

City of Hollywood



Response to RFQ-4464-15-RL

Rate Consulting, Large User Group True-Up and Financial and Technical Services

June 24, 2015

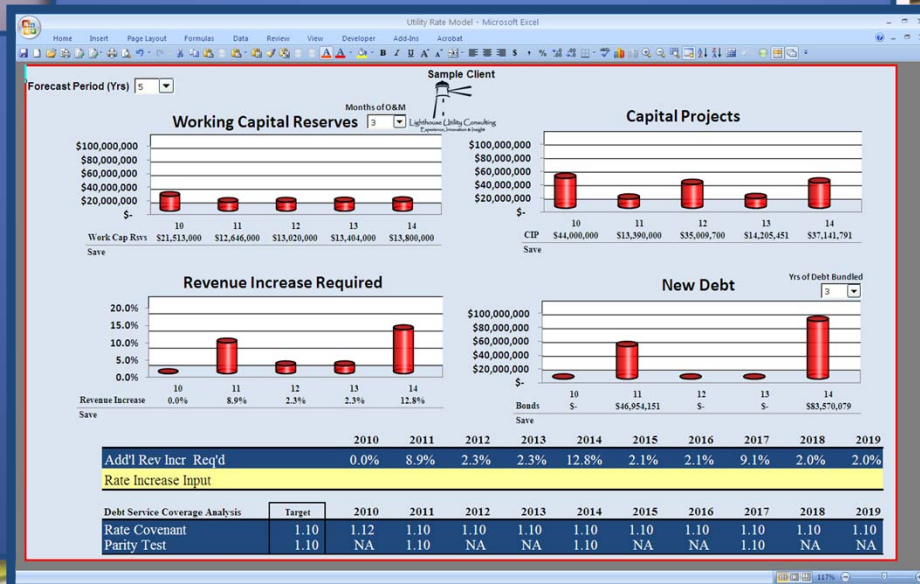


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June 24, 2015

City of Hollywood
Office of the City Clerk
Room 221
2600 Hollywood Blvd
Hollywood, FL 33020

Re: Response to RFQ-4464-15-RL– Rate Consulting, Large User Group True-up and Financial and Technical Services

Dear City of Hollywood and Selection Committee Members:

Lighthouse Utility Consulting is pleased to present our response to RFQ-4464-15-RL Rate Consulting, Large User Group True-up and Financial and Technical Services.

RFQ-4464-15-RL includes many scope items, as the City is requesting qualifications for a Utility Rate Consulting Firm with significant expertise, experience and a forward-looking approach to the conduct of utility rate and financial analyses. Lighthouse is best positioned to meet the needs of the City because of the following reasons.

Experience

With nearly **two decades of experience**, and over **150 successful utility rate consulting projects** to our credit, the Lighthouse team has **extensive experience in each of the scope items listed in this RFQ**. We are particularly well-positioned with regard to the provision of a Utility Rate Model, such as that described in the RFQ. We have extensive experience with the following utility rate and financial analyses:

- ✓ Retail and Wholesale Rate and Cost of Service Studies
- ✓ Reserve Capacity Charge Studies
- ✓ Miscellaneous Fee and Charge Studies
- ✓ Bond Feasibility Reports
- ✓ Interactive Rate Model Development with Dashboards Showing Key Performance Indicators
- ✓ Capital Project Funding Studies
- ✓ CIP Financial Scenario Planning
- ✓ Rate Ordinance Drafting
- ✓ Billing System Validation/Rate Testing
- ✓ Valuation/Divestiture Studies

Industry Experts

Our team includes **recognized expertise in the utility rate consulting industry**. We are regularly invited to speak at industry conferences regarding utility rates, finance and financial modeling for utilities. We have conducted utility rate and finance workshops at the **AWWA/WEF Utility Management Conference** (4-hour financial modeling workshop) and other industry-sponsored conferences. In addition, our team has presented on the topic of **Governmental Fund Financial Modeling at the FGFOA** and on the topic on the topic of **Utility Budgeting and Finance** at an AWWA-sponsored event in Fort Lauderdale given by the University of Florida's Training, Research & Education for Environmental Occupations (TREEO) center.

Lighthouse has Successfully Provided Utility Rate Consulting Services to the City Since 2009

Lighthouse has been fortunate enough to be engaged as the City's rate consultant since 2009. During this time we have assisted the City in developing a conservation rate structure which is sensitive to customer impact while providing incentive for higher volume customers to curb discretionary usage, provided valuable support in the issuance of upwards of \$50 Million in bonds, and developed a financial / capital funding plan which has contributed to the bolstered financial health of the utility; culminating in the ability to **eliminate any future rate increases through at least FY 2019 – a particular point of pride for us**.

In our role as the City's rate consultant we have performed many services, including, but not limited to:

- Three (3) Comprehensive Utility Rate Studies
 - Water and Sewer
 - Stormwater
- Five (5) Large User True-up Studies
- Four (4) Large User Accrual Studies
- Four (4) Large User RRI Studies
- Five (5) Large User Rate Estimate Studies
- Several other important projects
 - Billing system audit / review
 - State audit support
 - Rate model development, delivery and training
 - Large user questions/concerns assistance

Lighthouse has a reputation with the City for being readily available and for always delivering clear analyses and unique insight beyond simply "crunching numbers". We are proud of the work we've done for the City and believe we are best positioned, given our overwhelming understanding of the City's complex operational, financial and political dynamics, to assist the City in utility rate related matters in the future. Conducting rate studies, and associated analyses, for the City is much more complex than for most clients. This includes several complex wholesale relationships, significant operational drivers - from the financial ramifications of ocean outfall legislation to discussions of potentially expanding the sewer system to capture existing water customers currently on septic systems.

Rate Model

Our Utility Rate Model is the most **user friendly, comprehensive and well-designed** utility rate model currently used by anyone. Our Rate Model is one, Excel-based model which has all of the elements necessary to conduct a full rate study, including a Revenue Sufficiency Analysis, Cost of Service Analysis, Rate Design Analysis, Reserve Capacity Charge Analysis, Miscellaneous Charge Analysis, Wholesale Water and Wastewater Large-User True-up Analysis.

Most importantly, **we have already designed, tested, completed and delivered to the City a Utility Rate Model** with the City's unique financial data incorporated into the model. Continuing to use Lighthouse will allow City staff to focus on other pressing items because it will keep City staff from having to get a new consultant "up to speed" with regard to the City's data, financial dynamics, goals and objectives, which **will save valuable City time and money**.

Financial and Technical Expertise

Our dedicated On-Call Consultant for the City for this project, Mr. **Jonathan Varnes**, has a Bachelor's in Finance from the University of Florida, with coursework in the University of Florida's Decision and Information Sciences department. He knows the City, its staff and its financial dynamics.

Quality of Service

We have demonstrated on countless occasions our commitment to delivering quality analyses to the City on time and on budget. We are always available for the City and will continue to be if the opportunity to serve the City continues for our firm.

In addition to providing our extensive qualifications and experience conducting **utility rate studies in Florida**, our response also includes a **detailed presentation of our approach to each scope item** listed in this RFQ. We have provided detailed descriptions of our Rate Model, and **several screen captures of the model's Interactive Dashboards**. We look forward to the opportunity to present our qualifications and Interactive Rate Model in person, should we be fortunate enough to participate in the Oral Presentation portion of this RFQ process.

We appreciate the opportunity to submit our response to this RFQ. If you have any questions regarding our response please feel free to contact me at 407.417.2324.

Very truly yours,

Jonathan Varnes

Principal

Lighthouse Utility Consulting

Summary of Proposed Management Plan

1 - 1

Summary of Proposed Management Plan

The Summary of Proposed Management Plan section is organized as follows:

- Reconciliation of Scope of Services in RFQ-4464-15-RL to Lighthouse Proposed Management Plan and Project Approach
- The Lighthouse Approach
- Proposed Management Plan and Schedule
- Project Approach – Water, Sewer and Reuse Rate Study
- Project Approach – Stormwater Rate Study

Reconciliation of Scope of Services in RFQ-4464-15-RL to Lighthouse Proposed Management Plan and Project Approach

RFQ-4464-15-RL includes many scope items, as the City is requesting qualifications for a Utility Rate Consulting Firm with **significant expertise and a forward-looking approach** to the conduct of utility rate and financial analyses. Therefore, Lighthouse has endeavored to provide **both a high-level overview and a comprehensive view** of our unique capabilities, qualifications and approach. The high-level overview is presented in both “The Lighthouse Approach” section and the “Proposed Management Plan and Schedule” section. A comprehensive view of our qualifications and approach to each scope item listed in the RFQ is presented in the “Project Approach” sections.

In order to assist the City in their review process, and to demonstrate that we have addressed each scope item in our proposal, a selection of pages where the reader can find our response to each scope item listed in the RFQ is presented in the Scope Reconciliation Table on the following page. While we have not listed each time we address each scope item in this reconciliation, as we mention each scope item many times in our detailed approach, we have attempted to point out various points in our response where we reference each scope item.





Summary of Proposed Management Plan

1 - 2

Scope Reconciliation Table - Based on Scope in Pages 24-30 of RFQ		Page in
Scope Number and Summary Description		Section 1
1	Sewer: Large User True-Ups	15, 33
2	Bulk Water Wholesale Rates	15, 32
3	Reserved Capacity Rate Study	16, 43
-a	25 copies of Large User True Up Report	34
-b	Report and spreadsheet with new Large User billing rate every year by May 15 th	34
-c	True up report in Excel format which follows Large User agreement	33
-d	True-up Model must have data entry page	33
-e	Bulk Water Wholesale Rate Adjustment – Report and Spreadsheet	33/34
-f	Draft report to City before final report	34
4	Water, sewer, reuse and stormwater rate studies	16, 24, 50
5	Short and long-term financial analysis – built into rate model	24, 63
6	Large User True-Up consistent with Exhibit D cost allocation requirements	15, 17, 33, 36
-a	Alternative methodologies for accounting for current/future costs	33
-b	Methodologies for recovery of future capital costs for growth from large users	33
-c	Evaluate capital program to determine appropriate priority while reducing debt financing/rate increases	33
7	Analysis of retail and bulk water, sewer and various fees and charges in City Code	18, 45
-a	Rate comparison for similar, surrounding utilities	41
-b	Provide Bond Feasibility Reports, or other reports required for new debt	47
-c	Rate Study Report	47/48
-d	Categorize costs between variable and fixed	30
-e	Options for rate structures, including RR&I funding, conservation rate structures, Rate Stabilization Funding, Alternatives for Debt Service Recovery	41
-f	Meetings with City Commission and staff	49
-g	Rates in accordance with developed fiscal policies	48
-h	Rates shall cover minimum of 5 years	25
-i	Balance to all reserve cash funds	47
8	Multi-year rate and financial model (with 8 hours training) up to 30 years or longer with cost allocations, Large User agreement/revisions, demand projections R&R accounting	62/63
i	Provide Rate Model in Excel with user guide	63
ii	Train Public Utilities staff to update the Rate Model	63
iii	Link model to general ledger and billing systems (one way link to extract data only)	63
iv	Balance to all reserves	47
v	Large User True-Up calculations incorporated into Rate Model and update automatically	19
vi	Verify rates proposed meet the City's 2.0x debt service coverage target	48
vii	Rate model allows for target balances for various reserves	63
vii	Provide dashboards with KPI's	62/63
ix	Provide ratios used by Credit Rating Agencies	7
9	Rate Ordinance assistance	21
10	Rate structure testing	21
11	Review Public Utilities charges	21
12	Create Microsoft Excel / Access reports that link to Munis Utility Billing system to analyze billing data. User manual for Public Utilities staff	21
13	Reserve capacity fees based on expansion and develop written procedure that delineates criteria for determining which projects qualify for funding with Reserve Capacity Fees	44
14	Periodic meetings and presentations when requested	22
15	Preparation of Termination Fee per Large User Agreement	22/23
16	Perform other work necessary to assist Department of Public Utilities in maintaining sufficient revenues	23



Summary of Proposed Management Plan 1 - 3

The Lighthouse Approach

Lighthouse Utility Consulting utility rate experts have been **leaders in the conduct of municipal utility rate and financial studies for nearly two decades** because of our commitment to clients and understanding that clear communication, of both the rate-making process and results, is imperative for success. Our job is not just that of “number crunchers”, but of communicators and facilitators with, and on behalf of, our clients. Financial solutions crafted for our clients are the result of active, open communication of client goals and objectives, and our strategies to meet those goals and objectives.



Clear communication, of both the rate-making process and results, is imperative for success

We have developed an approach to utility rate and financial studies designed to operate with efficiency and a pointed direction towards the development of specific utility financial solutions for our clients. We do this with the effective presentation of solutions to all utility stakeholders; including customers, staff, management and board members. Our approach to utility rate studies has been crafted based on **experience with over 150 successful utility rate study projects** for municipal clients.

Our Rate Model

The Lighthouse Utility Rate Model is recognized as the most robust, flexible, user friendly and comprehensive rate model in the business. Achieving all of these goals is no small task. Upon a more detailed inspection of most rate models you find they are either 1) simple and pretty with bells and whistles designed to divert your attention to the fact that the model is only useful to the consultant, not the client or 2) cumbersome and inflexible which make potential use by the client a virtual impossibility, and actual use by the consultant something done in their offices and not in an interactive meeting environment.



The Lighthouse Utility Rate Model is recognized as the most robust, flexible, user friendly, comprehensive rate model in the business





Summary of Proposed Management Plan 1 - 4

Our Rate Model is Microsoft Excel-based, with an open architecture for maximum flexibility so that we can instantly program new scenarios, import new data, and develop new calculation algorithms in our interactive meetings with clients. It is this open architecture which allows our model to easily and safely interface with the detailed reports of our clients' information systems, such as billing systems and general ledger systems.

This flexibility is the key to our consulting methodology, which revolves around our ability to capture the attention of the Rate Study Team and focus that attention on **alternative scenario planning**, and the resultant outcome of each scenario, through the **Dashboard of our Rate Model**. The Dashboard, which is fully customized for each client, is where the **Key Performance Indicators of the analysis are displayed** for the group to review **in an interactive environment**. The City of Hollywood recently experienced the power and flexibility of our Rate Model to do just that during our recent Rate Study project.



The Open Architecture of the Rate Model allows it to easily and safely interface with detailed reports from utility billing and financial software.

Our Rate Model is comprised of the following modules:

- ✓ Revenue Sufficiency Module
- ✓ Cost of Service Module
- ✓ Rate Design Module
- ✓ Reserve Capacity Charge Module
- ✓ Miscellaneous Fees and Charges Module

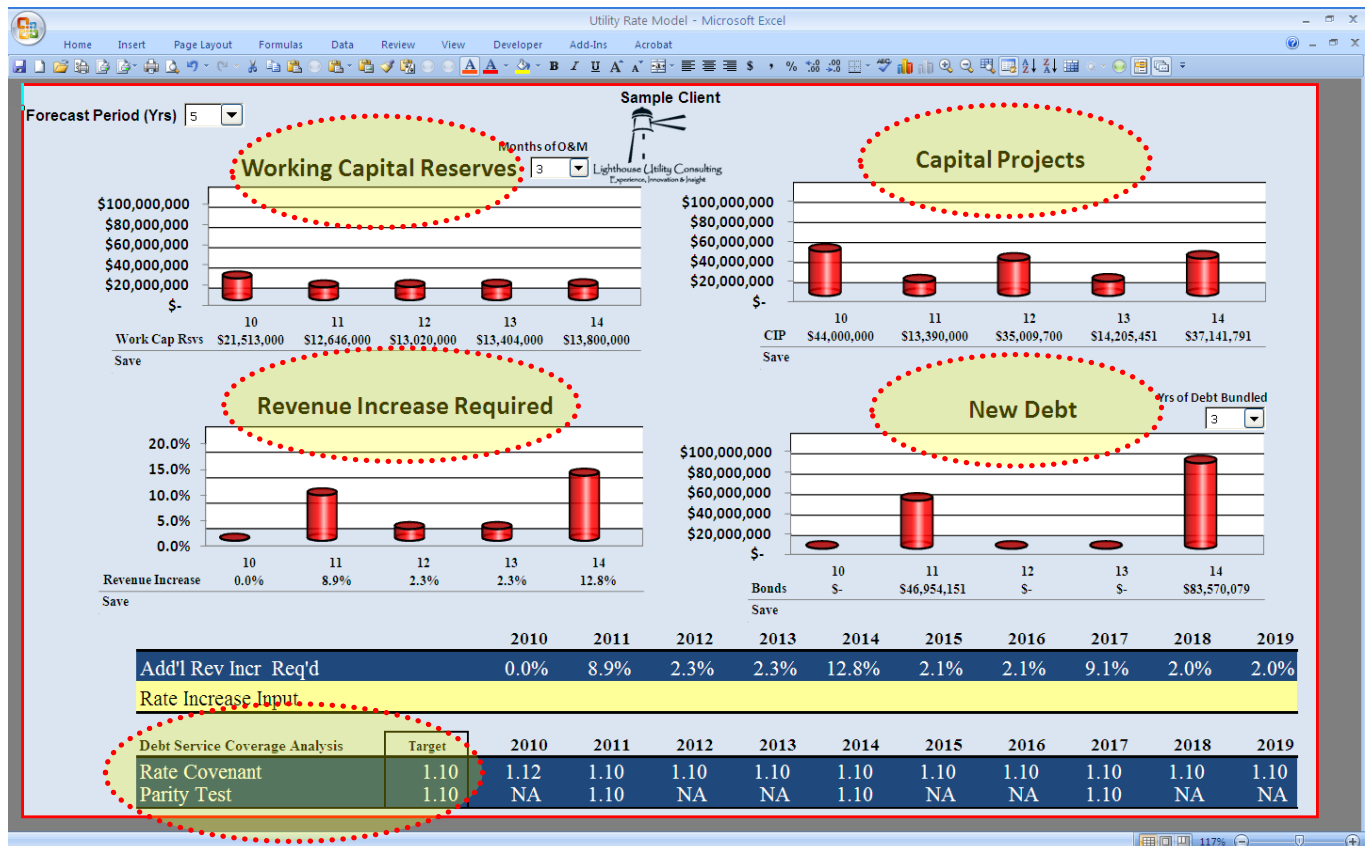
A screen capture of the Primary Revenue Sufficiency Dashboard, with certain Key Performance Indicators for the Revenue Sufficiency Analysis is presented below. Note the use of certain drop down menus, in addition to **built-in menus in the Excel menu toolbar**, which **allow the user to control many assumptions from the Dashboard** and navigate within the model. The model can instantly show



Summary of Proposed Management Plan 1 - 5

projected financial results over a 1 to 30 year forecast period by using a drop down menu to expand the Dashboard to the desired view.

Revenue Sufficiency Analysis Dashboard with Key Performance Indicators– 5 Year View



Our Revenue Sufficiency Dashboard is designed to instantly show short and long-term views with the use of drop down menus to show different forecast periods. By choosing a 20 year view (up to 30 is possible in the model) the user can quickly move from a short-term financial analysis to a long-term financial analysis, with full financial schedules to support both available at all times.

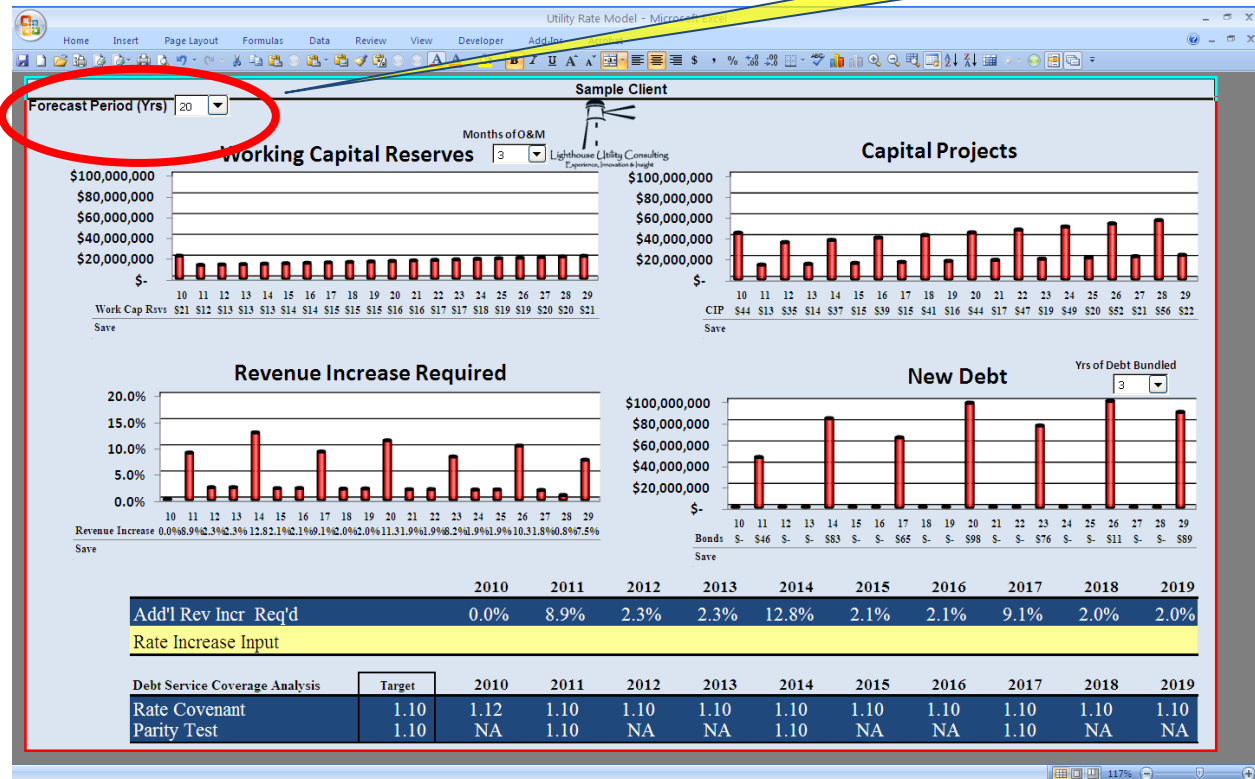
A longer term view of our Revenue Sufficiency Dashboard is presented on the next page.



