be given to the City of Palm Bay.

Minimum coverage with limits and provisions are as follows:

- A. Commercial General Liability: The Successful Proposer shall provide minimum limits of \$1,000,000 each occurrence, \$2,000,000 general aggregate combined single limit for bodily injury and property damage liability. This shall include premises/operations, personal & advertising injury, products, completed operations, contractual liability, specifically confirming and insuring the indemnification and hold harmless clause of the contract. This policy of insurance shall be considered primary to and not contributing with any insurance maintained by the City of Palm Bay and shall name the City of Palm Bay as an additional insured with waiver of subrogation noted on the Certificate of Liability. The policy of insurance shall be written on an "occurrence" form.
- B. Business Automobile: Successful Proposer shall provide minimum limits of liability of \$1,000,000.00 each accident, combined single limit for bodily injury and property damage. This shall include coverage for:
- Owned Automobiles
 - Hired Automobiles
 - Non-Owned Automobiles
- C. Professional Liability Insurance or Errors and Omissions Insurance: Successful Proposer shall provide professional liability insurance, or Errors and Omissions Insurance, with a minimum limit of \$1,000,000.00 aggregate with respect to acts, errors or omissions in connection with professional services to be provided under this Agreement. Any deductible is not to exceed \$5,000.00 for each claim. Consultant represents it is financially responsible for the deductible amount.
- D. Workers' Compensation: The Successful Proposer shall provide and maintain workers' compensation insurance for all employees in the full amount required by statute and full compliance with the applicable laws of the State of Florida. Exemption certificates to this requirement are not acceptable. **Should the Named Vendor utilize a Professional Employer Organization, said Vendor acknowledges and agrees that all employees sent to the City of Palm Bay MUST be included on that PEO roster.** Said policy must include Employers' Liability insurance with limits of no less than:

- | | |
|---------------------------|---------------|
| • Each Accident | \$ 100,000.00 |
| • Disease – Policy Limit | \$ 500,000.00 |
| • Disease – Each Employee | \$ 100,000.00 |


Successful Proposer shall further insure that all of its sub-contractors maintain appropriate levels of workers' compensation insurance.

ASB
Initial Here

Other Insurance Provisions: The City of Palm Bay is to be specifically included on all certificates of insurance **as a named additional insured** (with exception to Workers Compensation). **Waiver of Subrogation is required for Commercial General Liability and Automobile Liability.** All certificates must be received prior to commencement of service/work. In the event the insurance coverage expires prior to the completion of this contract, a renewal certificate shall be issued thirty (30) days prior to said expiration date. The certificate shall provide a thirty (30) day notification clause in the event of cancellation or modification to the policy.

Deductible Clause – Successful Proposer to declare self-insured retention or deductible amounts.

All insurance carriers shall be rated (A) or better by the most recently published A.M. Best Rating Guide. Unless otherwise specified, it shall be the responsibility of the Successful Proposer to insure that all subcontractors comply with the same insurance requirements spelled out above. The City may request a copy of the insurance policy according to the nature of the project. City reserves the right to accept or reject the insurance carrier.

 _____ Authorized Signature	_____ 200 Business Park Cir., Suit 101 Address
_____ Andrew Burnham, Director Printed Name & Title	_____ St. Augustine, FL 32095 City, State, Zip Code
_____ Stantec Consulting Services Inc. Company	_____ (904) 631-5109 Telephone Number
_____ 5-18-17 Date	_____ andrew.burnham@stantec.com Fax Number or Email address



Florida Board of Professional Engineers
2639 North Monroe Street, Suite B-112
Tallahassee, FL 32303-5268

Stantec Consulting Services Inc.
325 25TH STREET SE
UNIT 200
CALGARY, AB T2A 7H8

Each licensee is solely responsible for notifying the Florida Board of Professional Engineers in writing the licensee's current address.

Name changes require legal documentation showing name change. An original, a certified copy, or a duplicate of an original or certified copy of a document which shows the legal name change will be accepted unless there is a question about the authenticity of the document raised on its face, or because the genuineness of the document is uncertain, or because of another matter related to the application.

At least 90 days prior to the expiration date shown on this license, a notice of renewal will be sent to your last known address. If you have not yet received your notice 60 days prior to the expiration date, please call (850) 521-0500, or write, Florida Board of Professional Engineers, 2639 North Monroe Street, Suite B-112, Tallahassee, FL 32303-5268 or e-mail: board@fbpe.org. Our website address is <http://www.fbpe.org>.

State of Florida

Board of Professional Engineers

Attests that

Stantec Consulting Services Inc.

Is authorized under the provisions of Section 471.023, Florida Statutes, to offer engineering services to the public through a Professional Engineer, duly licensed under Chapter 471, Florida Statutes.

Expiration: 2/28/2019

Audit No: 228201905020 R



FBPE
FLORIDA BOARD OF
PROFESSIONAL ENGINEERS

CA Lic. No:


27013

NON-COLLUSION AFFIDAVIT

STATE OF Florida
COUNTY OF Hillsborough

Andrew Burnham, being duly sworn, deposes and says that:

