

Task Order 15-01

Development of 2014 Large User True Up-related Reports and 2016 Large User Rate Estimate

Contract Authorization

Work proposed under this Task Order falls under the existing contract for rate consulting services between Lighthouse Utility Consulting, Inc. (Lighthouse) and the City of Hollywood, FL (City) dated August 6, 2010 and authorized by Resolution R-2010-214.

Project Understanding

It is our understanding that the City requires the following services:

1. FY 2014 Year End Large User Accrual Adjustment using the FY 2013 Large User True-up Model with all data and assumptions from the FY 2013 report, but updated with all current year available unaudited preliminary data, such as: expenses, flows, capacities, etc.
2. Development of the FY 2014 Large User True Up Report for wholesale wastewater customers of the City in accordance with the existing Large User Wastewater Agreements including Exhibit D and existing Addendums with emphasis on the First Addendum to Large User Agreement Between the City of Hollywood and The City of Hallandale Beach and the Fourth Addendum to Large User Agreement Between the City of Hollywood and The City of Miramar used to calculate diverted flow. All of the existing agreements and existing addendums are located on the Large User Internet Portal which I have been given access to.
3. Development of the FY 2014 RRI Calculation in accordance with the Large User Agreements. Initial report due December 19, 2014 and final report with audited figures due May 1, 2015.
4. Development of the FY 2016 Large User Rate Estimate in accordance with the existing Large User Wastewater Agreements including Exhibit D and existing Addendums with emphasis on the First Addendum to Large User Agreement Between the City of Hollywood and The City of Hallandale Beach and the Fourth Addendum to Large User Agreement Between the City of Hollywood and The City of Miramar used to calculate diverted flow. All of the existing agreements and existing addendums are located on the Large User Internet Portal which I have been given access to.

The section below outlines the Project Methodology and Approach, Projects Tasks and Schedule associated with each of the above-mentioned services. Compensation for these services above is presented at the end of this task order.

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1. FY 2014 Year End Large User Accrual Adjustment

Project Methodology and Approach

Lighthouse will develop the 2014 Year End Large User Accrual Adjustment with the FY 2013 Large User True Up Model, as developed, tested and reviewed with the City. At the conclusion of the project, Lighthouse will issue a draft of the 2014 Year End Large User Accrual Adjustment and will then issue a Final 2014 Year End Large User Accrual Adjustment based on comments received from the draft.

Project Tasks

We propose the following tasks to complete the 2014 Year End Large User Accrual Adjustment.

2014 Year End Large User Accrual Adjustment

- a) Issuance of Data Request to the City to provide the following:
 - i. Final, unaudited expense data for the General Fund and the Water and Sewer Utility Fund in a manner consistent with how this data has historically been provided for the Large User True Up Report
 - ii. Final, unaudited flow data for each large user
 - iii. Final, unaudited revenue data for each large user
- b) Use of the FY 2013 Large User True Up model to generate FY 2014 Year End Large User Accrual Adjustment with the exception that any data which can be updated will be updated for the FY 2014 Year End Large User Accrual Adjustment.
- c) Inclusion of the projected debt service credit true up associated with the 2010 Revenue Bond debt service based on the actual funding of capital projects with 2010 Revenue Bond proceeds through FY 2014.
- d) Draft FY 2014 Year End Large User Accrual Adjustment for review and comment, including comparison of FY 2014 invoices.
- e) Incorporation of comments on Draft FY 2014 Year End Large User Accrual Adjustment
- f) Final FY 2014 Year End Large User Accrual Adjustment (will not include a Data Review Package, but will include source files provided by City).

Estimated Level of Effort

It is estimated that the level of effort associated with Task 1 will be \$14,000 (80 hours @ \$175 per hour).

Schedule

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Pending availability of required data and City staff, Lighthouse will complete the FY 2014 Year End Large User Accrual Adjustment within 30 days of the provision of required data.

2. FY 2014 Large User True Up Report

Project Methodology and Approach

Lighthouse will develop the 2014 Large User True Up with the Large User True Up Model, as developed, tested and reviewed with the City. While it is anticipated that the 2014 Large User True Up will employ the same methodology as was used in the 2013 Large User True Up, the existing Large User Agreements and existing Exhibit D will be reviewed to be sure the final report complies with same. At the conclusion of the project, Lighthouse will issue a draft of the 2014 Large User True Up Report and will then issue a Final 2014 Large User True Up Report based on comments received from the draft.

Project Tasks

We propose the following tasks to complete the 2014 Large User True Up.

2014 Large User True Up Report

- a) Review of existing Large User Agreement and existing Exhibit D and the existing Miramar and Hallandale Beach Addendums to understand the requirements for calculating the large user true-up as they existed for the last Large User True Up Report.
- b) Request for data required to generate the true up, such as specific metrics designed to allocate general and administrative costs to wastewater and further to the large users. This request will be consistent with prior year requests for this data.
- g) Development of initial 2014 Large User True Up analysis, to include the inclusion of the debt service credit true up associated with the 2010 Revenue Bond debt service based on the actual funding of capital projects with 2010 Revenue Bond proceeds through FY 2014.
- c) Review initial 2014 Large User True Up data and results with staff
- d) Draft 2014 Large User True Up Report (10 copies) for review and comment.
- e) Incorporation of comments on Draft 2014 Large User True Up Report
- f) Final 2014 Large User True Up Report (25 copies) to include an electronic copy of the Data Review Package in Excel and PDF formats.
- g) Meeting with Large Users to review the report and answer any questions

Estimated Level of Effort

It is estimated that the level of effort associated with Task 2 will be \$28,000 (160 hours @ \$175 per hour).