Summary of Proposed Management Plan 1 - 6

Revenue Sufficiency Analysis Dashboard – 20 Year View

Select how many years to view instantly with the drop down menu



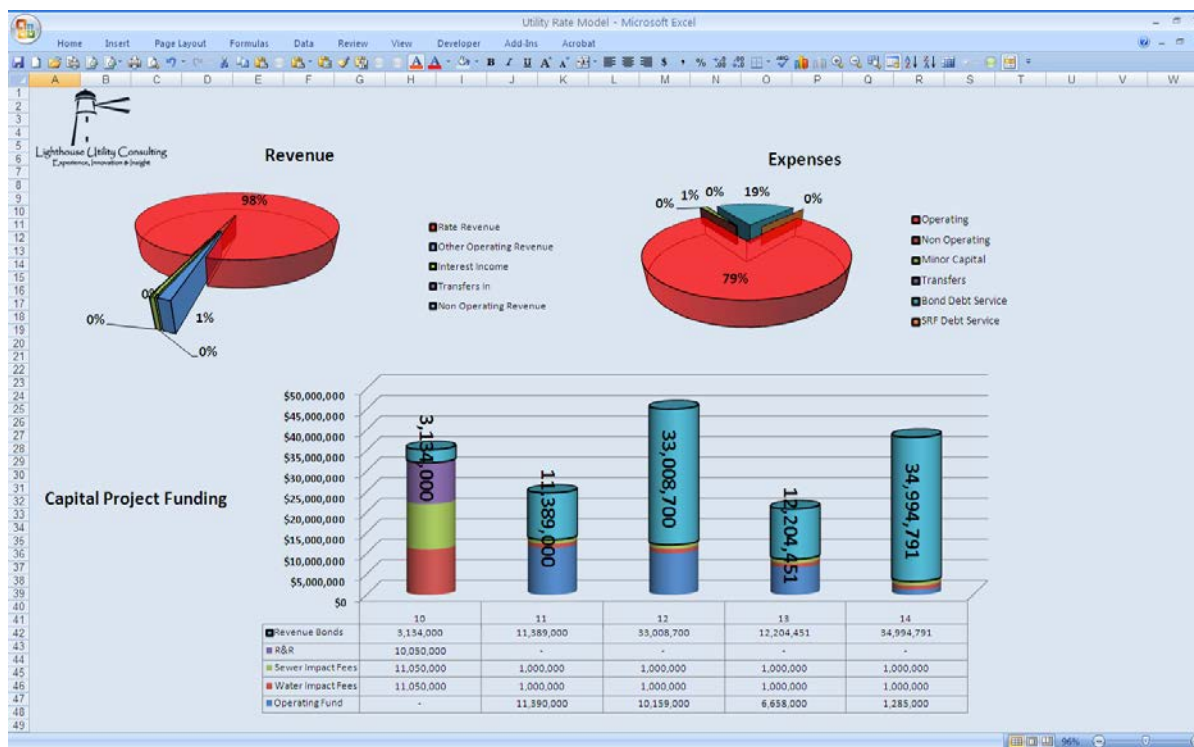
In addition to the Primary Dashboard of the Rate Model, where the analysis can be controlled from one place, **there are several informational dashboards** in the model as well to provide easy-to-understand information to the Team, such as the secondary **Revenue Sufficiency Dashboard**, the **Cost of Service Dashboard** and the **Rate Design Dashboard** below.



Summary of Proposed Management Plan

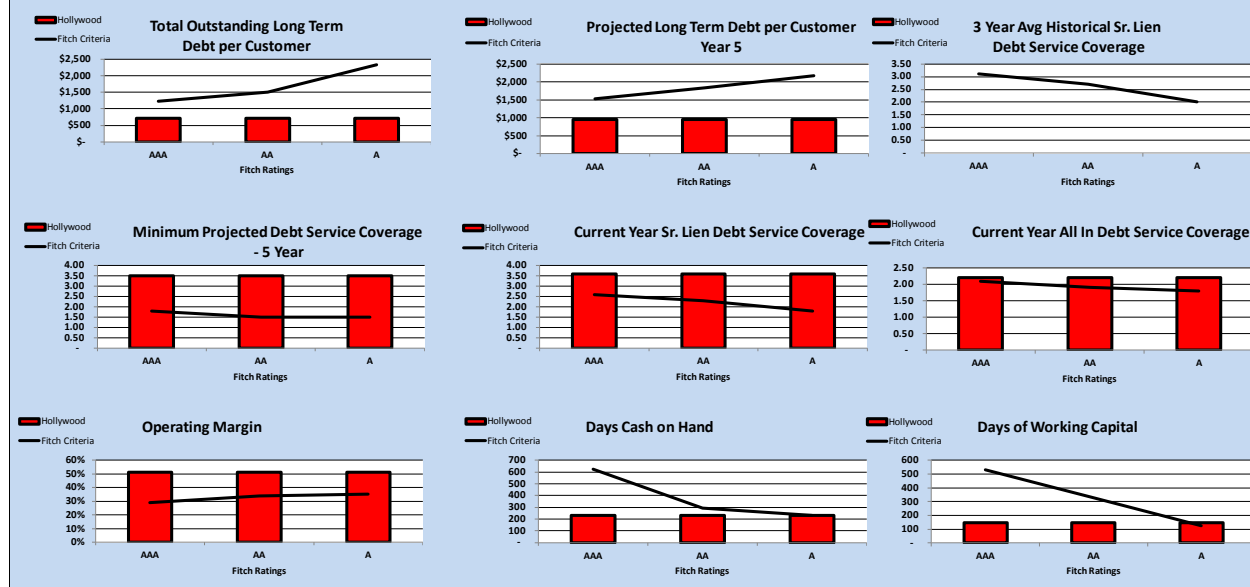
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Secondary Revenue Sufficiency Dashboard with Key Performance Indicators



Key Performance Indicators – Fitch 10 C's of Credit

Presentation of City of Hollywood Metrics versus Thresholds of Fitch 10 C's of Credit

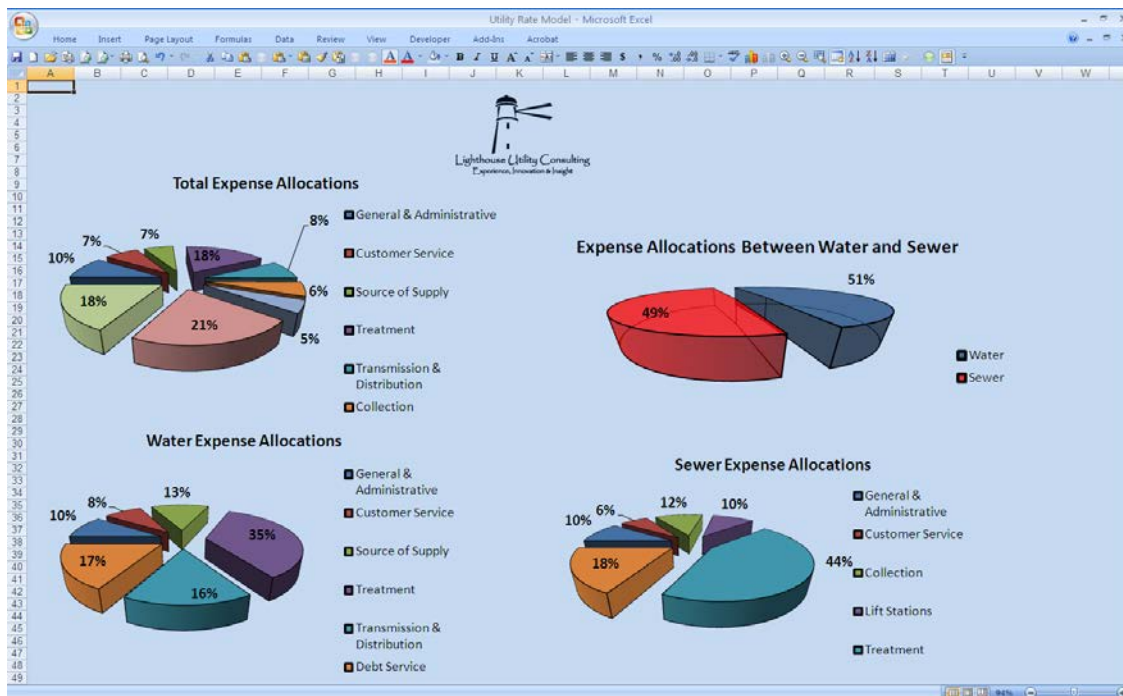




Summary of Proposed Management Plan 1 - 8

The rate model designed by Lighthouse for the City includes key metrics related to bond rating agency requirements. These metrics are displayed in Dashboard format to track the progress of an rate scenario evaluated versus the key performance indicators used by the rating agencies.

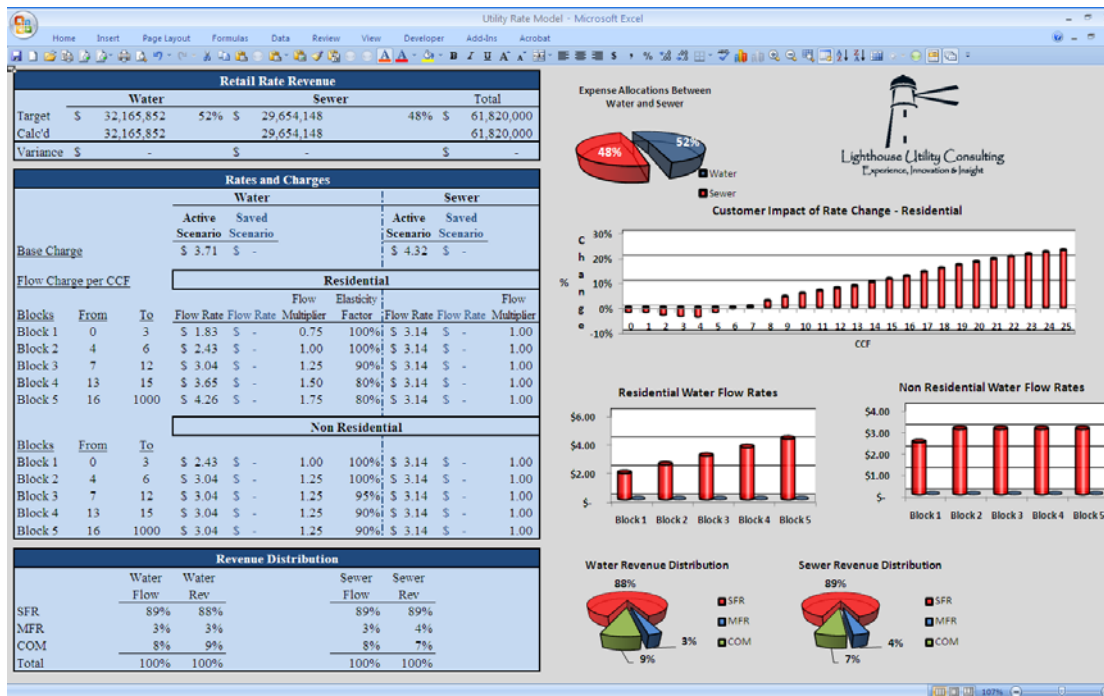
Retail Cost of Service Output Dashboard with Key Performance Indicators





Summary of Proposed Management Plan 1 - 9

Retail Rate Design Dashboard with Key Performance Indicators





Summary of Proposed Management Plan 1 - 10

Proposed Management Plan and Schedule

Proposed Management Plan

Our proposed management plan is crafted around a simple concept – a dedicated On-Call Consultant to the City for the entirety of the contract. **Our proposed On-Call Consultant, Jonathan Varnes**, is very familiar with the City's staff, structure, challenges and financial dynamics, having **conducted the last several Rate Study, Large User True-up and Bond Feasibility Reports for the City**. We propose to dedicate Mr. Varnes of our Orlando, FL are office as the City's On-Call Consultant. We believe **this positions Lighthouse as a firm with national rate consulting and financial modeling expertise as the City's "Local Resource"**, we are only a 3-4 hour drive away, for utility rate consulting services.



We propose to dedicate Mr. Varnes as the City's On-Call Consultant for the entirety of the contract.

With an On -Call Consultant, the **City will have ultimate priority over any and all other projects** for which Mr. Varnes works. We will ensure that any projected upcoming workload required of Mr. Varnes by the City will limit his availability to work on other projects for other clients. In other words, Mr. Varnes will not engage in work for other clients which could hinder his ability to continue to provide the best service possible to the City.

This approach was successfully executed by Lighthouse while under contract with the City over the last 5 years.

Schedule

We anticipate regular visits with the City, at times convenient to City staff and **at the expense of Lighthouse** if the visit is not related to a specific project, so that Mr. Varnes can keep abreast of current happenings within the City **in order to be ready-to-serve** at the City's request. This approach means that the schedule for accomplishing work projects requested by the City will be as efficient as possible, as Mr. Varnes will be up-to-speed with City issues, data and staff such that he can immediately respond to requests with ultimate timeliness. Oftentimes we conduct related rate and financial study projects





Summary of Proposed Management Plan 1 - 11

concurrently to minimize the study timeline and maximize the resultant work product. This ensures the most efficient use of limited staff time during our staff/stakeholder meetings.

As further evidence of our ability to meet any required schedule, **we are the architects of the City's Rate Model**. What this means is that **the City will not have to go through the typical new consultant "growing pains"** as we already know the City, City staff, City financial dynamics and have recently designed a comprehensive rate model and analysis for the City.

Problems → Solutions

Experience has provided us with insight into the potential problems surrounding utility rate and financial projects. This experience, coupled with our most important skill – listening to our clients – allows us to anticipate potential problems and set things in motion to respond with effective solutions to minimize our clients' exposure. **By communicating with our clients in an interactive, active learning environment we are able to identify potential problems and dialogue with our clients regarding potential solutions.** In the case of financial projects, this typically translates to testing potential financial solutions using our interactive financial planning model and reviewing the results on our dashboard.

Project Organization

On-Call Consultant

Our proposed organization chart consists of our On-Call Consultant, Mr. Jonathan Varnes to be the client contact, project manager/consultant and Team Facilitator for each job. Mr. Varnes is a Principal of the Firm, and our inclusion of him indicates our commitment that our Top Management be involved in every facet of any project for the City. We propose that Mr. Varnes will be the project lead, manager and consultant on each engagement with the City.



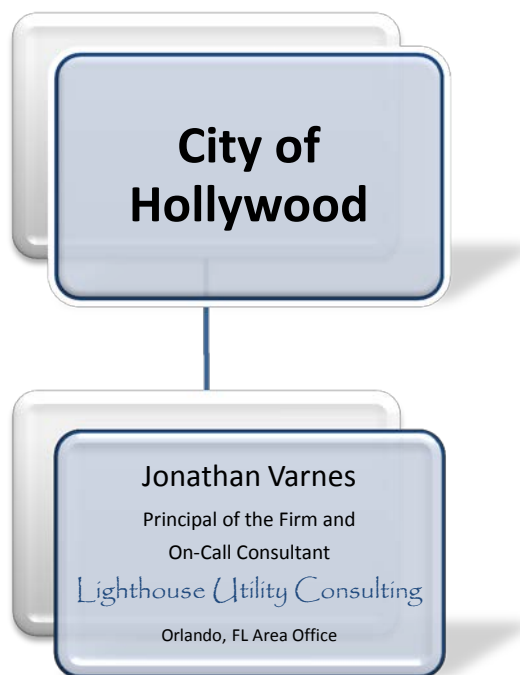
Mr. Varnes is a Principal of the Firm. Our inclusion of him indicates our commitment that our Top Management be involved in every facet of the project for the City.



Summary of Proposed Management Plan 1 - 12

Through the dedication of a Senior On-Call Consultant, Lighthouse is committing our best to ensure continuity throughout each engagement with the City. **We envision Mr. Varnes as an additional “team member” of the City’s in-house staff rather than an outside consultant.** Our ability to connect with the issues which staff has to deal with and be a **respected team member rather than** being viewed by staff as a **hired-gun** is our most important trait. This will allow us to avoid the most common breakdown which occurs in utility rate and financial projects - a lack of continuity. One party promises something to the client and another party is expected to deliver without being involved in the interaction with staff which took place. This is a consistent theme with larger firms which attempt to have senior staff manage junior staff in these types of engagements which require significant attention to detail. Lighthouse assigns senior consultants to projects to ensure continuity during the project – continuity of data, analysis, interaction with other consulting team members (engineering firms, etc.) and client interaction.

Below please find our organization chart for the services presented in the RFQ.





Summary of Proposed Management Plan 1 - 13

Priority of City Projects

The City is a Keystone Client for Mr. Varnes and Lighthouse and we intend to have it remain that way. We realize the City has many choices for its rate consulting work and are appreciative of the trust they have for Mr. Varnes and Lighthouse. **It is for this reason that we make the commitment to City projects first for the entire contract term.**



Summary of Proposed Management Plan 1 - 14

General Discussion of City's Scope of Services

The City has identified a Scope of Services which includes descriptions of projects which may be assigned. Lighthouse has extensive experience in all these areas. The following table lists each scope item, paraphrased by Lighthouse based on the specific wording in the RFQ on pages 24-30, and a demonstration that Lighthouse has provided nearly all these services to the City of Hollywood within the last 5 years under our existing contract with the City.

Scope Item #	Brief Description of Scope Items (as presented on Page 24-30 of RFQ)	Has Lighthouse has provided this service to the City in last 5 Years?
1	Large User True Up Analyses	YES – 18 studies
2	Wholesale Water Rate Analyses	YES – 4 studies
3	Reserve Capacity Charge Study	No need yet, but we have extensive experience providing this service
4	Comprehensive Water/ Sewer/ Reuse/Stormwater Rate Studies	YES – 3 Rate Studies
5	Revenue Sufficiency Analyses	YES
6	Large User Calculations Consistent with Agreement (Exhibit D in particular)	YES
7	Rate Comparisons, Bond Feasibility Reports, Other Analyses	YES
8	Development / Training Utility Rate Model	YES
9	Assistance with Rate Ordinance Development / Revision	YES
10	Rate Structure / Billing System Testing	YES
11	Review of City's Charges for Consistency with Industry Practice	YES
12	Development of Excel/Access Reports that link to Munis Utility Billing System	No need yet
13	Reserve Capacity Charge Study	No need yet
14	Meeting / Formal Presentation Participations	YES
15	Large User Agreement Assistance Related to Contract Termination	YES
16	Various Other Support as Requested	YES





Summary of Proposed Management Plan 1 - 15

A brief discussion of each of the scope items listed on pages 24-30 of the RFQ follows. A more detailed Proposed Management Plan is then presented.

1. Large User True-up Analyses

Scope Item 1 in RFQ – page 24

The City provides wholesale sewer service to six (6) surrounding entities (the “Large Users”). Each of these Large Users has entered into an agreement with the City whereby they share certain costs of the Regional Sewer Treatment Plant, and associated infrastructure/administrative costs, consistent with a specific cost apportionment methodology outlined in the Large User Agreement and Exhibit D to the Large User Agreement. Exhibit D is over 50 pages and includes a very detailed methodology for the apportionment of costs to the City and the 6 Large Users. The analysis which captures this cost apportionment methodology is referred to as the Large User True-up Analyses.

Lighthouse has successfully conducted these annual Large User True-up rate analyses for the City since 2010 and annually presented the results to the Large Users in a manner which is clear as to how their cost sharing was calculated and with a thorough discussion of any questions they had about their cost sharing, with an eye toward building trust among the Large Users through transparency.

2. Wholesale Water Rate Analyses

Scope Item 2 in RFQ – page 25

The City provides wholesale water service by agreement. This agreement sets forth the methodology whereby the wholesale water rate may be adjusted each year. As part of our Rate Study activities with the City we have provided guidance as to how the wholesale water rate may be adjusted per the terms of the agreement. In addition, Lighthouse annually provides the City with a wholesale water rate analysis and rate model for use should the City enter into discussions with other entities which require wholesale water service. This analysis includes the





Summary of Proposed Management Plan 1 - 16

development of wholesale rates reflective of different water production/ treatment methods – including lime softening, membrane and reverse osmosis.

3. Reserve Capacity Charge Study

Scope Item 3 in RFQ – page 26

The City's Reserve Capacity Charges were updated approximately 5 years ago and Lighthouse has not had the opportunity to update these for the City. However, we have extensive experience in the calculation of Reserve Capacity Charges and understand the requirements of Section 163.31801 of the Florida Statutes which sets forth the requirement that current costs of eligible facilities be used in the calculation of Reserve Capacity Charges as opposed to the prior accepted method of using the average costs of eligible facilities.

A more detailed discussion of our specific approach to the development of Reserve Capacity Charges is presented in subsequent sections.

4. Comprehensive Water, Sewer, Reuse and Stormwater Rate Study

Scope Item 4 in RFQ – page 27

Lighthouse has conducted the City's last 3 comprehensive rate studies (2 water/sewer rate studies and 1 stormwater rate study). Our thorough understanding of the unique dynamics of the City's retail and wholesale service requirements and our comprehensive financial model, tuned to the City's unique financial dynamics, has allowed us to assist the City in the evaluation of multiple alternatives effectively and efficiently so the City can be sure that their rates are sensitive to customer impact while ensuring sufficient revenue to fund the substantial requirements of such a large utility. As part of our last rate study, Lighthouse delivered a comprehensive utility rate model which the City continues to use on an ongoing basis. Finally, our rate study reports are comprehensive, with appendices of detailed line-item information which builds to summary results such that a reviewer can easily drill-down into the detail behind the summary results presented in the report body.



Summary of Proposed Management Plan 1 - 17

A more detailed description of our approach to rate studies for the City, successfully applied for the City in the past, is presented in subsequent sections.

5. Revenue Sufficiency Analyses

Scope Item 5 in RFQ – page 27

As part of the recent rate studies conducted by Lighthouse we have developed a comprehensive revenue sufficiency analysis which provided a financial plan / blueprint to the City as to how best to fund the City's significant capital needs over a 5, 10, 20, and 30 year planning horizon. In addition, our financial plan for the City as part of the City's 2010 bond issuance helped to secure a favorable bond rating and resultant debt terms for the City in what was one of the most difficult debt markets in recent history.

Our use of a comprehensive, interactive financial model, tuned to the City's unique financial dynamics, allowed us to run multiple funding scenarios with the City to derive the funding solution which best addressed the operational, managerial, financial and political realities faced by the City.

A more detailed description of our approach to revenue sufficiency analysis and the use of interactive rate modeling to help build consensus for the City is presented in subsequent sections.