- | (1) | He/she is <u>Director</u> | of <u>Stantec Consulting Services Inc.</u> |
|-----|--|--|
| | Title | Firm/Company |
| | the Proposer that has submitted the attached Proposal. | |
| (2) | He/she is fully informed respecting the preparation and contents of the attached Proposal and of all pertinent circumstances respecting such Proposal. | |
| (3) | Such Proposal is genuine and is not a collusive or sham Proposal. | |
| (4) | Neither the said Proposer nor any of its officers, partners, owners, agent representatives, employees or parties in interest including this affiant, has in any way, colluded, conspired, or agreed, directly or indirectly, with any other Proposer, firm or person, to submit a collusive or sham Proposal in connection with the Agreement for which the attached Proposal has been submitted or to refrain from proposing in connection with such Agreement, or has in any manner, directly or indirectly, sought by Agreement or collusion or communication or conference with any other Proposer, firm or person to fix the price or prices in the attached Proposal or of any other Proposer, or to fix any overhead, profit or cost element of the Proposal price or the Proposal price of any other Proposer, or to secure through any collusion, conspiracy, connivance or unlawful Agreement any advantage against the City of Palm Bay, Florida, or any person interested in the proposed Agreement. | |
| (5) | The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, or unlawful Agreement on the part of the Proposer or any of its agents, representatives, owners, employees, or parties of interest, including affiant. | |

(Signed) 
Director
(Title)

STATE OF FLORIDA
COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me this 5/18/17 by Andrew Burnham, who is personally known to me or who has produced _____ as identification and who did (did not) take an oath.

Brooke Prescott (Signature of Notary Public)
(Name of Notary Typed, Printed or

Notary Public

(Notary's Seal) (Serial Number)

BROOKE PRECOURT
Notary Public, State of Florida
My Comm. Expires March 31, 2020
No. FF 977438



City of Palm Bay Utilities Department Environmental Policy

The City of Palm Bay Utilities Department has the responsibility to provide the citizenry of Palm Bay with superior drinking water and advanced treatment and disposal of wastewater. In recognition of the responsibilities that come with these activities, the Utilities Department is committed to Effective Utility Management (EUM) and conscientious stewardship of our water resources, the natural environment, and well-being of Utilities employees and the citizens of Palm Bay.

The Utilities Department has a commitment to manage its operations in compliance with federal, state, and local laws and regulations related to environmental quality and public and employee health and safety. The Utilities Department acknowledges that it is essential to the environment and health of the citizens that all operations and activities of the Department be conducted in accordance with EUM principles, which include sound environmental, health and safety practices. The Utilities Department is dedicated to build from a foundation of compliance with the aim of continuously improving environmental performance. To achieve this goal and promote sustainability, the Utilities Department will integrate the three decision making elements of the Sustainability Triple Bottom Line (environment, economy, and social equity). Specifically, the Department shall:

- Incorporate environmental considerations into our business decisions, activities, services, and products.
- Set measurable objectives to improve environmental and safety performance.
- Reduce the generation, discharge and emission of wastes to all environmental media - air, land, surface water, and groundwater - and if reduction is not a practical attempt alternatives such as conservation, recycling or reuse to limit waste creation.
- Anticipate emerging environmental issues and respond accordingly.
- Allocate and maintain, within our fiscal capabilities, resources for the effective implementation of environmental management and compliance programs.
- Encourage communication among employees, visitors, neighbors, and surrounding communities, suppliers, customers, regulatory agencies and the general public regarding Utilities Department's environmental issues.
- Implement a continuous improvement asset management system to minimize life cycle costs of equipment and infrastructure.

Every Utilities Department employee, intern, vendor, consultant, contractor, and volunteer has an obligation to comply with all applicable environmental laws and regulations and other Utilities Department requirements. Employee training will include a review of this policy and all applicable elements of GreenWay, our environmental management system.

☐ Consultant ☐ Contractor ☒ Vendor

Andrew Burnham

Print Name

[Signature]

Signature

Utilities Department Director

Stantec Consulting Services Inc.

Company

5-18-17

Date

10/18/16

Date

Issued: 05.05.16
Revision: 10

Printed copies of this document are not regulated



Tab 12

Business Location Certification Statement

12. BUSINESS LOCATION CERTIFICATION STATEMENT

BUSINESS LOCATION CERTIFICATION STATEMENT

STATE OF Florida)

COUNTY OF Hillsborough)

Andrew Burnham, being duly sworn, deposes and says that:

He/she is Director of Stantec Consulting Services Inc.,
(Title) (Firm/Company)

has submitted the attached Proposal, and is requesting consideration for additional points assigned for this submittal to the Chief Procurement Officer of the City of Palm Bay. PLEASE REVIEW "SPECIAL CONDITIONS" of this RFP located on Page 10.

(1) is a **Class A** Business as defined in City of Palm Bay Code of Ordinance Chapter 38. A copy of the City of Palm Bay Business Tax Receipt **and a complete list of full-time employees and their addresses are attached for justification. The City reserves the right to request additional documentation.**

Firm / Company Name

(2) is a **Class B** Business as defined in the City of Palm Bay Code of Ordinance Chapter 38. A copy of the Business Tax Receipt or ***a complete list of full-time employees and their addresses is attached as justification. The City reserves the right to request additional documentation.***

Firm / Company Name

(3) is a **Class C** Business as defined in the City of Palm Bay Code of Ordinance Chapter 38. A copy of the Brevard County Business Tax Receipt is attached as justification.

Firm / Company Name

(6) Stantec Consulting Services Inc. is considered a **Class D** Business as defined in the City of Palm Bay Code of Ordinance and does not qualify for Business Location Certification. (Notary not required for Class "D")
Firm / Company Name

Firm / Company Name

SIGNATURE: CP 10K

The foregoing instrument was acknowledged before me this _____ by _____, who is personally known to me or who has produced _____ as identification and who did (did not) take an oath.

Sworn to or affirmed and subscribed before me his _____ day of _____, 2017.

Personally known	Produced Identification	Type of Identification
------------------	-------------------------	------------------------

Notary Public State of:



Stantec
200 Business Park Circle, Suite 101
St. Augustine, FL 32095