Schedule

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Pending availability of required data and City staff, Lighthouse will complete 2014 Large User True Up by the Large User Agreement deadline of March 31st – assuming notice to proceed is issued 90 days prior to March 31st.

3. FY 2014 Large User RRI Calculation

Project Methodology and Approach

Lighthouse will develop the 2014 Large User RRI Calculation with the Large User RRI Model, as developed, tested and reviewed with the City. It is anticipated that the 2014 Large User RRI Calculation will employ the same methodology as was used in the 2013 Large User RRI Calculation. At the conclusion of the project, Lighthouse will issue a draft of the 2014 Large User RRI Calculation and will then issue a Final 2014 Large User RRI Calculation based on comments received from the draft.

Project Tasks

We propose the following tasks to complete the 2014 Large User RRI Calculation.

2014 Large User RRI Calculation

- a) Kickoff meeting to discuss the 2014 Large User RRI Calculation with staff
- b) Request for data from City required to generate the RRI Calculation to include, but not be limited to, the following:
 - i. Detailed billing history for each Large User for FY 2014, including flow and RRI contributions
 - ii. Large User adjustments and/or credits
 - iii. Large User fund balance data
 - iv. RRI projects for which Large Users should share the costs with the City, broken down by project type (Treatment, Collection, Improvement/Upgrading). The City shall provide the list of RRI projects, by project type indicated above, which are to be included in the RRI calculation per the City's determination – including the dollar amount to be included in the RRI calculation as determined by the City.
- c) Development of initial 2014 Large User RRI Calculation analysis to include:
 - i. Large User Fund Balance Reconciliation to Audited Financial Data
 - ii. Presentation of Large User Beginning Balances and Adjustments for FY 2014
 - iii. Presentation of Large User RRI Contributions for FY 2014
 - iv. Presentation of Large User share of Ongoing and Completed RRI Projects
- d) Review initial 2014 Large User RRI Calculation data and results with staff
- e) Draft 2014 Large User RRI Calculation for review and comment (includes a Data Review Package)
- f) Incorporation of comments on Draft 2014 Large User RRI Calculation

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- g) Final 2014 Large User RRI Calculation to include the development of letters to individual Large Users detailing their RRI Beginning Balances, activity for FY 2014 and Ending RRI Balance for FY 2014 (includes a Data Review Package)

Estimated Level of Effort

It is estimated that the level of effort associated with Task 3 will be \$7,000 (40 hours @ \$175 per hour).

Schedule

Pending availability of required data and City staff, Lighthouse will complete 2014 Large User RRI Calculation within 30 days of the provision of requested data. Initial report due by December 19, 2014 and Final report due by May 1, 2015

4. FY 2016 Large User Rate Estimate

Project Methodology and Approach

Lighthouse will develop the 2016 Large User Rate Estimate with the Large User True Up Model, as developed, tested and reviewed with the City. While it is anticipated that the 2016 Large User Rate Estimate will employ the same methodology as was used in the 2014 Large User Rate Estimate, the existing Large User Agreements and existing Exhibit D will be reviewed to be sure the final report complies with same. At the conclusion of the project, Lighthouse will issue a draft of the 2016 Large User Rate Estimate and will then issue a Final 2016 Large User Rate Estimate based on comments received from the draft. The rate will incorporate the estimated impact of new pension GASB 67 & 68 – cost information for which will be provided by the City.

Project Tasks

We propose the following tasks to complete the 2016 Large User Rate Estimate:

2016 Large User True Rate Estimate

- a) The FY 2016 Large User Rate Estimate will incorporate the use of the FY 2014 Large User True Up model, which will be updated with as many data parameters for which updated/relevant data is available in an effort to minimize variances between the Rate Estimate and True Up for the same fiscal year.
- b) Draft FY 2016 Large User Rate Estimate for review and comment (does not include a Data Review Package but will include source files provided by City)
- c) Incorporation of comments on Draft FY 2016 Large User Rate Estimate

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- d) Final FY 2016 Large User Rate Estimate Report (does not include a Data Review Package but will include source files provided by City)

Estimated Level of Effort

It is estimated that the level of effort associated with Task 4 will be \$14,000 (80 hours @ \$175 per hour).

Schedule

Pending availability of required data and City staff, Lighthouse will complete Task 4 within 30 days of provision of the requested data.

Summary of Project Cost by Task

Project Task	Hours	Rate	Project Cost
Task 1 – FY 14 Large User Accrual Adjustment	80	\$175	\$14,000
Task 2 – FY 14 Large User True Up Report	160	\$175	\$28,000
Task 3 – FY 14 Large User RRI Calculation	40	\$175	\$7,000
Task 4 – FY 16 Large User Rate Estimate	80	\$175	\$14,000
Total	360	\$175	\$63,000