6. Large User Calculations Consistent with Exhibit D

Scope Item 6 in RFQ – page 27

As mentioned prior, Exhibit D to the Large User Agreement is over 50 pages and includes a very detailed methodology for the apportionment of costs to the City and the 6 Large Users. The analysis which captures this cost apportionment methodology is referred to as the Large User True-up Analyses. While this methodology generally follows cost of service principles, proper interpretation of this document such that the Large User True-up calculations adhere to the



Summary of Proposed Management Plan 1 - 18

Agreement/Exhibit D requires the ability to draw on skills reading and interpreting contracts and a thorough understanding of utility rate-making principles.

In addition to- Exhibit D, there have been addendums to the Large User Agreement between the City and 2 Large Users which sets forth additional calculations which have a significant impact on the cost sharing between these three entities.

7. Rate Comparisons, Bond Feasibility Reports and Other Analyses

(Scope Item 7 in RFQ – page 27)

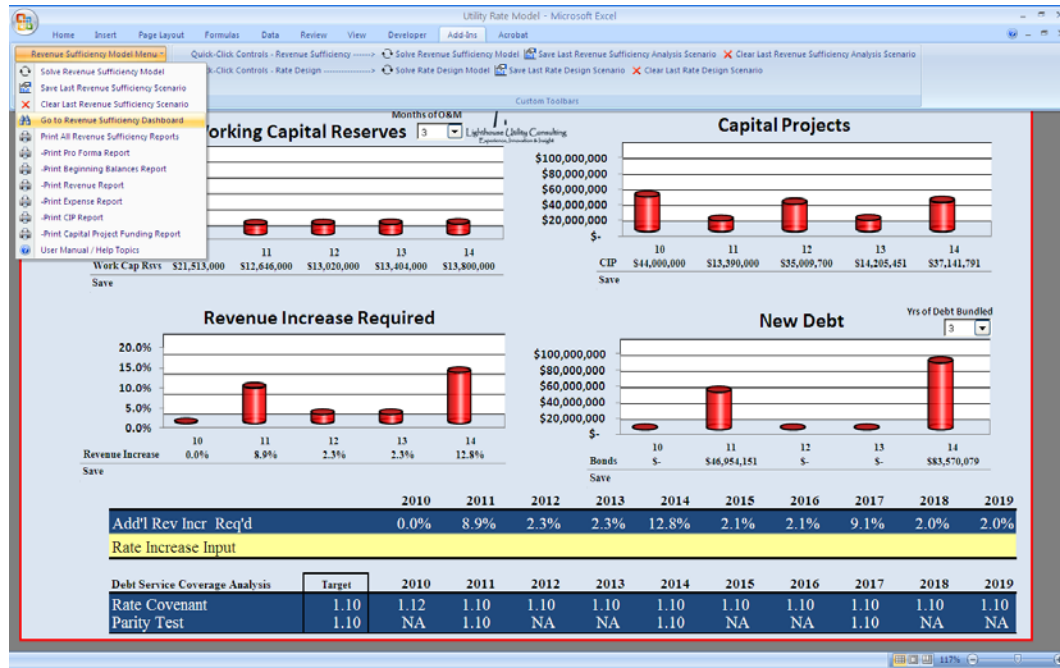
Like any utility, the City occasionally requires certain analysis which fall outside the normal rate study scope. Lighthouse has conducted several such studies for the City in the past, from Bond Feasibility Reports in support of successful debt issuances, to assistance with special projects commissioned by the City Manager and/or City Attorney.



Summary of Proposed Management Plan 1 - 19

8. Development / Training in Utility Rate Model

(Scope Item 8 in RFQ – page 28)



Lighthouse has delivered to the City a comprehensive, user friendly, interactive utility rate model fully capable of being used to conduct a utility rate study. Said more directly, the City has been delivered the best utility rate model, by the industry's recognized foremost utility rate modeling expert – Jonathan Varnes. This state-of-the-art rate model has been further refined and customized specific to the City's unique/complex financial dynamics. Managing the financial interactions between the City's retail rates and wholesale rates – which must adhere to Exhibit D of the Large User Agreement (50 pages of detailed calculation requirements) – while retaining flexibility, interactivity and the ability to fully solve the entire rate analysis with the push of a button is no easy feat.

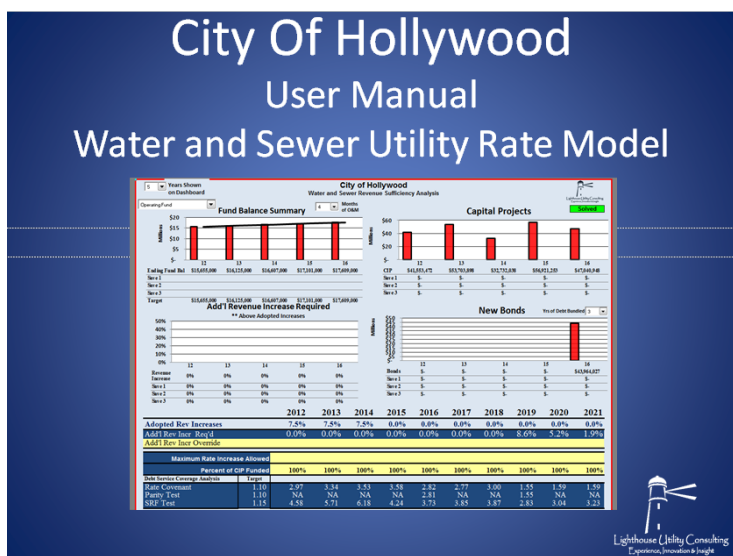
Managing this is further complicated by the City's policy to secure funding for projects prior to letting contracts, which requires the model calculate rates based upon an appropriated CIP and then track certain aspects of CIP funding based on cash flow. This impacts the projected capital cost sharing with Large Users and must all be managed accurately – while retaining model



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functionality so that it can be used to build consensus amongst the rate team. Most firms declare their model is capable of this sort of interaction, but they simply do not comprehend the true complexity of the City's financial dynamics.

In addition to this Microsoft Excel-based rate model, we have provided a comprehensive user's manual to assist City staff in the use of the model in the event they need a refresher after the multi-day rate model training session we provided. The rate model also includes wholesale water and sewer modules (the Large User True-up Analyses) which project rates and revenue requirements related to the provision of wholesale service. The model is a powerful, proprietary tool which the City has specific rights to use for in-house analyses between full rate studies. Staff has conducted such analyses using the model and when, from time to time, the need arises for them to request a targeted review by Lighthouse we have done so at no charge to the City.





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9. Assistance with Rate Ordinance Development / Revision

(Scope Item 9 in RFQ – page 29)

Chapters 51 (Water), 52 (Sewer), 54 (Stormwater) and 57 (Industrial Pretreatment) set forth the City's utility rates and charges. Since 2009, Lighthouse has assisted the City several times in the development / revision of its utility rate ordinances.

10. Rate Structure / Billing System Testing

(Scope Item 10 in RFQ – page 29)

The primary goal of the rate study process is that the resulting rates and charges generate the required revenue during the forecast period. Lighthouse conducted an exhaustive rate structure / billing data test as part of the 2010 and 2013 rate study projects. During our existing contract with the City, Lighthouse has conducted several rate structure tests and a billing system review to confirm the projected rates were both calculated and implemented correctly.

11. Review of City's Charges for Consistency with Industry Practice

(Scope Item 11 in RFQ – page 30)

The City has a comprehensive set of utility rates and charges. However, there always exists the opportunity to more appropriately recover certain costs the City incurs to provide service from those customers which directly benefit from such services. This process of "unbundling" of costs from the monthly rates and charges is a core service of Lighthouse. While the City has yet to request this service from Lighthouse under our existing contract, we are ready and able to conduct the analysis should the City request.

12. Development of Excel/Access Reports that link to Munis Utility Billing System

(Scope Item 12 in RFQ – page 30)

Lighthouse has worked extensively with the City's billing staff during the prior rate studies and billing system review projects. The City has recently transitioned to a new billing system and, when the need arises, we are confident our thorough understanding of various utility billing





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system data output will allow us to seamlessly interface with the City's new billing system – (Munis Utility Billing).

13. Reserve Capacity Charge Study

Scope Item 13 in RFQ – page 30

The City's Reserve Capacity Charges were updated approximately 5 years ago and Lighthouse has not had the opportunity to update these for the City. However, we have extensive experience in the calculation of Reserve Capacity Charges and understand the requirements of Section 163.31801 of the Florida Statutes which sets forth the requirement that current costs of eligible facilities be used in the calculation of Reserve Capacity Charges as opposed to the prior accepted method of using the average costs of eligible facilities.

A more detailed discussion of our specific approach to the development of Reserve Capacity Charges is presented in subsequent sections.

14. Meeting / Formal Presentation Participations

(Scope Item 14 in RFQ – page 30)

From time to time the need arises for the City to rely on expertise from its utility rate consultant. Lighthouse has had the opportunity to assist the City in this regard on a variety of issues ranging from City Commission workshops to discuss both retail and wholesale rates, projected financial impact of proposed ocean outfall legislation, Large User wholesale sewer rate discussions/presentations and joint presentations with the City's water and sewer consulting engineers.

15. Large User Agreement Assistance Related to Contract Termination

(Scope Item 15 in RFQ – page 30)

The City's Large User Agreement with its six wholesale sewer customers sets forth very detailed protocols for not only the annual cost sharing calculation (Large User True-up), but also for the termination of the contract by a Large User. Article VI of the Large User Agreement sets forth





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the specific methodology with respect to the operational and financial obligations of Hollywood and each of the Large Users. This financial component of the Termination Clause has a direct relationship to the data, algorithms and results of the annual Large User True-up. Lighthouse has a complete understanding of the Termination Clause and has a unique understanding of how it necessarily relates to the Large User True-up as we have conducted the Large User True-up for the City and the Large Users since 2010.

16. Various Other Support as Requested

(Scope Item 16 in RFQ – page 30)

As the City's rate consultant since 2009, Lighthouse has often supported the City with various analyses and insight. From impromptu phone conferences to in-person review of specific analyses, we have supported the City in our role as rate consultant. In the event a particular request is outside our area of expertise we acknowledge this immediately and attempt to assist the City in their search for a consultant with the necessary expertise. Fortunately, our depth and breadth of government and utility finance has allowed us to provide support on a variety of topics, from support during the City's State Audit, where we advised / supported utility staff and the City Attorney in a number of conferences, to utility-centric issues like responding to Commissioner questions related to utility rate design.



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Water, Sewer and Reuse Rate Study Approach

Our approach to a comprehensive water, sewer and reuse rate study project **includes the development of both retail and wholesale rates** and also includes the development **of reserve capacity charges** and **miscellaneous fees and charges** concurrently. This allows for the development of a comprehensive set of rates and charges which will support the financial plan of the utility. This approach includes the following rate study components:

- ✓ Revenue Sufficiency Analysis
- ✓ Cost of Service Analysis
- ✓ Rate Design Analysis
- ✓ Reserve Capacity Charge Analysis
- ✓ Miscellaneous Fees and Charges Analysis
- ✓ Reports and Presentations
- ✓ Rate Model Delivery and Training

It is important to note that many of the components listed above are typically conducted concurrently, to the extent possible, to take advantage of available data, staff and analysis synergies.

Revenue Sufficiency Analysis

Purpose

In order to determine the appropriate rates for the utility we will first conduct a revenue sufficiency analysis. The revenue sufficiency analysis results in a projection of revenue requirements for the utility over a **multi-year projection period (typically 5 years but up to 30 years is possible in our model)** such that all the required operating expenses, debt service, minor and major capital expenses and transfers can be funded with the rates of the system. Additionally, the revenue sufficiency forecast will identify any additional rate revenue required to maintain the annual reserve levels and debt service coverage requirements that the utility desires as a management policy, or has agreed to maintain as part of any outstanding debt instruments.





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Key Objectives of the Revenue Sufficiency Analysis will include:

- A short and long-term financial plan which results in the:
 - Generation of sufficient revenues to fund costs and meet management goals
 - Maintenance of adequate reserve levels
 - Maintenance of adequate annual debt service coverage
 - Ability to fund major and minor capital projects, including Renewal and Replacement projects to address system depreciation
 - Projection of new debt required to fund major capital projects
 - Overall financial management plan for the short-term (5 years) and long-term (30 years)
 - Development of rates which address fiscal policy
 - Reconciliation of all fund balances and proposed capital project funding

Approach

Developing a comprehensive financial plan for the utility while meeting all of the objectives above can be challenging. What is required is a **scenario planning approach** which pulls it all together in a manner which allows for the evaluation of alternative financial plans in an efficient and effective manner by the rate study team. **At the heart of our ability to facilitate** the development of alternative financial plans with the team **is our Interactive Rate Model**. By including detailed budget and capital data, among other data and assumptions, **we are able to simulate the financial dynamics of the utility**. We then meet with the team and conduct a comprehensive review of the data, assumptions and analysis with our model **projected on a large screen** so that everyone is fully-engaged in the process.

This approach fosters consensus amongst team members by inviting everyone into the process where ideas can quickly be tested and their results viewed on the screen instantly. This **instant-feedback approach** to utility rate consulting has become the cornerstone of our approach to rate studies. Other firms will sell this aspect of consulting, but most fall short because they lack the combination of technical and rate expertise required to consult in this manner – in an interactive environment.





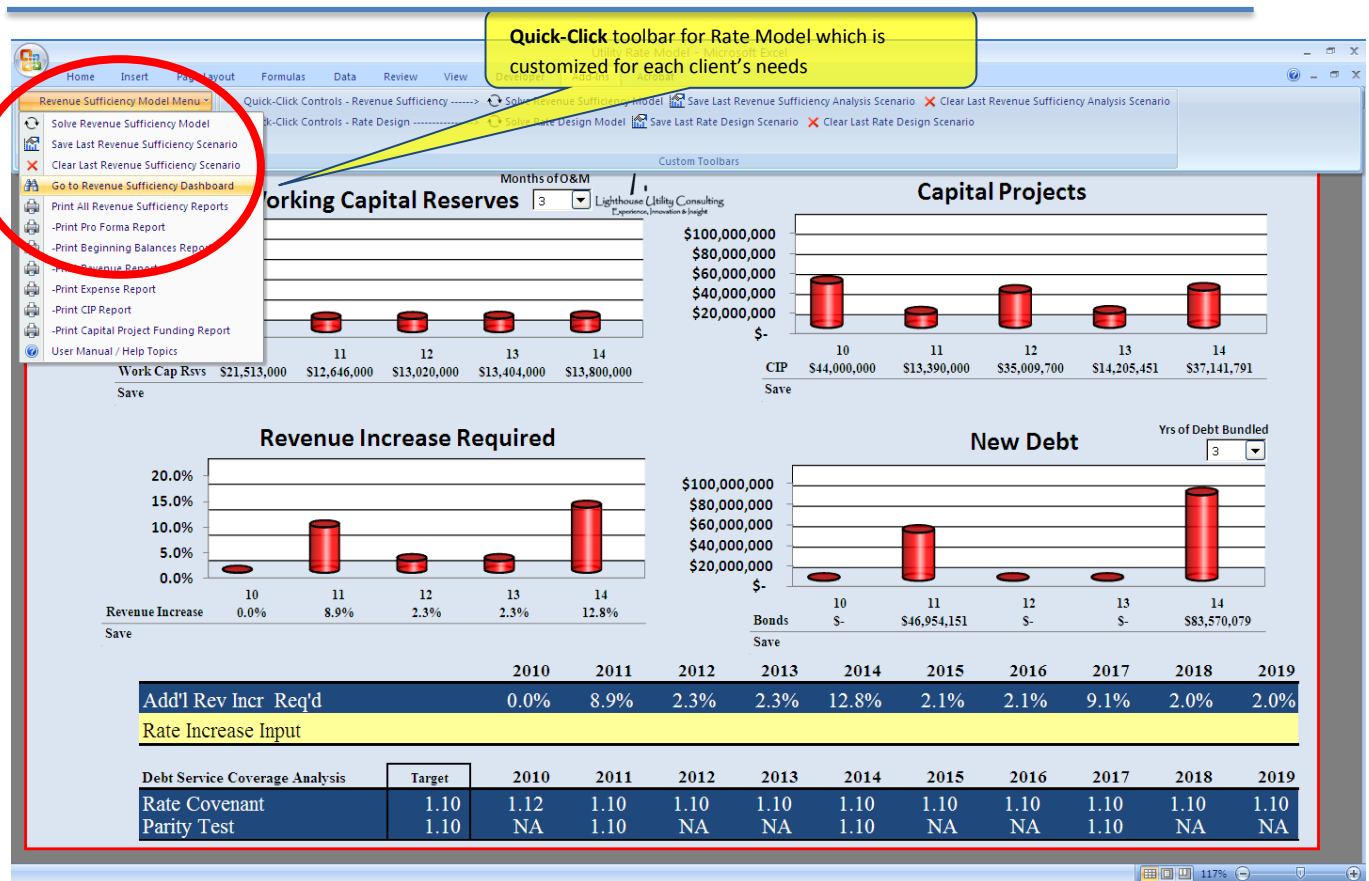
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The Model is divided into separate sections which are all linked together so that each portion of the analysis has its own subsection of the model. This **flexible, organized design** of the model allows the user to quickly move to the appropriate section to conduct analyses, or add additional sections seamlessly and quickly without jeopardizing the integrity of the model.

The Dashboards of the Revenue Sufficiency Module of the Rate Model are customized for each client, but typically looks like the sample Dashboards presented in prior sections. **Note the use of an interactive, Excel-based menu system** for navigation, report printing and user assistance, shown in the Revenue Sufficiency Dashboard below. Also, the Rate Model utilizes our **“Quick-Click” Toolbar** for the immediate access to certain model controls.



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Concurrent Analysis – Reserve Capacity Charges and Miscellaneous Fees and Charges

It is important to point out that during the Revenue Sufficiency Analysis portion of the rate study there should also be a concurrently running analysis of both Reserve Capacity Charges and Miscellaneous Fees and Charges, as these are two additional revenue streams for most utilities. A description of our approach to both Reserve Capacity Charges and Miscellaneous Fees and Charges is presented later in this rate study approach.

Development of Model/IT System Interface

Our approach to gathering data via interaction with our clients' IT systems, be it billing data or financial data, **is with the least interference possible to existing systems**. This is done through the primary use of existing reports/data compilations our clients already utilize. **Our models have a built-in ability** to easily “piggyback” off of existing reports generated by the IT systems of our clients without the need to spend





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valuable time developing “one-off” reports. We are independent, with no other goal than to provide rate and financial consulting services to the City, and have no in-house IT staff whose sole purpose is to convince the City of the need to overhaul their IT systems. More importantly, we have **specific utility and municipal IT expertise** which is focused on **getting the data our models need**, to generate the analysis the City needs, **in the least intrusive manner possible**.

It is because our models are designed with this type of flexibility, and readiness to accept data in virtually any format, that **we can**, with confidence, **assure the City** that **data gathering methods we develop** for use in rate and financial analyses **will allow staff to utilize them with very little effort and maintenance** as they will be linked (**one-way links to existing reports, not system infrastructure or programs**) such that **updates will require virtually no effort from staff**.

In the event additional effort is required to develop new reports and/or links to the City’s IT system, Mr. Varnes has the technical expertise to interact with both the City’s IT staff and third-party vendors to develop a solution which meets the requirements set forth in this RFQ.

Tasks

Tasks we will accomplish in the Revenue Sufficiency Analysis phase are as follows:

- ✓ Kickoff meeting/Project initialization/Data review
 - Rate Model initialization with the utility data, including:
 - Fund balances from latest Comprehensive Annual Financial Report
 - Line Item Revenue and Expense Operating Budget
 - Detailed Capital Improvement Program (CIP)
 - Existing Debt Service from Latest Official Statement
 - Other Debt Service, such as State Revolving Fund (SRF) Loans
 - Assumptions related to growth, new debt, reserve requirements, and other pertinent assumptions
 - Interactive meetings to discuss data, initial revenue sufficiency results
 - Interactive financial plan development with customized Rate Model up and running on large screen for entire team to review





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- Scenario analysis with the team to look at the sensitivity of the analysis to alternative assumptions, such as:
 - Alternative rate plans
 - Alternative Capital Improvement Programs
 - Alternative cost escalation rates
 - Alternative capital project funding plans
 - Additional meetings and refinements as needed

The Revenue Sufficiency Analysis results in the identification of rate revenue requirements which will then be used in the next phase, the Cost of Service phase.

Deliverables

- ✓ Rate model with customized Dashboard with Key Performance Indicators
- ✓ Rate model which is linked to the City's IT system to populate model automatically with new data
- ✓ Revenue Sufficiency Analysis Report, for inclusion in the comprehensive Rate Study Report, which includes:
 - A detailed financial plan for the utility,
 - A detailed capital project funding plan,
 - A fund balance reconciliation, and
 - Calculation of debt service coverage
- ✓ Full set of financial schedules to support the financial plan
- ✓ Rate revenue requirements for use in the next phase, the Cost of Service Analysis

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the manner in which that rate revenue should be recovered can now be determined. The next section, Cost of Service Analysis, sets forth our plan for the development of this determination.



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Cost of Service Analysis

Purpose

The recovery of utility rate revenue requirements in a manner which is fair and equitable is essential in the conduct of a rate study. In order to provide guidance to the utility as to how to appropriately recover the rate revenue requirements identified in the Revenue Sufficiency Analysis, a Cost of Service Analysis is required.

The process employed in the Cost of Service Analysis results in the identification of the cost to provide service to customers, by service (water/sewer/reuse) and further by customer class (residential, commercial, industrial, wholesale, etc.). These cost allocations are then used as the basis for the assignment of revenue requirements to customer classes, upon which the development of rates and charges is based.

Key Objectives of the Cost of Service Analysis will include:

- Identification of specific customer classes and demand characteristics
- Allocation of revenue requirements to specific customer classes in accordance with generally accepted rate-making practice
- Allocation of costs to fixed and variable cost components
- Development of retail and wholesale rates
- Development of wholesale water rate, with supporting documentation and an easy to use wholesale water rate model
- Development of wholesale wastewater rates via the Large User True Up methodology, with adjustments if necessary, supporting documents and easy to use Large User True Up model

Approach

Our approach to the development of the rate study for the City will utilize industry standard cost of service approaches. The two most common approaches to the development of a cost of service analysis are based on the Base-Extra Capacity methodology, as detailed in the American Water Works





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Association (AWWA) M1 Manual – Principles of Water Rates, Fees and Charges and the Functional Cost Allocation methodology, as detailed in the Water Environment Federation (WEF) Manual 27 – Financing and Charges for Wastewater Systems. Our analysis will employ these methodologies.

Specifically, we will approach the development of cost of service allocations under both the Base-Extra Capacity and Functional Cost Allocation methodologies. Those methods will require us to: 1) identify the costs by functional cost category, 2) allocate the functionalized costs further to cost categories and then 3) allocate rate revenue requirements to customer classes based on the distribution of costs and customer characteristics.

The resulting allocation of revenue requirements will provide guidance to us which, combined with the other goals and objectives of the utility, will provide the necessary information required to proceed to the development of utility rates and charges by customer classes. Typical customer classes within water, sewer and reuse services include:

- ✓ Retail
 - Residential
 - Single Family
 - Multi Family
 - Commercial
 - Industrial
- ✓ In the case of the City, existing retail water and sewer customer classes include single family, multi family, commercial, government, hotel motel, schools and hospitals
- ✓ Wholesale
 - Typically unique rates for each wholesale customer unless service is delivered from a central point to all customers



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Retail and Wholesale Cost of Service

The cost of service analysis will include the allocation of costs associated with the provision service to **retail and wholesale** customers.

Retail Cost of Service

Costs allocated to retail customer classes will be further allocated to retail sub-classes based on customer demand and characteristics for each service (water, sewer and reuse). This ensures the fair and equitable distribution of costs to these classes in proportion to the service they receive. This process was recently completed by Lighthouse in the Retail Water and Wastewater Rate Study, and thoroughly documented in the associated Retail Water and Wastewater Rate Study Report. These cost allocations should be regularly revisited to ensure compliance with industry standards for cost allocations, potentially changing customer characteristics and changing cost distributions.

Wholesale Water Cost of Service

Our approach to the development of wholesale water rates first involves a thorough understanding of the proposed service delivery configuration and the assets involved. This is accomplished through meetings with the appropriate team members to gather the necessary asset, cost and demand data. This then provides the basis for developing a schedule of costs, both capital and operating costs, which should be proportionately shared by the wholesale water customer. Wholesale rates will then be developed using the specific demand projections and level of service.

After costs are allocated to service (water, wastewater and reuse), costs allocated to water will then be allocated further to customer class (residential, commercial, industrial, wholesale, etc). The allocation of water costs to individual wholesale customers is based on a number of factors which are typically customer-specific and include, among other things, peaking factors, system configuration relative to customer needs, whether the wholesale customer requires guaranteed service or only requests surplus water from the utility and which particular assets the wholesale customer requires for service.

For instance, most wholesale customers are communities purchasing water for resale to their customers to which they will then distribute the water and maintain those distribution systems. This common





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scenario requires that only certain costs be included in the development of the wholesale water customer's rate such as certain treatment and transmission costs, but not distribution costs.

We currently perform an annual review of the wholesale water rates based on audited financial statements and provide a recommended wholesale water rate and full documentation with model.

Large User True-up / Wholesale Wastewater Cost of Service

As the City has an existing methodology in place, per **Exhibit D of the Large User Agreement**, for the wholesale wastewater customers (the "Large Users") **we have been guided by this methodology** in our approach to the Large User True-Up – which have conducted for the last 5 years.

Per the City's request in the RFQ, we will:

- ✓ Analyze the costs associated with the provision of service to large users,
- ✓ Provide alternative methodologies for accounting for current and future costs,
- ✓ Develop methodologies for recovery of future capital costs for growth from the large users,
- ✓ Evaluate the Capital Program to determine the appropriate priority to meet organization objectives while reducing the debt financing required and related rates.

In order to complete the annual adjustments required for the large user accounts, **we have developed an Excel-based Large User True-Up Model** to perform the Large User True-Up calculations. This model is populated with total system costs, City and Large User customer statistics to calculate the required annual adjustments and is designed with the end-user in mind. The Large User True-Up Model is consistent with the existing methodology of the Large User Agreements and has been simplified and designed logically so that City staff can update easily and efficiently. **The Large User True-Up Model also ties into the Utility Rate Model** we developed for the City, and **updates automatically**, so the City can rely on the projection of revenue from Large Users in its projections of future financial performance of the overall utility.

The Large User True-Up Model is **user friendly**. It is **easy to update** with new financial and customer usage data via the **Data Entry Page** and the **automatic incorporation of the Water and Sewer Fund (Fund 42) General Ledger detail (GSLUM) by account number**. Further, the model includes a





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reconciliation section which **reconciles line-item detail to the audited financial statements** so that the City is confident the **Large User True-up is fully defensible and consistent with the City's audit.**

Finally, draft versions of the Large User True-Up Report are always provided to the City with ample time for review and comment such that a finalized comprehensive Large User True-Up report will be provided by May 15th of each year to the City and Large Users (subject to the availability of the audited financial statements) with a minimum of 25 hard copies per the City's RFQ.

The specific tasks we will accomplish to conduct the cost of service analysis are presented below.

Tasks

Tasks we will accomplish in the Cost of Service phase are as follows:

- ✓ Kickoff meeting/Project initialization/Data review
 - Rate Model initialization with financial records and utility billing data, including:
 - Detailed billing data from the billing system (Billing Frequency Analysis)
 - Development of Microsoft Access-based billing data reports to analyze the City's billing data, including development of user's manual for the Access-based billing data report and staff training
 - Line Item Expense Operating Budget
 - Detailed Capital Improvement Program (CIP)
 - Existing Debt Service from Latest Official Statement
 - Other Debt Service, such as State Revolving Fund (SRF) Loans
 - Operating statistics
- ✓ Cost of Service Model and analysis development
- ✓ Interactive meetings to discuss data, initial cost of service results
 - Interactive cost of service with customized Rate Model up and running on large screen for entire team to review
- ✓ Wholesale Water Rate Model development and analysis/report activities and meetings with staff





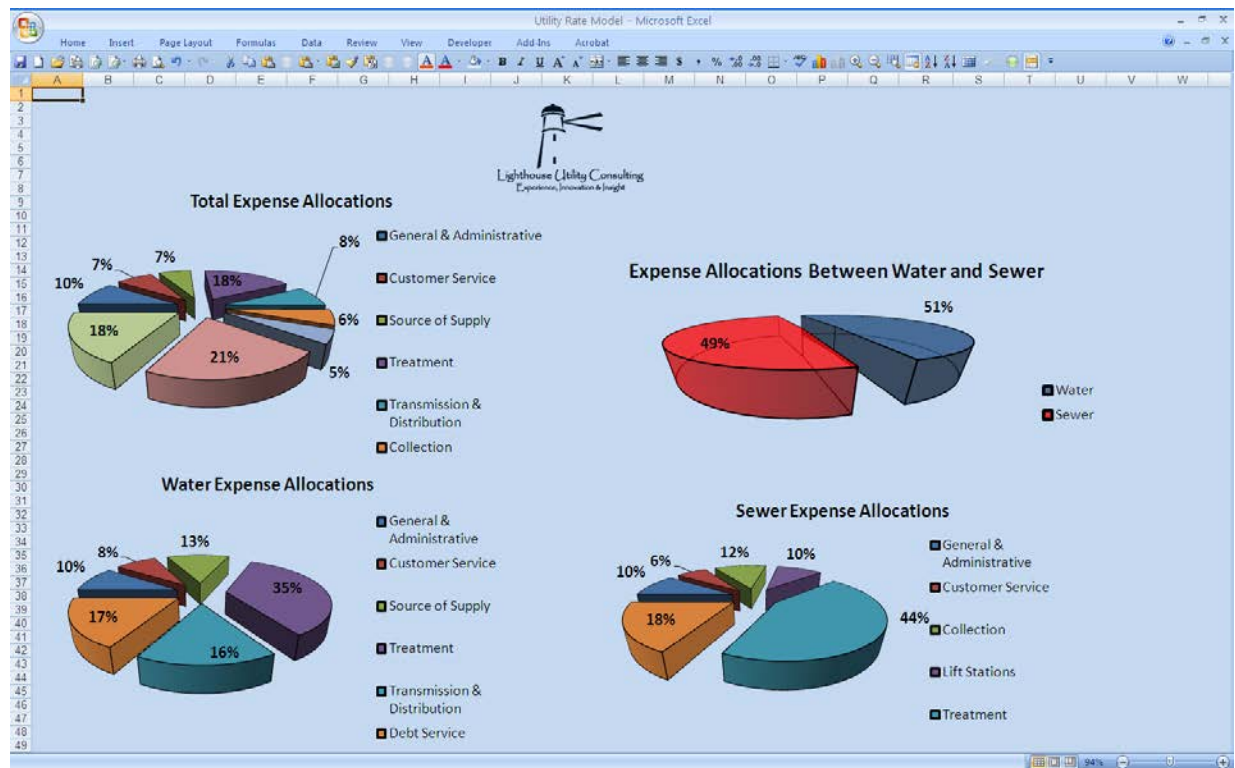
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- ✓ Large User True-Up Model development and analysis/ report activities and meetings with staff in order to:
 - Provide alternative methodologies for accounting for current and future costs
 - Develop methodologies for recovery of future capital costs for growth from the large users
 - Evaluate the Capital Program to determine the appropriate priority to meet organization objectives while reducing the debt financing required and related rates
- ✓ Review of Public Utilities charges
- ✓ Additional meetings and refinements as needed

As with the Revenue Sufficiency Analysis, we use our interactive rate model to conduct the Cost of Service Analysis. The **Cost of Service Module of our Rate Model has a Dashboard** to help the team quickly understand how the utility incurs costs and how those costs are to be distributed amongst service and customer classes. A sample **Dashboard is presented below**. This Dashboard has been customized for the City with Key Performance Indicators, including all aspects of the City's cost allocation specifics, including retail and wholesale cost allocations.



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The Cost of Service Analysis results in the identification of revenue requirements by customer class which will then be used in the next phase, the Rate Design phase.

Deliverables

- ✓ Cost of Service Model with Key Performance Indicators integrated into the comprehensive Rate Model
- ✓ Cost of Service Report, to be integrated into the Comprehensive Rate Study Report, including a full set of cost of service schedules
- ✓ Development of wholesale water rate report and an easy to use model with user's manual/staff training
- ✓ Development of wholesale wastewater rates/Large User True Up Report consistent with Exhibit D, with and supporting documents and an easy to use Large User True Up model with user's manual/staff training





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With the rate revenue requirement determined in the Revenue Sufficiency Analysis, and the manner in which that rate revenue should be recovered determined in the Cost of Service Analysis, the development of specific rates and charges can commence. The next section, Rate Design Analysis, sets forth our plan for the development of rates and charges.



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Rate Design Analysis

Purpose

Utilities consider a variety of factors in establishing rates, including cost allocation, customer impact, conservation of resources and ease of administration. The purpose of the rate design process is to find the balance between the need to recover sufficient revenue in a fair and equitable manner, and the need to do so within the constraints of other objectives which are unique to each utility. By understanding the types of customers served by the utility, and the general usage characteristics of those customers, a system of rates and charges can be developed that balances those many objectives while also generating sufficient revenue to fund system costs and maintain appropriate reserve and debt service coverage levels .

Key Objectives of the Rate Design Analysis will include:

- Rates that result in fair and equitable cost recovery utility costs by service and customer characteristics
- A rate plan designed according to AWWA/WEF rate-making principles and standards
- Rates that will be easy to administer and understand
- Customer impact of each of the rate structure alternatives
- Conservation of resources (conservation, or inclining block, rates)
- Generation of revenue sufficient to operate the system
- Generation of revenue sufficient to fund R&R and Rate Stabilization funds
- Benchmarking analysis which will compare the proposed rates to those of surrounding utilities

Approach

Interactive Rate Design

At the heart of successful rate design is the attempt to strike a proper balance between the many, sometimes competing objectives of rate-making while ensuring the generation of revenue sufficient to



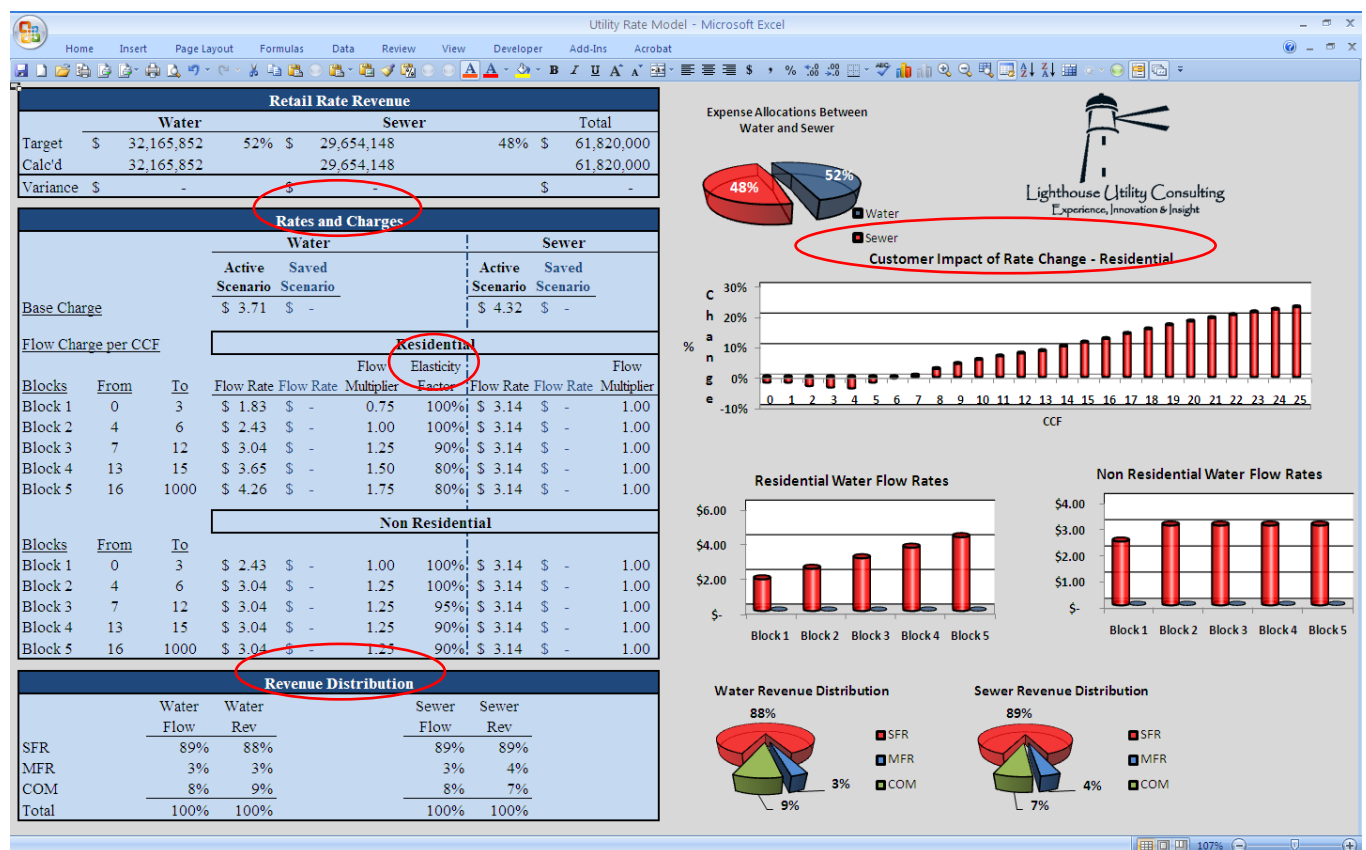


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meet system financial requirements. Our Rate Model is designed to address just these issues during our interactive rate study meetings.

The Rate Design Module of the Rate Model will allow the team to **test alternative structures** and **evaluate their outcomes from a customer impact standpoint, revenue generation standpoint and an equitable cost recovery standpoint**. This is done **through the Rate Design Dashboard** of our Rate Model which depicts Key Performance Indicators associated with Rate Design in a manner which makes the implications of any rate design alternative very clear to the entire rate design team. This ability to rapidly proceed through several alternative structures, including ad hoc structures discussed in the team meeting is invaluable in the rate design process.

Rate Design Dashboard with Key Performance Indicators





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All rate design alternatives presented will be based on recovery of the revenue requirements identified in the Revenue Sufficiency Analysis and will be presented with a customer impact analysis so that the City will understand the full range of impact to different customers with different usage levels for each alternative rate structure developed. This customer impact analysis will be presented in our interactive meetings with our Interactive Rate Model in a manner that will allow the team to quickly determine if an alternative rate structure is desirable. Alternative rate structures can easily be reflected in the model and the impact of those rate structures evaluated with the team in real-time.

Review of Rate Design Goals, Existing Rate Structure and Utility Benchmarking

We will begin the rate design analysis by conducting an assessment of the existing rate design to identify what has worked well for the utility with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making. As Lighthouse has recently developed an updated conservation rate structure for the City, this process will focus on the recent impacts this structure has had upon things such as customer usage, customer complaints and staff assessment of the rate structure now that it has been implemented. In addition, a survey of surrounding communities will be conducted to provide a benchmark for the City so that as we progress through the rate development process we always are aware of “what our neighbors are paying”.

After a review of the existing rates and charges, a dialog of how to build on the positive aspects of the existing structure, and how to address deficiencies in the existing structure, occurs with utility management and staff. For instance, for a utility with a primary goal of encouraging water conservation, the substitution of a uniform rate structure, which charges the same unit price for water regardless of consumption level, with a conservation/inclining block rate structure, which charges a greater unit price as usage levels increase beyond certain thresholds, would better address that primary goal.

As increased reuse water use is a goal of the City, we will discuss with the City **the cause and effect nature of implementing a reuse program**, including reuse rates, so that the program implemented is as effective as possible.

Note: An important point to consider with reuse water rates is the financial impact to the existing water and sewer revenue stream of existing potable water customers switching





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from potable water usage to reuse water usage for their irrigation needs. To the extent that reuse rates are lower than potable rates, which is likely given that a utility would want to provide an economic incentive to customers to switch to reuse, a loss of water billings would occur (and in some instances wastewater billings since wastewater is billed on water usage). While the utility would recoup some of that loss in billings with reuse revenue it likely would not completely recover the lost revenue as the reuse rates would likely be lower than the water rates. It is these types of issues with which Lighthouse is familiar, and this experience is priceless when it comes to the conduct of utility rate and financial work.

Rate Design and the Rate Model

With the identification of the rate revenue required, the manner in which those requirements should be recovered and the billing units to be used to recover the required revenue, specific rates and charges can then be developed using our interactive Rate Model. Our ability to rapidly proceed through several alternative structures, including ad hoc structures discussed in the team meetings is invaluable in the rate design process.

Tasks

Tasks we will accomplish in the Rate Design phase are as follows:

- ✓ Kickoff meeting/Project initialization/Data review
 - Rate Design Model development and initialization with:
 - Revenue requirement targets from Cost of Service Analysis
 - Utility billing data
- ✓ Review of existing rate structure
- ✓ Comparable utility rate benchmarking
- ✓ Interactive meetings to discuss data, rate design results
 - Interactive rate design with customized Rate Model up and running on large screen for entire team to review
- ✓ Rate structure testing





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Deliverables

- ✓ Excel-based Rate model with customized Rate Design Dashboard with Key Performance Indicators, including user's manual and staff training
- ✓ Rate structure options which allow for RR&I funding, conservation rates, rate stabilization funding and alternatives for debt service recovery
- ✓ Rate Design Analysis Report, to be integrated into the comprehensive Rate Study Report, including a full set of rate schedules and rate revenue proof for a minimum of 5 years of rates
- ✓ Customer impact schedules
- ✓ Utility rate benchmarking analysis which compares existing and proposed City rates to other utilities
- ✓ Evaluation of existing rate structure



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Reserve Capacity Charge Analysis

Purpose

In order to recover certain capital costs associated with the need to expand capacity for new customers, a system of Reserve Capacity Charges is typically developed. This system of charges is designed to recover the pro-rata share of certain transmission/collection and treatment capital costs required to provide a unit of capacity to a new customer.

Approach

The calculation of Reserve Capacity Charges, sometimes called Impact Fees, System Development Charges, Connection Fees or other names, has far-reaching effects on the utility and the community in which the utility provides service. This is because Reserve Capacity Charges are paid by new customers and are often a point of contention between the development community and the utilities which charge them.

Florida Statutes provides guidelines with regard to these types of charges. Among other things, Section 163.31801 of the Florida Statutes set forth the requirement that current costs of eligible facilities be used in the calculation of Reserve Capacity Charges as opposed to the prior accepted method of using the average costs of eligible facilities. **Our approach** to the development of Reserve Capacity Charges **utilizes the power of our interactive Rate Model** which has a **Reserve Capacity Charge** module which calculates Reserve Capacity Charges **in accordance with the Florida Statutes requirements.**

Our Dashboard allows the team to test **the sensitivity of alternative Capital Plans, which impact the calculation of Reserve Capacity Charges, which impact the level of Reserve Capacity Charge Revenue projections** in the overall financial plan of the utility – as reflected in the Revenue Sufficiency Analysis. This illustrates the importance of having a Rate Model which is capable of immediately recalculating the entire, comprehensive analysis as you change any variable. This ability to instantly provide feedback to our clients with regard to the interplay between assumptions and the ultimate financial health of the





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utility is what makes our approach to the development of Reserve Capacity Charges, and rates in general, the most comprehensive approach possible.



Even with Reserve Capacity Charges, it is important to have a Rate Model which is capable of immediately recalculating the entire, comprehensive analysis as you change any variable.

Tasks

Tasks included in the Reserve Capacity Charge Analysis will consist of:

- ✓ Discussion of proposed Reserve Capacity Charge methodology
- ✓ Compilation of historical facility cost and capacity data
- ✓ Compilation of project costs associated with the provision of new capacity, including projected funding sources
- ✓ Review of historical expansion-related capital project funding
- ✓ Development of initial Reserve Capacity Charges
- ✓ Interactive team meeting to discuss initial Reserve Capacity Charge assumptions, data and analysis
- ✓ Refinement of Reserve Capacity Charge analysis based on team meeting
- ✓ Development of a Guidance Document for the City with regard to the determination of types and portions of projects eligible for funding with Reserve Capacity Charges
- ✓ Additional refinement and meetings as needed

Deliverables

- ✓ Reserve Capacity Charge Report, to be integrated into the comprehensive Rate Study Report
- ✓ A guidance document which will provide guidance to City staff in the determination of project eligibility with regard to use of Reserve Capacity Charges for funding
- ✓ Reserve Capacity Charge Model (incorporated into Rate Model or provided as a stand-alone model if requested by City)



Summary of Proposed Management Plan 1 - 45

Miscellaneous Fees and Charges Analysis

Purpose

As utilities look to lessen the burden of rate revenue increases, **the process of unbundling of costs has become more popular** where the opportunity exists. In instances where certain customers receive certain services, the cost of which can be quantified through analysis, it can make sense to unbundle those costs from the general rate revenue requirements and establish a system of miscellaneous fees and charges to directly bill only those customers which benefit from those services. The purpose of miscellaneous fees and charges is to remove the cost burden of those services from those customers who do not benefit from the service and apply that cost burden to those who do benefit.

Approach

Our approach to the development of miscellaneous fees and charges is to evaluate the existing charges, look for opportunities to fine tune the existing fees and determine if an opportunity exists to implement new fees. Lighthouse will evaluate the existing miscellaneous charges and discuss our evaluation of the potential for additional charges and whether the current charges are still applicable. We will meet with City staff to get their insight into the day-to-day requests for special services and the opportunity to quantify those services and associated costs. Typical questions we ask when deciding if a miscellaneous charge is needed are:

- ✓ Is the service readily identifiable?
- ✓ Can the service be measured?
- ✓ Can the party benefiting from the service be easily identified?
- ✓ Can the direct cost to provide the service be identified and measured?
- ✓ Can the indirect costs to provide the service be identified and measured?
- ✓ What impact will the imposition of this cost have on current and future customers?
- ✓ Are there and constraints (legal, regulatory, legislative) which would prohibit/require the particular miscellaneous charge in question?



Summary of Proposed Management Plan 1 - 46

Tasks

Lighthouse will recommend adjustments to existing charges, as needed, and opportunities for new miscellaneous charges. If the City requests, we will update existing miscellaneous service charges and develop new miscellaneous service charges as the opportunity allows.

In order to develop miscellaneous charges, Lighthouse will:

- ✓ Define the service to be provided
- ✓ Identify and quantify any capital costs that have been, or will be, made in order to provide the service
- ✓ Determine the direct costs to provide the service, such as labor, materials and equipment
- ✓ Determine the indirect costs to provide the service, such as administrative costs
- ✓ Develop an interactive Miscellaneous Fee and Charge Module to include in our Rate Model to calculate miscellaneous service charges
- ✓ Incorporate the updated miscellaneous fees and charges into the Revenue Sufficiency Analysis module of the Rate Model in order to generate a projection of miscellaneous fee and charge revenue

Deliverables

- ✓ Miscellaneous Fee and Charge Report, to be integrated into the comprehensive Rate Study Report
- ✓ Miscellaneous Fee and Charge Model with user's manual and staff training



Summary of Proposed Management Plan 1 - 47

Reports and Presentations

Purpose

The purpose of reports and presentations is to **transmit the information** gained during the course of the Rate Study in an **easy to understand**, but **comprehensive**, format.

Key Objectives of the Report and Presentations activities will include:

- Comprehensive reports that provide clear results with supporting documentation and spreadsheet calculations
- Presentations that provide clear results in an easy to understand format for audience and Board members

Approach

Our approach to the delivery of reports and presentations **is to build consensus** among utility stakeholders **during the course of the study**. Therefore, when we enter the reporting and presentation phase of our studies there are no surprises to stakeholders. By engaging our clients as active participants during the analysis phase we can avoid the typical surprises associated with reports that are often encountered with other, less communicative forms of utility rate consulting.

Deliverables

Lighthouse will provide the following analyses, reports and presentations:

- ✓ Bond Feasibility Reports
- ✓ Rate Study Reports
 - Retail Rate Study Report
 - Detailed financial, cost of service and rate projections
 - Reconciliation to all cash reserve funds (operating working capital, RRI, rate stabilization, reserve capacity charges, existing bond proceeds, etc.)





Summary of Proposed Management Plan 1 - 48

- Demonstration of compliance with City's Fiscal Policies (debt service coverage, fund balances targets, etc.)
 - Demonstration of compliance with City's 2.0x debt service coverage target
 - Assessment of current rate structure
 - Assessment of rate structure equity
 - Assessment of conservation impact of alternative rate structures
 - Assessment of revenue sufficiency of alternative rate structures to fully fund system requirements
 - Assessment of existing miscellaneous charges
 - Recommendation of new, if appropriate, miscellaneous charges
 - Recommendation of reserve levels
- Wholesale Water Rate Study Report
 - Wholesale Sewer/Large User-True Up Report
 - Reserve Capacity Charge Report
 - Miscellaneous Charge Report
- ✓ Rate Model User's Manual
 - To be used by City Staff during, and after, our proposed Rate Model training sessions
 - ✓ Billing Data Model User's Manual
 - To be used by City Staff during, and after, our proposed Rate Model training sessions
 - ✓ Ordinance Development
 - ✓ Rate and Fee Reviews
 - ✓ Additional reports or analyses as needed for the City to ensure the maintenance of sufficient revenues to fund system requirements



Summary of Proposed Management Plan 1 - 49

Lighthouse will provide/participate in the following types of meetings and presentations:

- ✓ Project Kickoff/Data Gathering Meetings
- ✓ Interactive Meetings
- ✓ Report review meetings
- ✓ Customer Focus-Group Meetings
- ✓ City Administration Meetings
- ✓ City Commission Workshops/Meetings
- ✓ Wholesale Customer Meetings
- ✓ Bond Team Meetings
- ✓ Developer Meetings
- ✓ Additional Meetings as needed for the City



Summary of Proposed Management Plan 1 - 50

Stormwater Rate Study Approach

Overview

As with water, sewer and reuse rate studies, **stormwater rate studies employ the same general analyses**, such as Revenue Sufficiency Analysis, Cost of Service Analysis and Rate Design Analysis **as we detailed in the Water, Sewer and Reuse Rate Study Approach section** above. Therefore, the approach, tasks, deliverables and tools (interactive rate models, for instance) described in the Water, Sewer and Reuse Rate Study Approach section above are very similar, and will not be repeated in this section for purposes of brevity. However, **important distinctions are pointed out below** as they do impact the method by which stormwater costs are recovered, and that warrants further discussion.

While the financial planning approach, the Revenue Sufficiency Analysis, for a stormwater rate study is similar to that of a water, sewer and/or reuse rate study, there does exist a fundamental difference in both the Cost of Service and Rate Design analyses. The **primary difference** with a stormwater rate study **is the method by which customer benefit is measured** (captured in the Cost of Service Analysis), and therefore **the method by which customers are billed** (captured in the Rate Design Analysis). For stormwater, there is no meter by which to measure benefit of stormwater facilities, as is the case with water (and thereby sewer) and reuse. Therefore, an alternative means of measuring benefit received from stormwater capital investment and operating costs by properties must be used. This benefit and **billing measure is impervious area**.

Impervious area benefit is the industry standard method of benefit measurement for stormwater rates (and the measure currently used by the City). Impervious area is the area of a property which does not allow the infiltration of water, as opposed to pervious area which does allow water infiltration. Therefore, the more impervious area that a parcel has, such as a paved parking area, the more stormwater runoff is likely to occur. This stormwater runoff will require the use of stormwater facilities to capture that runoff and safely move it to a manageable area which is where the benefit to property is provided.

For large blocks of similar customers, such as single-family residential properties, an equivalent unit of benefit can be applied to all properties based on the average impervious surface of all similar properties





Summary of Proposed Management Plan 1 - 51

in the service area. For properties which have a more heterogeneous mix of impervious surface areas, such as non residential properties, an individual benefit factor must be developed for each parcel based on its unique mix of impervious and pervious area.

For new stormwater utilities, this requires the development of a billing database for properties in the service area which includes property use, units, total area, impervious area, pervious area (total area minus impervious area), and certain other data such as whether the subject property has on-site stormwater retention areas. As the City already has an established stormwater utility, this data already exists and likely only requires regular updating to ensure all benefited properties are captured in the billing system and that the measurement of benefit for each parcel reflects updated conditions. In the event it is determined that a full reconstitution of the stormwater billing database is required we will undertake that as part of our tasks for the stormwater rate study. We have **extensive experience dealing with the Broward County Property Appraiser's** office to gather detailed parcel data required for a comprehensive stormwater rate study. Methods of collecting this data vary by utility, but typically include multiple sources of the following data source list:

- ✓ Property appraiser database
 - Property use
 - Impervious vs pervious area
 - Dwelling units
- ✓ Aerial photographs
 - Contours/runoff patterns when used with basin plans
- ✓ On site measurements
 - On site stormwater facilities
 - Runoff patterns

The City currently charges a stormwater fee which is generally consistent with industry standards. The fee for residential properties is based on average impervious area, by residential use. Non Residential properties are charged based on each specific parcel's impervious surface area.



Summary of Proposed Management Plan 1 - 52

In addition to the development of a comprehensive stormwater rate study analysis and report, we will also deliver and **train staff in the use of our interactive stormwater Rate Model**. As with our water, sewer and reuse Rate Model, the stormwater Rate Model includes Dashboards and a user's manual. It is essentially the same model as the water, sewer and reuse model in that it is designed the same with only a few subtle variances to address the difference in billing units used for stormwater. **Once the City has been trained in the use of the water, sewer and reuse Rate Model they will already know 95% of what they need to know to operate and update the stormwater Rate Model.**

Rate Model Delivery and Training

Purpose

As can be seen from our approach and methodology for rate studies, **a powerful interactive rate model is essential** to conducting real-time financial simulations. Models that are too "fancy" can be overly simplistic, and models which boast significant detail can often be cumbersome to operate by staff. **Our Rate Model is as comprehensive as any available**, including detailed line-item financial data and projections, and **has been specifically designed for ease of use** and understanding. While it was designed with this in mind for our sake, it means that our clients who obtain copies of the Rate Model are pleasantly surprised at **the straight-forward structure** of the model – which also **gives it the power** to be so flexible. The purpose of providing the model to clients is to offer them the **same powerful tool** with which our consultants **exceed client expectations** every day.

Approach

Our **training sessions** are designed to give our clients a **thorough understanding of utility rate model development** first and then a more **specific understanding of the model we provide to them**. This "building-block" approach provides our clients with the tools they need to populate, run and make changes to the model as necessary. In the event that the change required is substantial, **we provide full support for our models** as our models are an **extension of our firm** and ensuring they provide benefit to our clients is a top priority.

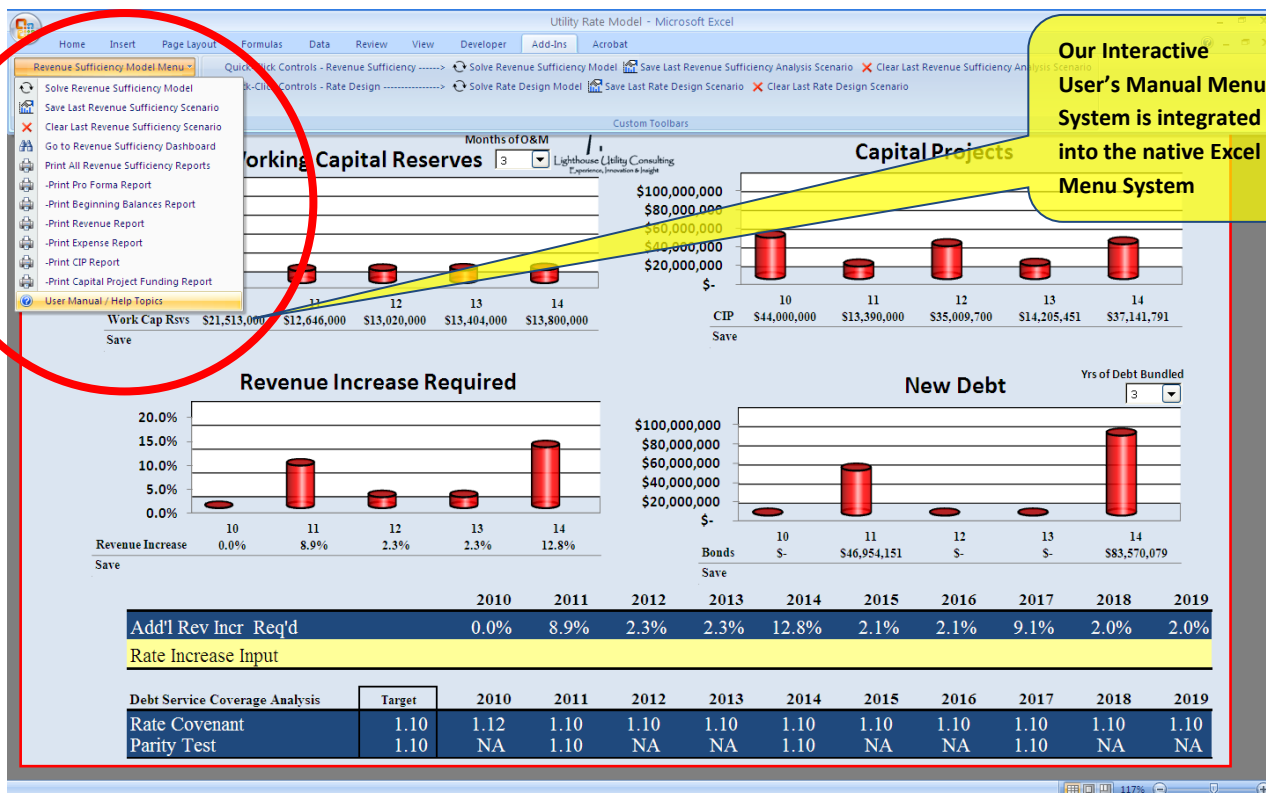




Summary of Proposed Management Plan 1 - 53

Our rate models are designed with the end-user in mind. Each model has an **integrated menu system built into the native Excel menu system**. The series of model Dashboards below shows the menu system which we have **specifically customized for the City**. Note that the menu system **allows the user to quickly navigate the model, print reports and access our interactive user's manual**.

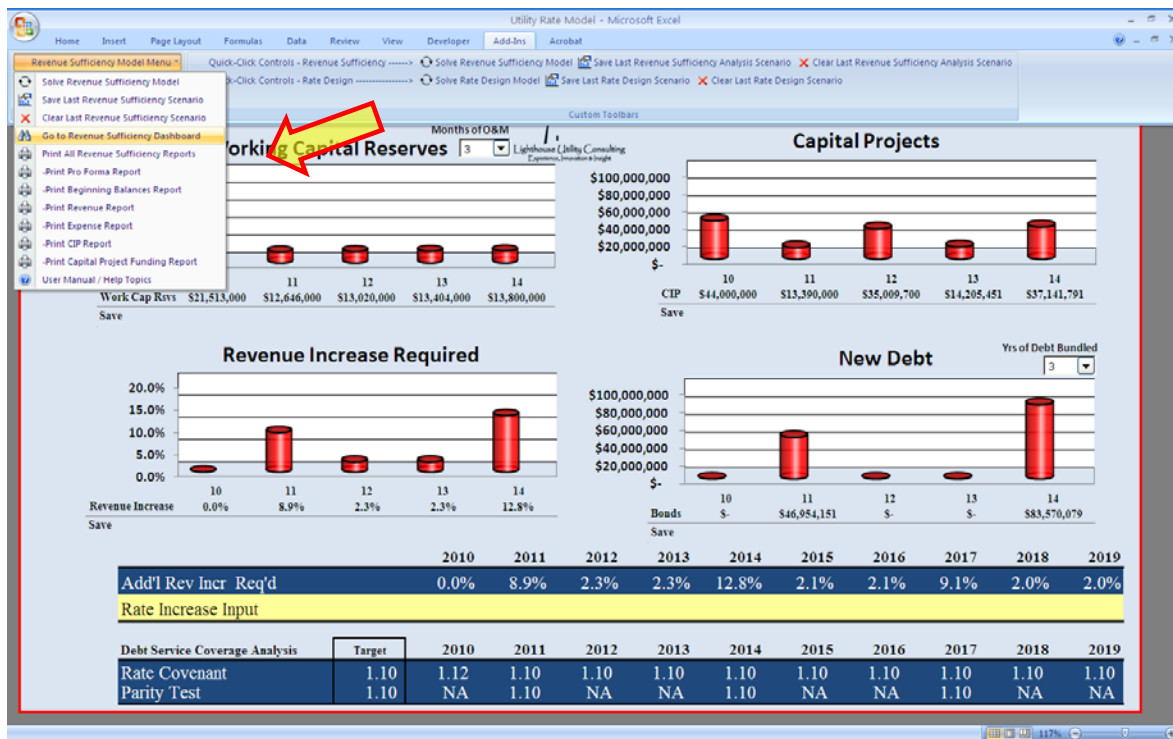
User Can Access the Interactive User's Manual via Native Excel Menu System





Summary of Proposed Management Plan 1 - 54

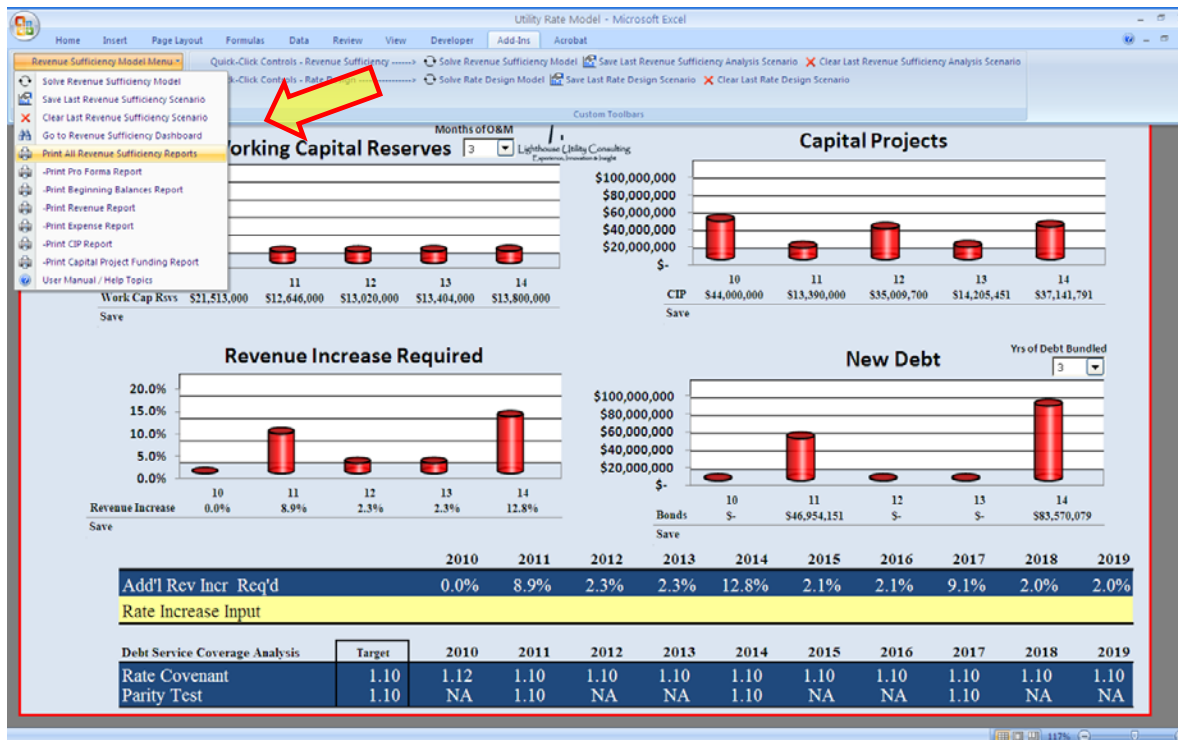
User Can Navigate Within the Rate Model via the Native Excel Menu System





Summary of Proposed Management Plan 1 - 55

User Can Print Individual Reports, or Report Packages, via the Native Excel Menu System



Interactive Rate Model - Example Capital Project Financing Plan Walkthrough

In this example, under the Baseline Scenario, the following key assumptions exist for the Sample Utility:

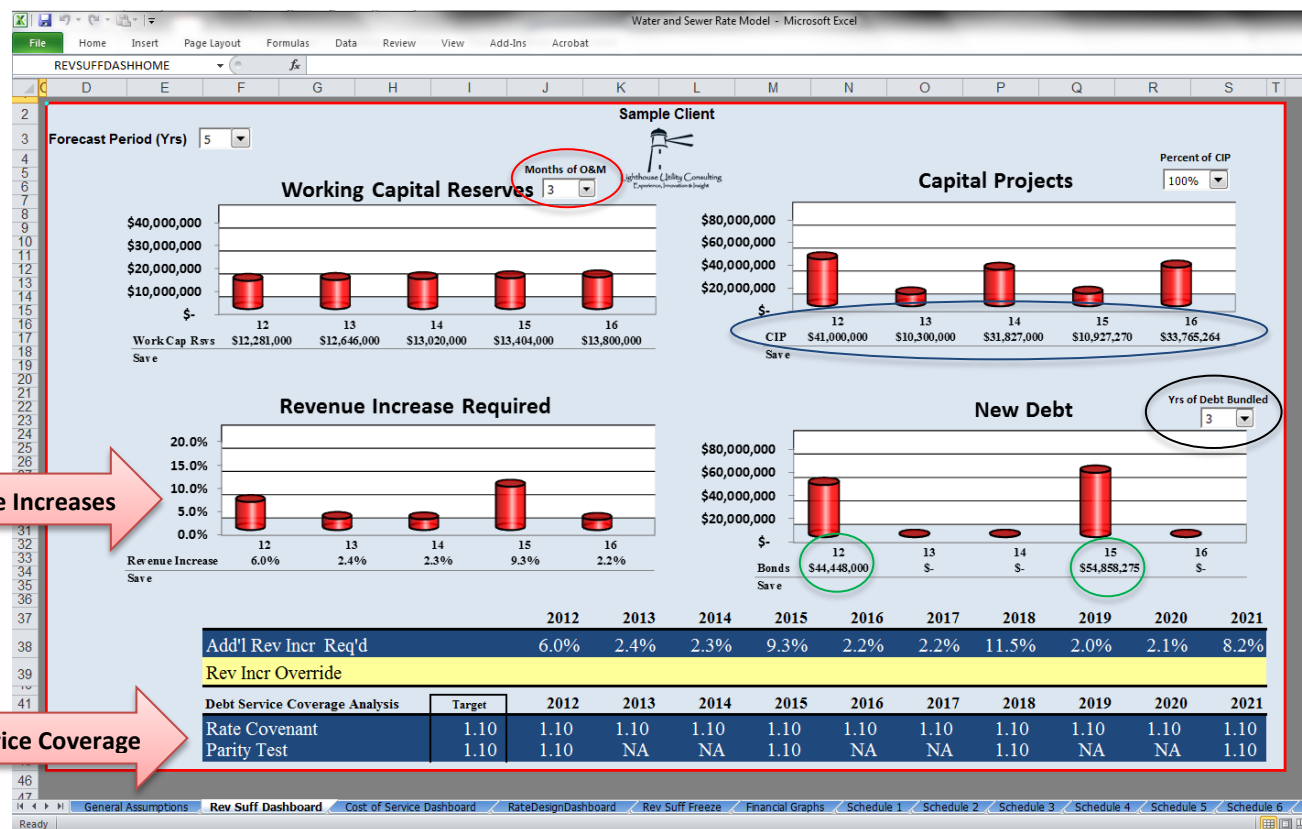
1. Working capital reserves target of an amount equal to 3 months of operating expenses
2. An annual CIP which ranges from an annual high of approximately \$41 Million to an annual low of approximately \$10 Million
3. Staff has indicated that the maximum annual increase in water and sewer rates should be no more than 4% annually for the 5-year forecast period FY 12-16.
4. When the utility issues bonds, if needed, they prefer to issue them every three years (**Black** circle on New Debt graph on the following page)



Summary of Proposed Management Plan 1 - 56

Summary Results of Baseline Scenario

Because of the need to maintain fund balances in an amount equal to at least 3 months of operating expenses (**RED** circle), and the need to fund the CIP (**BLUE** circle), additional funding is required in the form of new bonds (**GREEN** circles on New Debt graph). As new debt is projected to be issued, the model calculates the projected debt service coverage at the bottom of the dashboard in order to ensure that the utility remains in compliance with existing and projected target debt service coverage requirements per bond covenants. The resulting rate increases required to meet the reserve requirements, debt service coverage requirements and to fund the system operating, non-operating and capital costs are presented in the lower left graph of the Dashboard and in the line below the graph.

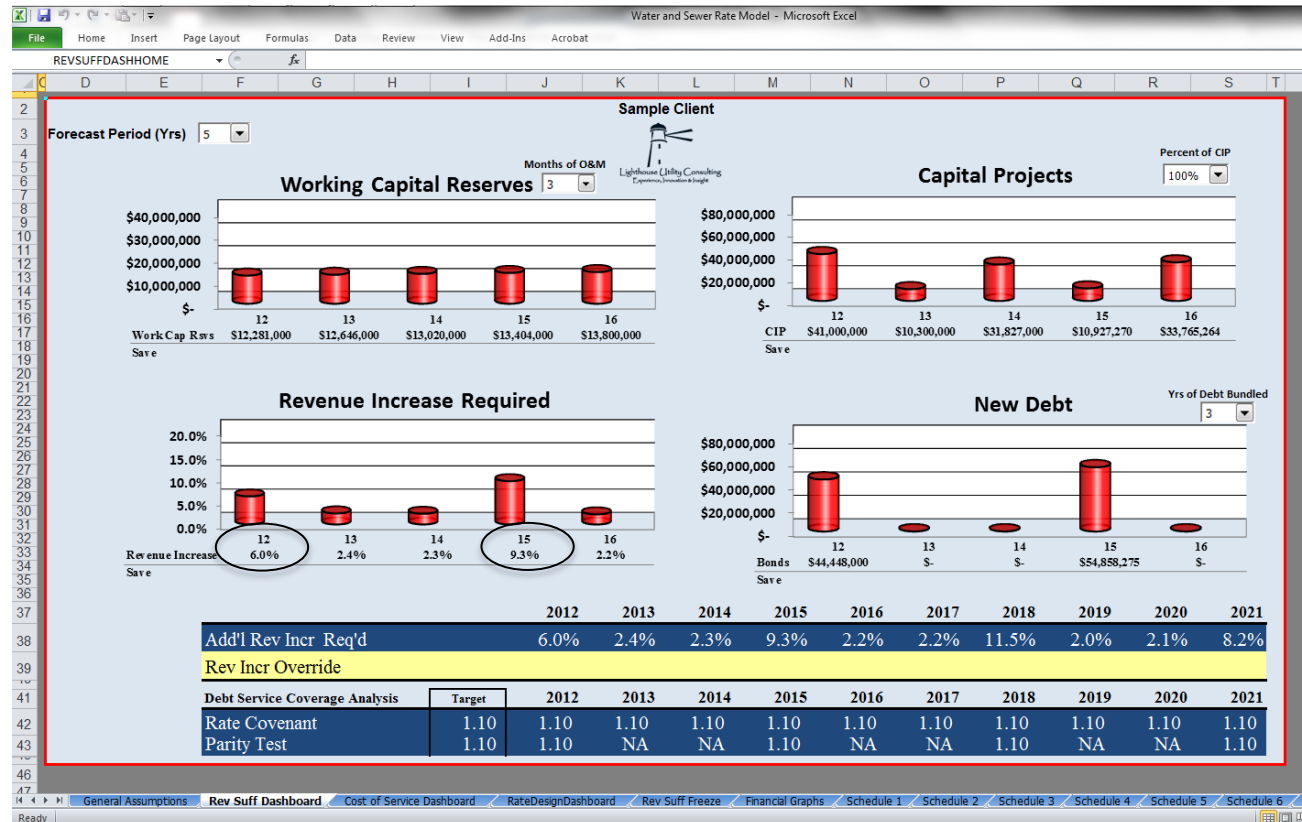


While this financial plan meets our requirements for reserve levels, funding requirements and debt service coverage, it does not meet our requirement that we limit annual rate increases to 4%. Note that in FY 12 and FY 15 during the 5 year forecast we exceed this limit (the model has the ability to present



Summary of Proposed Management Plan 1 - 57

up to a 50 year forecast but we are focusing on the 5 years in the graphs for this example). Also note that the rate increases are displayed in the line below the graphs so the user can “override” the naturally calculated rate increases if needed.



The next step in our financial scenario planning exercise is to evaluate the impact of limiting annual rate increases to 4% - per the key assumptions we outlined for this example earlier.

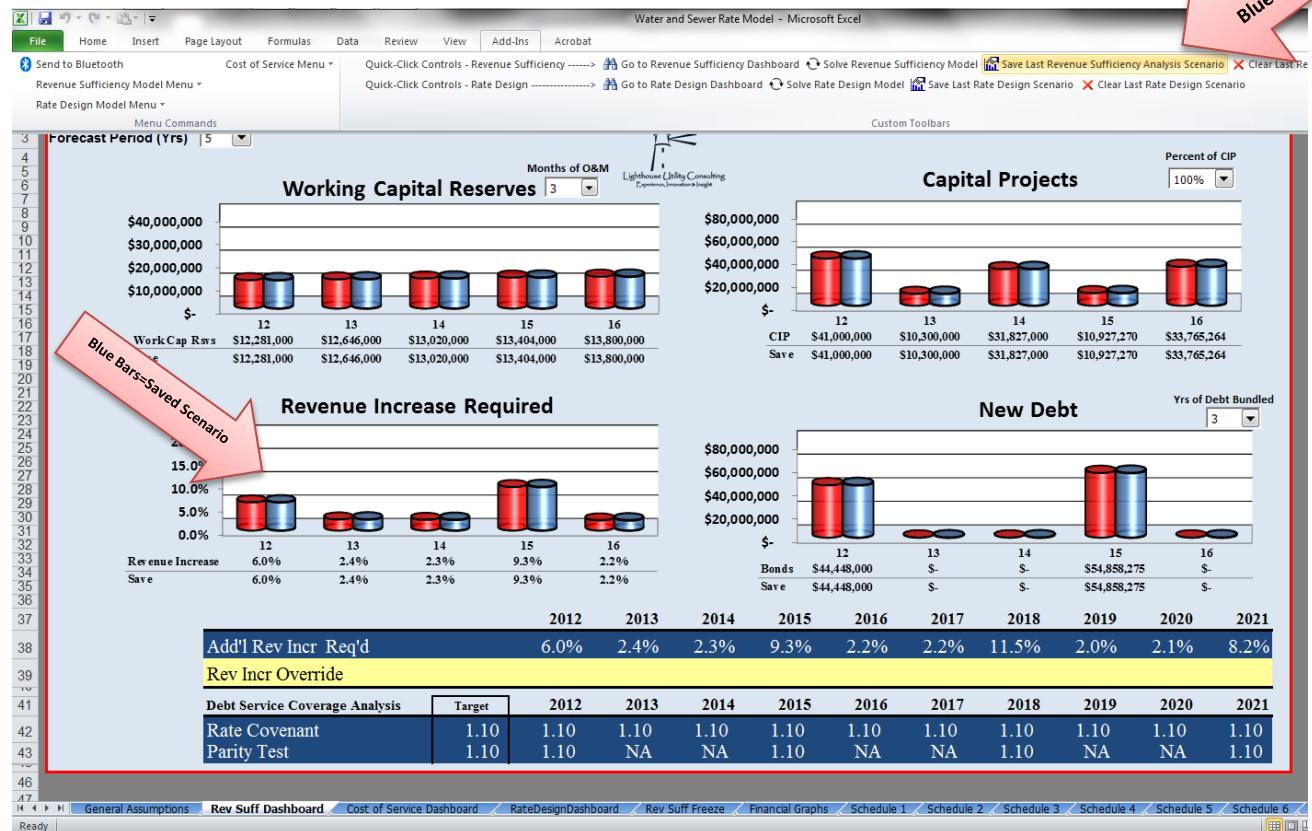
In order to better see the impact we must save the current results so that we can compare the Adjusted Baseline scenario to the Baseline scenario. The model allows us to save up to 4 results as static for comparison purposes through our unique menu system so 5 scenarios are viewable at one time. The graph on the following page demonstrates this feature.



Summary of Proposed Management Plan 1 - 58

By selecting the Save Last Revenue Sufficiency Analysis Scenario from our menu system we can save the Baseline results as **BLUE** bars in the graphs – display of up to 5 scenario results is possible in our model. In the next step we will update an assumption (the rate increases in this case) and recalculate the model to see the results of the Adjusted Baseline reflected in the **RED** bars in the graphs and the impact of this change will be immediately clear by viewing the graphs.

Click this to Save Scenario as Blue Bars in graphs



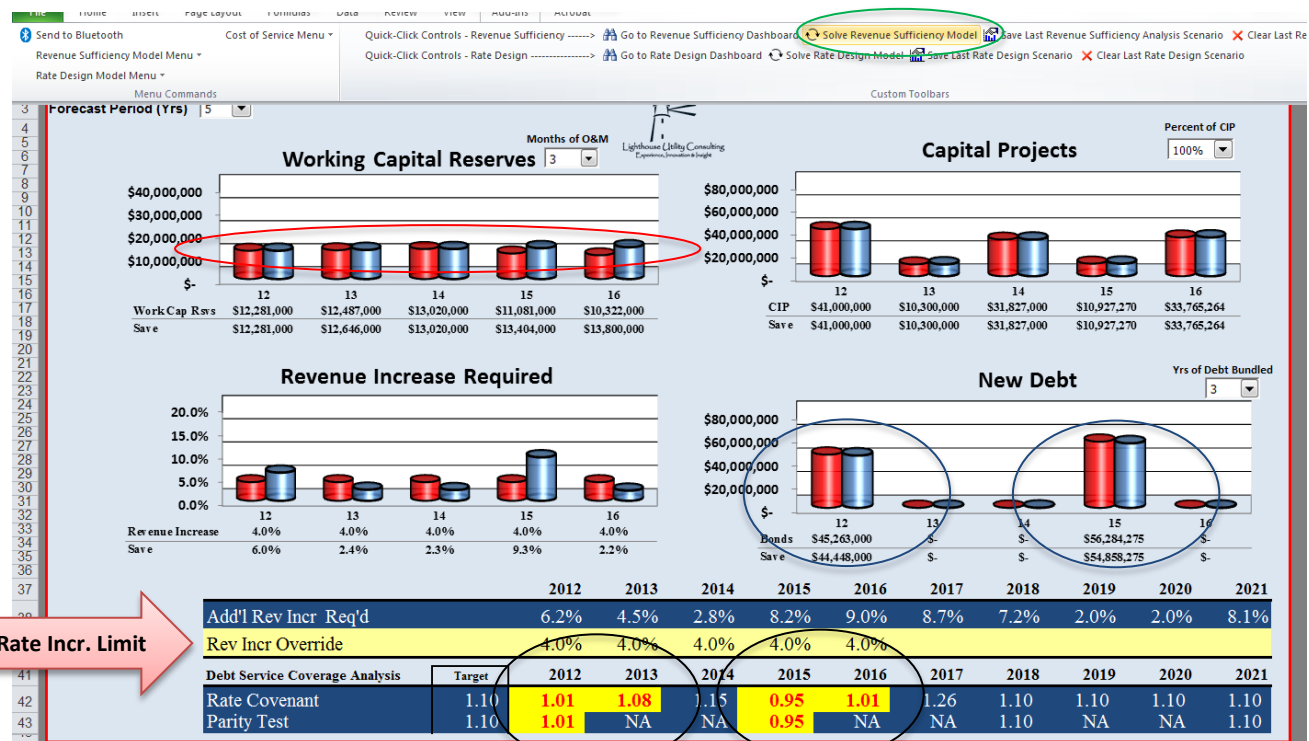
With our Baseline Scenario saved as **BLUE** bars in the graphs, we can now change an assumption (or more than one if desired) and update the analysis to see the impact of the assumption change. The first assumption we will change for the Adjusted Baseline is to limit the rate increases to 4% annually for the forecast period FY 12-16. Note that while we show future years for information purposes our primary focus is the 5- year forecast in this example.

By inputting the 4% annual rate increase limitations in the Rev Incr Override section of the Dashboard (see arrow) we can limit the annual rate increases to 4%. After making this change, the model will then



Summary of Proposed Management Plan 1 - 59

need to be calculated by selecting the Solve Revenue Sufficiency Model option from the menu system (GREEN circle).

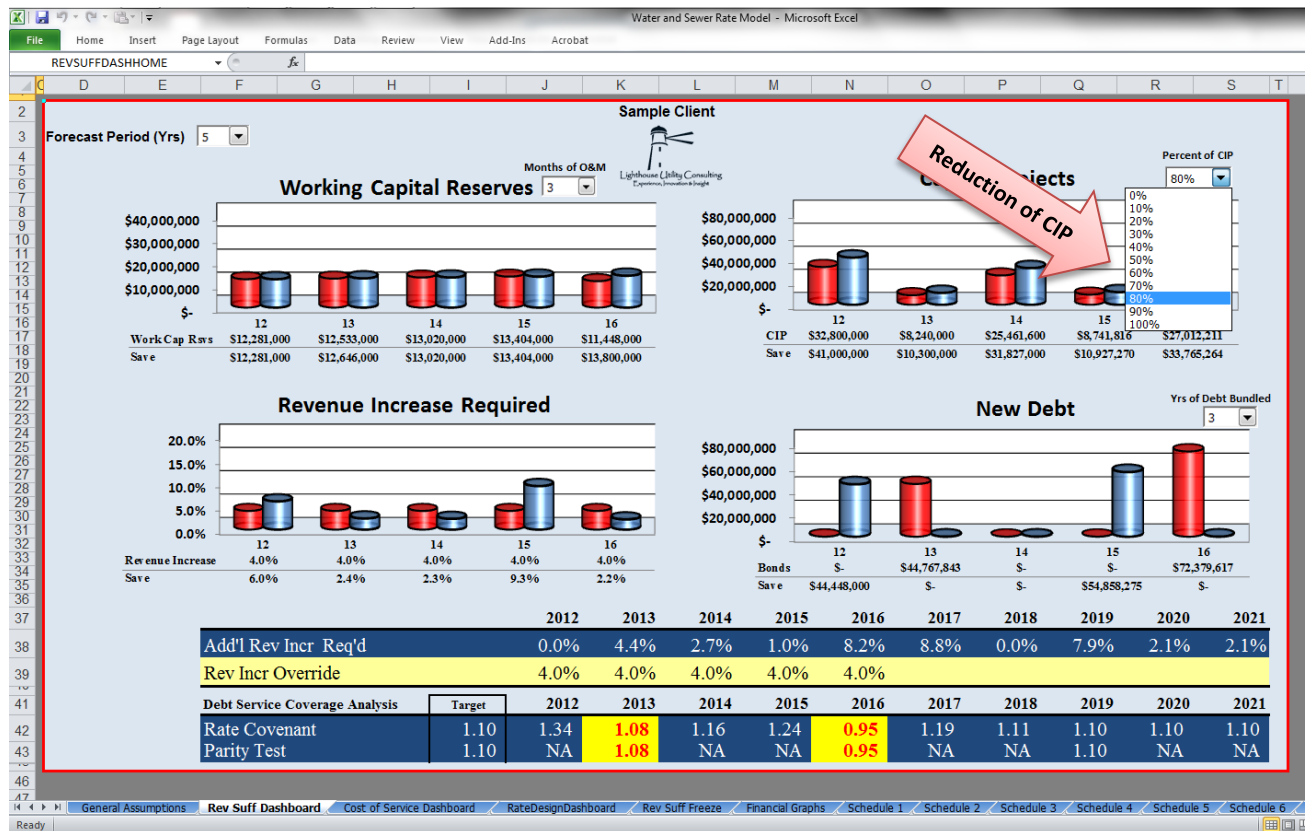


Note the results of the 4% rate increase limitation that we input. First, our fund balances are slightly lower (RED circle in Working Capital Reserves graph). Second, because we have fewer reserves with which to fund capital projects, we must borrow more to fully fund our CIP (BLUE circle in New Debt graph). Finally, because we are limiting our revenue – through the 4% rate increase limit – and we are borrowing more money - we are no longer able to meet our debt service coverage requirement (the model indicates coverage is insufficient by changing the background and font to red). Because we cannot have insufficient debt service coverage (BLACK circles on graph on prior page) we must address that deficiency by either increasing our revenue or decreasing our debt service through lower borrowing. Since we are limited by the 4% annual rate increases, and our reserves are already as low as we are comfortable with, we must look to a reduction in capital project costs (CIP) to reduce our



Summary of Proposed Management Plan 1 - 60

borrowing requirement which should help with our debt service coverage deficiency. We therefore limit the CIP and assume we only spend 80% of the budgeted CIP in any year (see arrow on graph).¹

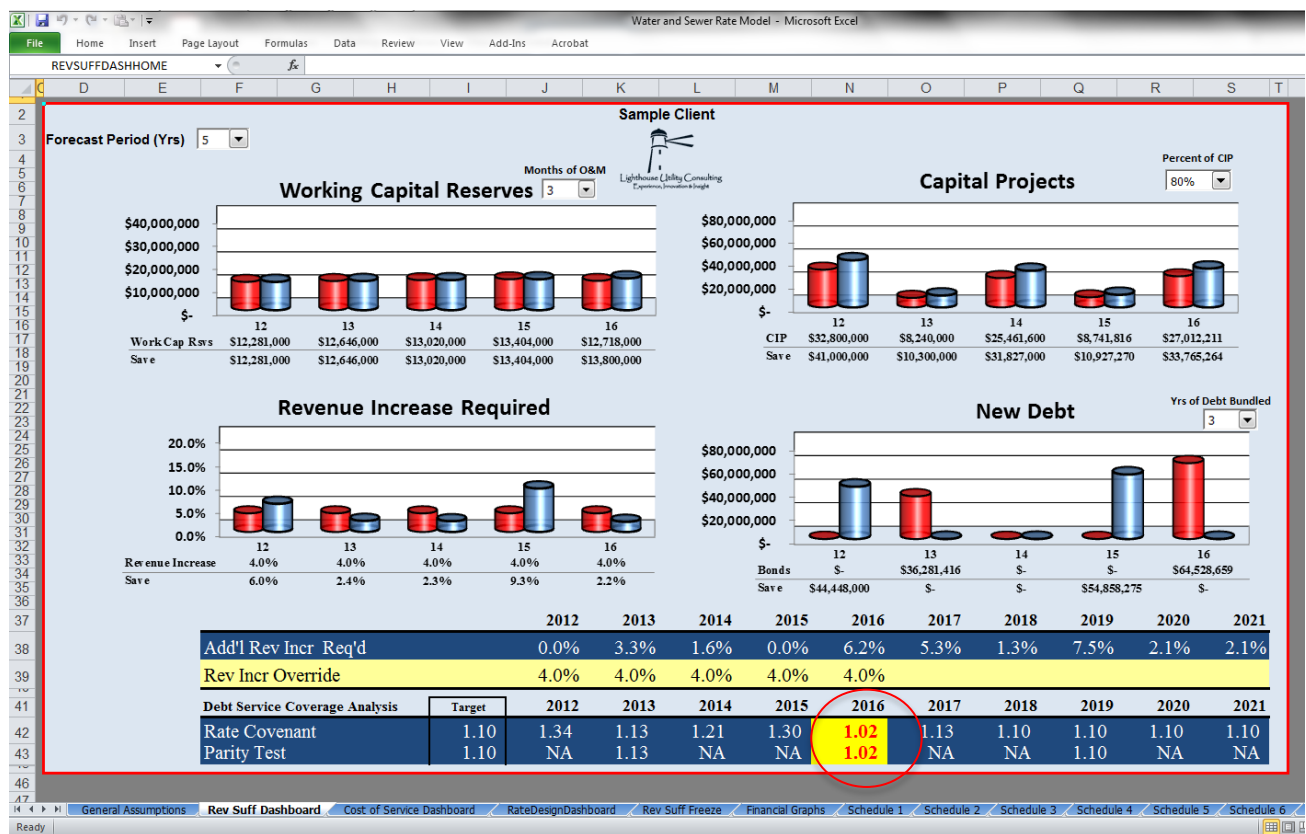


The results of the reduction in CIP to an amount equal to 80% of the budgeted CIP shows that much of our debt service coverage deficiency is corrected. However, we still have a debt service coverage deficiency in FY 2016 (RED circle).

¹ With any assumptions we change we first discuss with our clients whether the change in the assumption/data is reasonable from a managerial, operational and political perspective before determining financial viability.



Summary of Proposed Management Plan 1 - 61

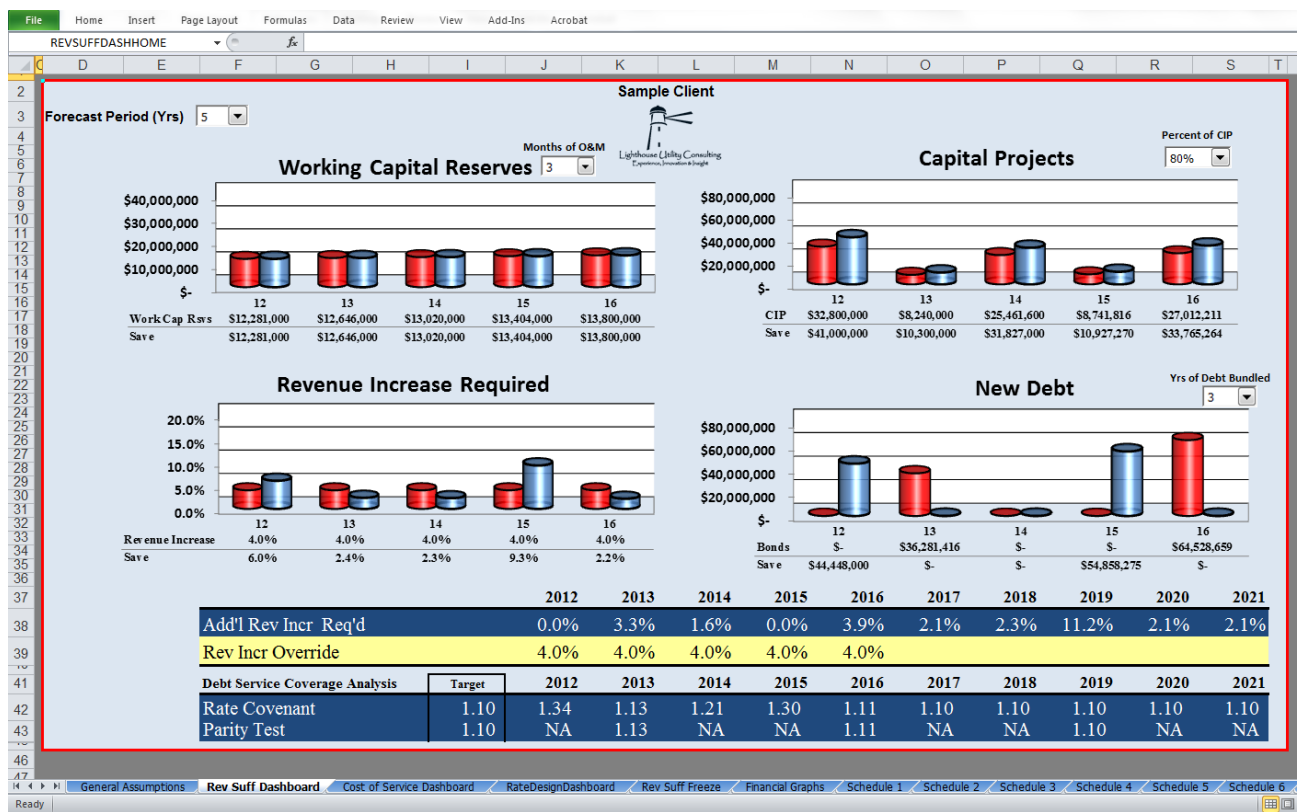


In order to address this last debt service coverage deficiency we could do a number of things using our interactive model. We could capitalize interest, continue to lower capital costs, look to lower operating costs or any number of other assumptions. However, for demonstration purposes we will assume that we can capitalize interest for the bond issue in FY 2016²

² We could have capitalized interest on the earlier bond issues as well, but chose to change different assumptions in order to demonstrate features of the model.



Summary of Proposed Management Plan 1 - 62



By capitalizing interest on the FY 2016 bond issue we are able to reduce the debt service on the FY 2016 bond issue in earlier years which allows us to meet our debt service coverage target in each year of the forecast period³.

Tasks

Tasks included in the Rate Model Delivery and Training phase will consist of:

- ✓ Provision of a copy of the populated comprehensive Rate Model, in one Excel file, including:
 - Revenue Sufficiency Module with Dashboard with Key Performance Indicators
 - Cost of Service Module with Dashboard with Key Performance Indicators
 - Rate Design Module with Dashboard with Key Performance Indicators
 - Reserve Capacity Charge Module with Dashboard with Key Performance Indicators

³ There is, of course, a higher overall cost to utilizing capitalized interest and we recommend our clients pursue this option with a full understanding of the trade-offs between minimizing rates in the near term and incurring additional financing costs when using capitalized interest.



Summary of Proposed Management Plan 1 - 63

- Miscellaneous Charge Module with Dashboard with Key Performance Indicators
- Wholesale Water Rate Module with Dashboard with Key Performance Indicators
- Wholesale Wastewater/Large User True Up Rate Module with Dashboard with Key Performance Indicators
- Ability to enter target fund balances for each reserve fund (operating, rate stabilization, RR&I, etc.).
- Forecast period of from 1 to 30 years
- ✓ User's manual for the Rate Model
- ✓ Staff training in the use of the comprehensive Rate Model (16 hours)
- ✓ Automated, one-way, Rate Model linkage to general ledger (GLSUM) and billing system (Munis) files to minimize data input

Deliverables

- ✓ Rate Model in Microsoft Excel format
- ✓ Rate Model user's manual

Proposed Project Team

2 - 1

Proposed Project Team

Our Firm, Our Outlook, Our Commitment

Lighthouse Utility Consulting is a **boutique utility financial consulting firm** that specializes in the conduct of utility rate and financial studies. During these studies we employ tools and techniques which focus on **consensus-building among stakeholders** to ensure the team understands the **future financial implications of current management decisions**.

We only use senior staff, at reasonable rates, to ensure our clients get our best for every hour we spend working for them. The details are the foundation for the results and our Senior Staff Commitment to understanding your detail, so that the results are reflective of that knowledge, is our key to providing the best solution for our clients. **Senior staff will handle every aspect of projects we conduct for the City**, including everything from the data compilation to interaction with City staff, to the conduct of our interactive team meetings. Contrast this with most firms which promise senior level involvement, but pressure senior staff to utilize junior staff on your project – to program your model, for instance. We use **senior staff at low rates** which translates to **more hours of our senior staff time** working on your project.

Key Points

-  **Boutique firm, specializing in Utility Rate and Finance Studies**
-  **Recent experience with the City and City staff**
-  **Senior Staff Commitment**
-  **Prepared the City's last 2 Rate Studies / Bond Feasibility Report**



Proposed Project Team

2 - 2

Key Staff

Our proposed project manager and project consultant for all projects associated with this RFQ, Mr. **Jonathan Varnes**, is a senior rate consultant and **principal of the firm**. He has conducted **over 150 utility rate and financial studies** for municipal utilities over the last two decades, **including the development of the City of Hollywood's last 5 Wholesale Rate Studies (Large User True-up) and most recent 2 Water and Wastewater Rate Studies (2009 / 2013)**. In addition, he **recently developed the Bond Feasibility Report** in support of the City's 2010 Utility Revenue Bond issuance (2010).

Mr. Varnes is **qualified to provide each service indicated in this RFQ**. He has worked for some of the most respected consulting firms in the utility industry, held senior positions within those firms and is now a principal at Lighthouse Utility Consulting where he provides the highest quality service **at a significantly lower cost to his clients than he would be able to at a larger firm**.

Below are a few highlights about Mr. Varnes' unique qualifications and experience, including his experience with the City of Hollywood.

Understands the Large User True-Up Calculations

Mr. Varnes has conducted the City's last 5 Large User True-up Analyses.

Key Points

Jonathan Varnes

-  **Principal in the Firm**
-  **Senior Rate Consultant with nearly two decades of experience**
-  **Conducted over 150 utility rate and financial studies**



Proposed Project Team

2 - 3

Industry's Foremost Utility Rate Modeling Expert

As a central theme in this RFQ is the ability to provide a state-of-the-art rate model, it is important to point out that **Mr. Varnes is the foremost expert on utility rate modeling in the rate consulting industry.**

Financial and Computer Programming "Cross-training", including Microsoft Excel and Access Expertise

Mr. Varnes has a Bachelor's in Finance from the University of Florida, with coursework in the University of Florida's Decision and Information Sciences department. The fact that **he is "cross-trained" in finance and computer/linear-programming** makes him a unique talent in the utility rate industry. This unique blend of expertise has served Mr. Varnes well in his **interactions with IT staff and in dealing with various utility billing systems across the country.** In addition to being an **expert Excel user**, Mr. Varnes is almost **equally well-versed in Microsoft Access.**

AWWA Conference Speaker on Utility Finance and Rate Modeling Issues

Mr. Varnes **is regularly invited to speak at industry conferences regarding utility rates, finance and financial modeling for utilities.** He has conducted utility rate and finance workshops at the AWWA/WEF Utility Management Conference (**4-hour financial modeling workshop** which several of his competitors attended) and other industry-sponsored conferences. Most recently, Mr. Varnes was asked to present on the topic of Utility Budgeting and Finance at an AWWA-sponsored event in Fort Lauderdale given by the University of Florida's Training, Research & Education for Environmental Occupations (TREEO) center.

A detailed resume for Mr. Varnes, including professional references and a partial listing of his papers and presentations, is included in Appendix 1.



Summary of Experience

3 - 1

Our Experience has Crafted Our Outlook

Lighthouse Utility Consulting experts have been leaders in the utility rate and finance industry for over nearly two decades because of our commitment to clients and understanding that **clear communication, of both the rate making process and results, is imperative for success.** Our many years of experience have taught us that our job is not just that of “number crunchers”, but of communicators and facilitators with, and on behalf of, our clients. Financial solutions crafted for our clients are the result of active, open communication of client goals and objectives and our strategy to meet those goals and objectives.

Our municipal utility rate and finance **experience and expertise is on-point** with the City’s requirements of RFQ 4464-15-RL and extends across the following types of services for over 150 projects:

- ✓ Retail and Wholesale Rate and Cost of Service Studies
- ✓ Reserve Capacity Charge Studies
- ✓ Miscellaneous Fee and Charge Studies
- ✓ Bond Feasibility Reports
- ✓ Interactive Rate Model Development with Dashboards Showing Key Performance Indicators
- ✓ Capital Project Funding Studies
- ✓ CIP Financial Scenario Planning
- ✓ Rate Ordinance Drafting
- ✓ Billing System Validation/Rate Testing
- ✓ Valuation/Divestiture Studies

Key Points

-  **150+ projects over nearly two decades**
-  **We have the conducted the following projects for the City:**
 - ✓ **Rate Studies**
 - ✓ **Miscellaneous Fee and Charges**
 - ✓ **Bond Feasibility Reports**
 - ✓ **Rate Model Development**
 - ✓ **Dashboard Development**
 - ✓ **Capital Project Funding**
 - ✓ **Financial Scenario Planning**
 - ✓ **Rate Ordinances**
 - ✓ **Billing System Validation**



Summary of Experience

3 - 2

In addition, our technical experience and expertise includes proficiency with the software packages with which our clients most often interact. Our experience with multiple software packages, including our particular expertise with Microsoft Access and Excel, allows us to develop technical solutions for our clients which have long-term success. Our technical expertise is an invaluable asset once we move into the “roll up our sleeves” portion of the analysis where technical proficiency allows us to operate efficiently and effectively towards the development of client solutions.

We have experience with the City in a way we believe no other firm can match. It is this knowledge of the City’s detail which we feel will continue to allow us to craft cost effective financial solutions for the City.

A sampling of projects for which Mr. Varnes was the primary consultant over the last 5 years is included below. Per the RFQ, we have noted whether a utility financial model was provided by Mr. Varnes.

Key Points



We Know the City and City Staff



We have successfully completed over 20 utility rate and financial studies for the City



Summary of Experience

3 - 3

Rate Study Projects for Mr. Varnes in Last 5 Years

(Florida studies listed first, per the RFQ)

Project: FY 14 Large User True Up / Wholesale Sewer Rate Study

Client: City of Hollywood

Year: 2015

Budgeted /Actual Cost: \$63,000

Rate Model Provided: Yes

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up and related analyses (RRI Analysis, Accrual Analysis, Rate Estimate). The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City.

Project: FY 13 Large User True Up / Wholesale Sewer Rate Study

Client: City of Hollywood

Year: 2014

Budgeted /Actual Cost: \$63,000

Rate Model Provided: Yes

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up and related analyses (RRI Analysis, Accrual Analysis, Rate Estimate). The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City

Contact Info for Hollywood:

Mark Moore
Deputy Director – Finance
1621 N. 14th Ave
Hollywood, FL
MaMoore@Hollywoodfl.org
(954) 921-3596



Summary of Experience

3 - 4

Project: Water and Sewer Rate Study

Client: **City of Hollywood**

Year: 2013

Budgeted /Actual Cost: \$108,000 / \$101,000

Rate Model Provided: Yes

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a comprehensive utility rate study. During the course of the rate study, Mr. Varnes developed the rate study analysis to mirror the exact financial dynamics of the City's water and sewer utility. The project resulted in the successful adoption of rates and a rate model was provided, along with a user's manual and training.

Project: FY 12 Large User True Up / Wholesale Sewer Rate Study

Client: **City of Hollywood**

Year: 2013

Budgeted /Actual Cost: \$63,000

Rate Model Provided: Yes

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up and related analyses (RRI Analysis, Accrual Analysis, Rate Estimate). The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City.



Summary of Experience

3 - 5

Project: Stormwater Rate Study

Client: **City of Hollywood**

Year: 2012

Budgeted /Actual Cost: \$48,000

Rate Model Provided: Yes

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a Stormwater Rate Study. The project resulted in the update and delivery of the Stormwater Rate Model to the City.

Project: FY 11 Large User True Up / Wholesale Sewer Rate Study

Client: **City of Hollywood**

Year: 2012

Budgeted /Actual Cost: \$25,000

Rate Model Provided: Yes

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up report. The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City.



Summary of Experience

3 - 6

Project: FY 10 Large User True Up / Wholesale Sewer Rate Study

Client: **City of Hollywood**

Year: 2011

Budgeted /Actual Cost: \$25,000

Rate Model Provided: Yes

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up report. The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City.

Project: Water and Sewer Rate Study and Bond Feasibility Report

Client: **City of Hollywood**

Year: 2010

Budgeted /Actual Cost: \$100,000 / \$100,000

Rate Model Provided: Not Requested

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a comprehensive utility rate study. During the course of the rate study, Mr. Varnes developed the rate study analysis to mirror the exact financial dynamics of the City's water and sewer utility. The project resulted in the successful adoption of rates and a successful issuance of nearly \$50 Million of Revenue Bonds.



Summary of Experience

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Project: Water and Sewer Rate Study Update

Client: DeSoto County, FL

Year: 2013/14

Budgeted /Actual Cost: \$40,000

Rate Model Provided: Not Requested

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a comprehensive water and sewer rate study. During the course of the rate study, Mr. Varnes developed the rate study analysis to mirror the exact financial dynamics of the County's water and sewer utility. The project resulted in the successful adoption of rates.

Contact Info for DeSoto County:

Eddie Miller
Utilities Director
2170 NE Roan Street, Arcadia,
Florida 34266
e.miller@desotobocc.com
(863) 491-7500

Project: Water, Sewer, Reuse and Stormwater Rate Study

Client: Oviedo, FL

Year: 2015

Budgeted /Actual Cost: \$48,000

Rate Model Provided: Not Requested

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the City's water, sewer, reuse and stormwater utility systems. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted several City Council workshops using the live Rate Model in order to build consensus amongst the group.

Contact Info for Oviedo:

Jerry Boop
Finance Director
400 Alexandria Blvd
Oviedo, FL 32765
jboop@cityofoviedo.net
(407) 971-5544



Summary of Experience

3 - 8

Project: Water and Sewer Rate Study Update

Client: Polk County, FL

Year: 2010

Budgeted /Actual Cost: \$35,000

Rate Model Provided: Not Requested

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a comprehensive water and sewer rate sufficiency study. During the course of the study, Mr. Varnes developed the analysis to mirror the exact financial dynamics of the County's water and sewer utility.

Contact Info for Polk County:

Charles Richards
Customer Service / Finance
Manager
1011 Jim Keene Boulevard, SR
540, Winter Haven, FL 33880
Charles.Richards@polk-county.net
(863) 298-4100

Project: Water, Sewer, Reuse and Stormwater Rate Study

Client: Flagstaff, AZ

Year: 2015

Budgeted /Actual Cost: \$115,000

Rate Model Provided: No

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the City's water, sewer, reuse and stormwater utility systems. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted several City Council workshops using the live Rate Model in order to build consensus amongst the group.

Contact Info for Flagstaff:

Ryan Roberts
Engineering Manager
211 West Aspen Ave
Flagstaff, AZ 86001
rroberts@flagstaff.gov
(928) 213-2410



Summary of Experience

3 - 9

Project: Water Rate Study

Client: Crescent City, CA

Year: 2014

Budgeted /Actual Cost: \$35,000

Rate Model Provided: No

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the City's water utility system. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted several City Council workshops using the live Rate Model in order to build consensus amongst the group.

Project: Sewer Rate Study

Client: Crescent City, CA

Year: 2015

Budgeted /Actual Cost: \$50,000

Rate Model Provided: No

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the City's sewer utility system. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted several City Council workshops using the live Rate Model in order to build consensus amongst the group.

Contact Info for Crescent City:

Eric Wier
Public Works Director
277 J. Street
Crescent City, CA 95521
ewier@crescentcity.org
(707) 464-9506



Summary of Experience

3 - 10

Project: Water Rate Study

Client: Nevada Irrigation District, CA

Year: 2014

Budgeted /Actual Cost: \$48,000

Rate Model Provided: Yes

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the District's water utility system. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted a District Board workshop using the live Rate Model in order to build consensus amongst the group.

Contact Info for Nevada Irrigation District:

Jim Malberg
Finance Director
1036 W Main St
Grass Valley, CA 95945
malberg@nidwater.com
(530) 271-6855

Project: Water and Sewer Rate Sufficiency Study

Client: DeKalb County, GA

Year: 2015

Budgeted /Actual Cost: \$40,000

Rate Model Provided: No

Brief Project Narrative:

Mr. Varnes was one of the primary consultants on this engagement which consisted of the development of a rate analysis for the County's water and sewer utility system. The project entailed the development of a comprehensive rate model and analysis. Mr. Varnes co-conducted several staff workshops and then a CEO workshop using the live Rate Model in order to build consensus amongst the group.

Contact Info for DeKalb County:

Carver Joseph
Director of Finance
1580 Roadhaven Dr
Stone Mountain, GA 30083
cvjoseph@dekalbcountyga.gov
(770) 621-7743



Lighthouse has Successfully Provided Utility Rate Consulting Services to the City Since 2009

Lighthouse has been fortunate enough to be engaged as the City's rate consultant since 2009. During this time we have assisted the City in developing a conservation rate structure which is sensitive to customer impact while providing incentive for higher volume customers to curb discretionary usage, provided valuable support in the issuance of upwards of \$50 Million in bonds, and developed a financial / capital funding plan which has contributed to the bolstered financial health of the utility; culminating in the ability to eliminate any future rate increases through at least FY 2019 – a particular point of pride for us.

In our role as the City's rate consultant we have performed many services, including, but not limited to:

- Three (3) Comprehensive Utility Rate Studies
 - Water and Sewer
 - Stormwater
- Five (5) Large User True-up Studies
- Four (4) Large User Accrual Studies
- Four (4) Large User RRI Studies
- Five (5) Large User Rate Estimate Studies
- Several other important projects
 - Billing system audit / review
 - State audit support
 - Rate model development, delivery and training
 - Large user questions/concerns assistance

Lighthouse has a reputation with the City for being readily available and for always delivering clear analyses and unique insight beyond simply “crunching numbers”. We are proud of the work we've done for the City and believe we are best positioned, given our overwhelming understanding of the City's complex operational, financial and political dynamics, to assist the City in utility rate related matters in the future. Conducting rate studies, and associated analyses, for the City is much more complex than for most clients. This includes several complex wholesale relationships, significant operational drivers - from



Conclusions

4 - 2

the financial ramifications of ocean outfall legislation to discussions of potentially expanding the sewer system to capture existing water customers currently on septic systems.

We have provided service the City can count on and, in doing so, we believe we have earned the trust of the City by displaying an unwavering commitment to serving their needs in as timely a manner as possible, respectfully noting if we disagree with the City's thought process on a particular topic in order to jointly arrive at the best solution, and always looking for the best way to serve the City and its retail/wholesale customers within the operational, financial and political constraints inherent in the provision of municipal utility service.

If selected to make an oral presentation, our presentation will be by the architect of the City's Rate Model and our proposed On-Call Consultant, Mr. **Jonathan Varnes**. During this presentation we will be prepared to answer **tough questions about the model**. We look forward to **the opportunity to demonstrate** the power of our model, and the extensive experience of our proposed staff.

Finally, we will **be able to deliver the best analysis, tools and service to the City**, because we:

1. Specialize in rate consulting
 - a. This is not a sideline activity for us as it would be if we were an engineering firm or the like.
2. Are thoroughly familiar with the City's rate and financial data, goals and objectives.
 - a. We understand the City's history, goals and objectives, staff, and data.
3. Have already designed, tested and delivered to the City the very Rate Models that the City referenced in this RFQ, and staff has become accustomed using them as a result of our training sessions.

We look forward to the opportunity to continue to serve the City on projects related to this RFQ.



Completed Water and Sewer Rate Studies

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List of Completed Water and Sewer Rate Studies

The primary consultant for the City, Jonathan Varnes, has been a fixture in the rate consulting community for nearly two decades. The bulk of his experience is in Florida, which is where he is based. We have listed a selection of rate study projects completed in the last 5 years which demonstrates the depth and breadth of the experience of Mr. Varnes and, most importantly, the significant experience Lighthouse has with the City.

Agency Name	Type of Rate Study	Contact Name	Contact Phone	Contact Email	Completed
Oviedo, FL	Water, Sewer, Reuse and Stormwater Rate Study	Jerry Boop	(407) 971-5544	jboop@cityofoviedo.net	2015
Hollywood, FL	FY 14 Wholesale Rate Study	Mark Moore	(954) 921-3596	mamoore@hollywoodfl.org	2015
Flagstaff, AZ	Water, Sewer, Reuse and Stormwater Rate Study	Ryan Roberts	(928) 213-2410	rroberts@flagstaff.gov	2015
DeKalb County, GA	Water and Sewer Rate Study	Carver Joseph	(770) 621-7243	cvjoseph@dekalbcountyga.gov	2015
Crescent City, CA	Sewer Rate Study	Eric Wier	(707) 464-9506	ewier@crescentcity.org	2015
Hollywood, FL	Retail Rate Study	Mark Moore	(954) 921-3596	mamoore@hollywoodfl.org	2014
Nevada Irrigation District, CA	Water Rate Study	Jim Malberg	(530) 271-6855	malberg@nidwater.com	2013
Lee's Summit, MO	Water and Sewer Rate Study	Brent Boice		brent.boice@cityofls.net	2013
Hollywood, FL	FY 13 Wholesale Rate Study	Mark Moore	(954) 921-3596	mamoore@Hollywoodfl.org	2013
DeSoto County, FL	Water and Sewer Rate Study	Eddie Miller	(863) 491-7500	e.miller@desotobocc.com	2013
Crescent City, CA	Water Rate Study	Eric Wier	(707) 464-9506	ewier@crescentcity.org	2013
Hollywood, FL	FY 12 Wholesale Rate Study	Mark Moore	(954) 921-3596	mamoore@hollywoodfl.org	2012
Hollywood, FL	FY 11 Wholesale Rate Study	Mark Moore	(954) 921-3596	mamoore@hollywoodfl.org	2011
Polk County, FL	Water and Sewer Rate Study	Charles Richards	(863) 298-4100	charles.richards@polk-county.net	2010
Hollywood, FL	FY 10 Wholesale Rate Study	Mark Moore	(954) 921-3596	mamoore@hollywoodfl.org	2010
Hollywood, FL	Retail Rate Study	Mark Moore	(954) 921-3596	mamoore@hollywoodfl.org	2009



Completed Water and Sewer Rate Studies 5 - 2

Mr. Varnes has significant experience in Florida and around the United States. Below is a truncated list of over 30 clients for which Mr. Varnes has provided utility rate study and financial services in Florida.

Florida Clients Served by Mr. Varnes over the last Two Decades
Atlantic Beach, FL
Cape Coral, FL
Casselberry, FL
Clay County Utility Authority, FL
DeFuniak Springs, FL
Dunedin, FL
Emerald Coast Utilities Authority, FL
Ft. Myers Beach, FL
Ft. Myers, FL
Gulf Breeze, FL
Hollywood, FL
Jacksonville Beach, FL
Madison, FL
Miami Dade, FL
Neptune Beach, FL
New Port Richey, FL
Ocoee, FL
Okaloosa County, FL
Orange County, FL
Oviedo, FL
Palm Beach County, FL
Pinellas Park, FL
Polk County, FL
Punta Gorda, FL
Sarasota, FL
Sebring Authority, FL
Seminole County, FL
St. Johns River Water Management District, FL
Tampa, FL
Tarpon Springs, FL
Toho Water Authority, FL
Volusia Water Alliance, FL

Resumes of Key Personnel

Appendix
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Resume - Jonathan Varnes

Title: Firm Principal/Senior Consultant

Area of Specialty: Rate Consulting / Rate Modeling

Role: Project Manager / Senior Consultant

Name of Firm: Lighthouse Utility Consulting

Years' Experience: 17

Education: Bachelor's in Finance, University of Florida

Professional Reference	Contact Number
Robert Ryall	407-927-3536
Robert Lockridge	407-620-9954
Eric Wier	707-464-9506

Our proposed project manager and project consultant, Mr. Jonathan Varnes, has a Bachelor's in Finance from the University of Florida. He has been a utility rate consultant for nearly two decades and conducted over 150 rate studies across the country. **He has conducted over 20 utility rate and financial studies for the City of Hollywood in the last 6 years – including the last 2 water and sewer rate studies. He designed a comprehensive, customized utility rate model for the City and trained the City in this use of this powerful tool.**

Mr. Varnes is one of the foremost utility rate modeling experts in the rate consulting industry and his experience extends across a variety of utility rate and financial studies, including:

- ✓ Retail and Wholesale Rate and Cost of Service Studies
- ✓ Reserve Capacity Charge Studies
- ✓ Miscellaneous Fee and Charge Studies
- ✓ Bond Feasibility Reports
- ✓ Interactive Rate Model Development with Dashboards Showing Key Performance Indicators
- ✓ Capital Project Funding Studies





Resumes of Key Personnel

Appendix
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- ✓ CIP Financial Scenario Planning
- ✓ Rate Ordinance Drafting
- ✓ Billing System Validation/Rate Testing
- ✓ Valuation/Divestiture Studies

Projects on Which Mr. Varnes was the Primary Consultant and Project Manager

Project: FY 14 Large User True Up / Wholesale Sewer Rate Study

Client: City of Hollywood

Year: 2015

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up and related analyses (RRI Analysis, Accrual Analysis, Rate Estimate). The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City.

Project: FY 13 Large User True Up / Wholesale Sewer Rate Study

Client: City of Hollywood

Year: 2014

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up and related analyses (RRI Analysis, Accrual Analysis, Rate Estimate). The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City



Resumes of Key Personnel

Appendix
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Project: Water and Sewer Rate Study

Client: City of Hollywood

Year: 2013

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a comprehensive utility rate study. During the course of the rate study, Mr. Varnes developed the rate study analysis to mirror the exact financial dynamics of the City's water and sewer utility. The project resulted in the successful adoption of rates and a rate model was provided, along with a user's manual and training.

Project: FY 12 Large User True Up / Wholesale Sewer Rate Study

Client: City of Hollywood

Year: 2013

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up and related analyses (RRI Analysis, Accrual Analysis, Rate Estimate). The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City.

Project: Stormwater Rate Study

Client: City of Hollywood

Year: 2012

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a Stormwater Rate Study. The project resulted in the update and delivery of the Stormwater Rate Model to the City.





Resumes of Key Personnel

Appendix
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Project: FY 11 Large User True Up / Wholesale Sewer Rate Study

Client: City of Hollywood

Year: 2012

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up and related analyses (RRI Analysis, Accrual Analysis, Rate Estimate). The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City.

Project: FY 10 Large User True Up / Wholesale Sewer Rate Study

Client: City of Hollywood

Year: 2011

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of the annual Large User True-up report. The project resulted in the update and delivery of the Large User / Wholesale Sewer Rate Study model to the City.

Project: Water and Sewer Rate Study and Bond Feasibility Report

Client: City of Hollywood

Year: 2010

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a comprehensive utility rate study. During the course of the rate study, Mr. Varnes developed the rate study analysis to mirror the exact financial dynamics of the City's water and sewer utility. The project resulted in the successful adoption of rates and a successful issuance of nearly \$50 Million of Revenue Bonds.





Resumes of Key Personnel

Appendix
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Project: Water and Sewer Rate Study Update

Client: DeSoto County, FL

Year: 2013/14

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a comprehensive water and sewer rate study. During the course of the rate study, Mr. Varnes developed the rate study analysis to mirror the exact financial dynamics of the County's water and sewer utility. The project resulted in the successful adoption of rates.

Project: Water, Sewer, Reuse and Stormwater Rate Study

Client: Oviedo, FL

Year: 2015

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the City's water, sewer, reuse and stormwater utility systems. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted several City Council workshops using the live Rate Model in order to build consensus amongst the group.

Project: Water and Sewer Rate Study Update

Client: Polk County, FL

Year: 2010

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a comprehensive water and sewer rate sufficiency study. During the course of the study, Mr. Varnes developed the analysis to mirror the exact financial dynamics of the County's water and sewer utility.





Resumes of Key Personnel

Appendix
1 - 6

Project: Water, Sewer, Reuse and Stormwater Rate Study

Client: Flagstaff, AZ

Year: 2015

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the City's water, sewer, reuse and stormwater utility systems. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted several City Council workshops using the live Rate Model in order to build consensus amongst the group.

Project: Water Rate Study

Client: Crescent City, CA

Year: 2014

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the City's water utility system. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted several City Council workshops using the live Rate Model in order to build consensus amongst the group.

Project: Sewer Rate Study

Client: Crescent City, CA

Year: 2015

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the City's sewer utility system. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes





Resumes of Key Personnel

Appendix
1 - 7

conducted several City Council workshops using the live Rate Model in order to build consensus amongst the group.

Project: Water Rate Study

Client: Nevada Irrigation District, CA

Year: 2014

Brief Project Narrative:

Mr. Varnes was the primary consultant on this engagement which consisted of the development of a rate analysis for the District's water utility system. Mr. Varnes was the primary consultant on this engagement which entailed the development of a comprehensive rate model and analysis. Mr. Varnes conducted a District Board workshop using the live Rate Model in order to build consensus amongst the group.

Project: Water and Sewer Rate Sufficiency Study

Client: Dekalb County, GA

Year: 2015

Brief Project Narrative:

Mr. Varnes was one of the primary consultants on this engagement which consisted of the development of a rate analysis for the County's water and sewer utility system. The project entailed the development of a comprehensive rate model and analysis. Mr. Varnes co-conducted several staff workshops and then a CEO workshop using the live Rate Model in order to build consensus amongst the group.



Resumes of Key Personnel

Appendix
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Papers and Presentations

In addition to his extensive project experience, Mr. Varnes has also written papers and given presentations to industry groups such as the American Water Works Association (AWWA) and Water Environment Federation (WEF) from time to time. A selection of those papers and presentations are presented below.

"Dynamic General Fund Financial Model"

2014

FGFOA Annual Conference

Orlando, FL

"The Budget Process – a Financial Scenario Planning Approach"

2008

Florida AWWA Water Utility Management Institute presented by the University of Florida TREEO Center
Ft. Lauderdale, FL

"Dynamic Utility Financial Model – A Utility Manager's Crystal Ball" – 4 Hour Workshop

2006 Utility Management Conference - WEF/AWWA

Salt Lake City, UT

"Dynamic Utility Financial Planning and Modeling"

Water Environment Association of Texas / Texas Section of AWWA

Austin, TX

"Dynamic Government Financial Modeling – the Way of the Future"

2006

Annapolis, MD

"Interactive Utility Financial Planning Workshop"

2005

Dallas, TX

"Interactive Nitrogen Credit Trading Program Model"

2005

Chesapeake VA

"A Dynamic Utility Financial Model Used for Real-Time Decision Support"

2005

New York Water Environment Association

New York, NY



Financial Report

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Financial Report

Lighthouse Utility Consulting, Inc. is a privately held S-Corporation and, as such, our financial statements are not something we make public. We did make an exception to this when we competed for the 2010 RFQ for Rate Consulting services, a contract we won, since we were not as well known to the City at the time.

However, we have since demonstrated financial stability as we have regularly been of service to the City since 2010 when we began our existing Rate Consultant contract with the City – set to expire in August 2015. We certainly hope the City understands our position as a private company as we intend only to maintain our privacy.



Summary of Litigation

Appendix
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Summary of Litigation

Neither Lighthouse Utility Consulting, Inc. nor any of our staff is currently involved in litigation.

Neither Lighthouse Utility Consulting, Inc. nor any of our staff have been involved in any litigation in the last five (5) years.

Required Forms

Appendix

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Required Forms

Per the RFQ, this Appendix presents the following Required Forms.

1. Acknowledgment and Signature Page
2. Hold Harmless and Indemnity Clause
3. Non-Collusion Affidavit
4. Sworn Statement Pursuant to Section 287.133 (3) (a) Florida Statutes on Public Entity Crimes
5. Certifications Regarding Disbarment, Suspension and Other Responsibility Matters
6. Drug Free Workplace Program
7. Solicitation, Giving, and Acceptance of Gifts Policy
8. 3 Completed Reference Questionnaires

Issue Date: June 3, 2015

ACKNOWLEDGMENT AND SIGNATURE PAGE

This form must be completed and submitted by the date and the time of bid opening.

Lighthouse Utility Consulting, Inc.

30-0526843

Legal Company Name (include d/b/a if applicable): _____ Federal Tax Identification Number: _____

If Corporation - Date Incorporated/Organized: January 2009 _____

State Incorporated/Organized: Delaware _____

Company Operating Address: 5224 SR 46, Suite 107 _____

City Sanford State FL Zip Code 32771 _____

Remittance Address (if different from ordering address): Same _____

City _____ State _____ Zip Code _____

Company Contact Person: Jonathan Varnes Email Address: jvarnes@lighthouseutility.com _____

Phone Number (include area code): 407-417-2324 Fax Number (include area code): none _____

Company's Internet Web Address: lighthouseutility.com _____

IT IS HEREBY CERTIFIED AND AFFIRMED THAT THE BIDDER/PROPOSER CERTIFIES ACCEPTANCE OF THE TERMS, CONDITIONS, SPECIFICATIONS, ATTACHMENTS AND ANY ADDENDA. THE BIDDER/PROPOSER SHALL ACCEPT ANY AWARDS MADE AS A RESULT OF THIS SOLICITATION. BIDDER/PROPOSER FURTHER AGREES THAT PRICES QUOTED WILL REMAIN FIXED FOR THE PERIOD OF TIME STATED IN THE SOLICITATION.

Digitally signed by Jonathan Varnes
DN: cn=Jonathan Varnes, o=, email=jvarnes01@yahoo.com, c=US
Date: 2015.06.21 23:42:51 -0400

06/21/2015

Bidder/Proposer's Authorized Representative's Signature: _____ Date

Type or Print Name: Jonathan Varnes _____



THE EXECUTION OF THIS FORM CONSTITUTES THE UNEQUIVOCAL OFFER OF BIDDER/PROPOSER TO BE BOUND BY THE TERMS OF ITS PROPOSAL. FAILURE TO SIGN THIS SOLICITATION WHERE INDICATED BY AN AUTHORIZED REPRESENTATIVE SHALL RENDER THE BID/PROPOSAL NON-RESPONSIVE. THE CITY MAY, HOWEVER, IN ITS SOLE DISCRETION, ACCEPT ANY BID/PROPOSAL THAT INCLUDES AN EXECUTED DOCUMENT WHICH UNEQUIVOCALLY BINDS THE BIDDER/PROPOSER TO THE TERMS OF ITS OFFER.

ANY EXCEPTION, CHANGES OR ALTERATIONS TO THE GENERAL TERMS AND CONDITIONS, HOLDHARMLESS/INDEMNITY DOCUMENT OR OTHER REQUIRED FORMS MAY RESULT IN THE BID/PROPOSAL BE DEEMED NON-RESPONSIVE AND DISQUALIFIED FROM THE AWARD PROCESS.

HOLD HARMLESS AND INDEMNITY CLAUSELighthouse Utility Consulting, Inc. / Jonathan Varnes

(Company Name and Authorized Representative's Name)

, the contractor, shall indemnify, defend and hold harmless the City of Hollywood, its elected and appointed officials, employees and agents for any and all suits, actions, legal or administrative proceedings, claims, damage, liabilities, interest, attorney's fees, costs of any kind whether arising prior to the start of activities or following the completion or acceptance and in any manner directly or indirectly caused, occasioned or contributed to in whole or in part by reason of any act, error or omission, fault or negligence whether active or passive by the contractor, or anyone acting under its direction, control, or on its behalf in connection with or incident to its performance of the contract.



Digitally signed by Jonathan Varnes
DN: cn=Jonathan Varnes, o=OU,
email=jvarnes01@yahoo.com, c=US
Date: 2015.06.21 23:43:23 -04'00'

SIGNATURE

Jonathan Varnes

PRINTED NAME

Lighthouse Utility Consulting, Inc.

COMPANY OF NAME

06/21/2015

DATE

Failure to sign or changes to this page shall render your bid non-responsive.

NON-COLLUSION AFFIDAVIT

STATE OF: Florida

COUNTY OF: Seminole, being first duly sworn, deposes and says that:

- (1) He/she is President of Lighthouse Utility Consulting, Inc., the Bidder that has submitted the attached Bid.
- (2) He/she has been fully informed regarding the preparation and contents of the attached Bid and of all pertinent circumstances regarding such Bid;
- (3) Such Bid is genuine and is not a collusion or sham Bid;
- (4) Neither the said Bidder nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Bidder, firm or person to submit a collusive or sham Bid in connection with the contractor for which the attached Bid has been submitted or to refrain from bidding in connection with such contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder, firm or person to fix the price or prices, profit or cost element of the Bid price or the Bid price of any other Bidder, or to secure an advantage against the City of Hollywood or any person interested in the proposed Contract; and
- (5) The price or prices quoted in the attached Bid are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Bidder or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

(SIGNED)



Digitally signed by Jonathan Varner
DN: cn=Jonathan Varner, o=Inc,
email=jvarner@lighthouse.com, ou=US
Date: 2015.06.21 23:44:18 -0400

President

Title

Failure to sign or changes to this page shall render your bid non-responsive.

**SWORN STATEMENT PURSUANT TO SECTION 287.133 (3) (a) FLORIDA
STATUTES ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR
OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS

1. This form statement is submitted to City of Hollywood, FL
by Jonathan Varnes for Lighthouse Utility Consulting, Inc.
(Print individual's name and title) (Print name of entity submitting sworn statement)
whose business address is 5224 SR 46, Suite 107, Sanford, FL 32771
and if applicable its Federal Employer Identification Number (FEIN) is 30-0526843 If the entity has no FEIN,
include the Social Security Number of the individual signing this sworn statement.

2. I understand that "public entity crime," as defined in paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any bid, proposal, reply, or contract for goods or services, any lease for real property, or any contract for the construction or repair of a public building or public work, involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misinterpretation.

3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in a federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that "Affiliate," as defined in paragraph 287.133(1)(a), Florida Statutes, means:

1. A predecessor or successor of a person convicted of a public entity crime, or
2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that "person," as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or any entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. (Please indicate which statement applies.)

☒ Neither the entity submitting sworn statement, nor any of its officers, director, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

☐ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

Issue Date: June 3, 2015

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime, but the Final Order entered by the Hearing Officer in a subsequent proceeding before a Hearing Officer of the State of the State of Florida, Division of Administrative Hearings, determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (attach a copy of the Final Order).

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THAT PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017 FLORIDA STATUTES FOR A CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

Sworn to and subscribed before me this 22 day of June, 2015.
(Signature)

Personally known _____

Or produced identification FLDL Notary Public-State of Florida

FLDL my commission expires 12-02-2017
(Type of identification)
(Printed, typed or stamped commissioned name of notary public)



AUTUMN RAE LISK
NOTARY PUBLIC
STATE OF FLORIDA
Comm# FF073822
Expires 12/2/2017

Failure to sign or changes to this page shall render your bid non-responsive.

Issue Date: June 3, 2015

CERTIFICATIONS REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

The applicant certifies that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

Applicant Name and Address:

Jonathan Varnes, President - Lighthouse Utility Consulting, Inc

5224 SR 46, Suite 107

Sanford, FL 32771

Application Number and/or Project Name:

Rate Consulting, Large User Group True-Up and Financial and Technical Services RFQ-4464-15-RL

Applicant IRS/Vendor Number: 30-0526843

Type/Print Name and Title of Authorized Representative:

Jonathan Varnes

Signature:



Digitally signed by Jonathan Varnes
DN: cn=Jonathan Varnes, o=LU,
email=jvarnes01@yahoo.com, c=US
Date: 2015.06.21 13:44:49 -0400

Date: 06/21/2015

Failure to sign or changes to this page shall render your bid non-responsive.

Issue Date: June 3, 2015

DRUG-FREE WORKPLACE PROGRAM

IDENTICAL TIE BIDS - Preference shall be given to businesses with drug-free workplace programs. Whenever two or more bids which are equal with respect to price, quality, and service are received by the State or by any political subdivision for the procurement of commodities or contractual services, a bid received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. Established procedures for processing tie bids 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 prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
4. In the statement specified in subsection (1), notify the employee that, as a condition of working on the commodities or contractual services that are under bid, 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 chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program (if such is available in the employee's community) by, any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of these requirements.

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

Digitally signed by Jonathan Varnes
DN: cn=Jonathan Varnes, o, ou,
email=jvarnes01@yahoo.com, c=US
Date: 2015.06.21 23:45:06 -04'00'

Jonathan Varnes

PRINTED NAME

VENDOR'S SIGNATURE

Lighthouse Utility Consulting, Inc.

NAME OF COMPANY

SOLICITATION, GIVING, AND ACCEPTANCE OF GIFTS POLICY

Florida Statute 112.313 prohibits the solicitation or acceptance of Gifts. - "No Public officer, employee of an agency, local government attorney, or candidate for nomination or election shall solicit or accept anything of value to the recipient, including a gift, loan, reward, promise of future employment, favor, or service, based upon any understanding that the vote, official action, or judgment of the public officer, employee, local government attorney, or candidate would be influenced thereby." The term "public officer" includes "any person elected or appointed to hold office in any agency, including any person serving on an advisory body."


The City of Hollywood policy prohibits all public officers, elected or appointed, all employees, and their families from accepting any gifts of any value, either directly or indirectly, from any contractor, vendor, consultant, or business with whom the City does business.

The State of Florida definition of "gifts" includes the following:

- Real property or its use,
- Tangible or intangible personal property, or its use,
- A preferential rate or terms on a debt, loan, goods, or services,
- Forgiveness of indebtedness,
- Transportation, lodging, or parking,
- Food or beverage,
- Membership dues,
- Entrance fees, admission fees, or tickets to events, performances, or facilities,
- Plants, flowers or floral arrangements
- Services provided by persons pursuant to a professional license or certificate.
- Other personal services for which a fee is normally charged by the person providing the services.
- Any other similar service or thing having an attributable value not already provided for in this section.

Any contractor, vendor, consultant, or business found to have given a gift to a public officer or employee, or his/her family, will be subject to dismissal or revocation of contract.

As the person authorized to sign the statement, I certify that this firm will comply fully with this policy.

 <small>Digitally signed by Jonathan Varnes DN: cn=Jonathan Varnes, o, ou, email=jvarnes01@yahoo.com, c=US Date: 2015.06.21 23:45:22 -04'00'</small>	Jonathan Varnes <hr/> PRINTED NAME
<hr/> SIGNATURE	
Lighthouse Utility Consulting, Inc.	President <hr/> TITLE
<hr/> NAME OF COMPANY	

Failure to sign this page shall render your bid non-responsive.

Issue Date: June 3, 2015

City of Hollywood, Florida
RFQ-4464-15-RL

REFERENCE QUESTIONNAIRE

It is the responsibility of the contractor/vendor to provide a minimum of three (3) similar type references using this form and to provide this information with your submission. Failure to do so may result in the rejection of your submission.

Lighthouse Utility Consulting

Giving reference for: _____

DeSoto County, FL

Firm giving Reference: _____

Address: 2170 NE Roan Street, Arcadia, Florida 34266

Phone: (863) 491-7500

Fax: (863) 491-7506

Email: e.miller@desotobocc.com

1. Q: What was the dollar value of the contract?

A: \$30,080

2. Have there been any change orders, and if so, how many?

A: No

3. Q: Did they perform on a timely basis as required by the agreement?

A: Yes

4. Q: Was the project manager easy to get in contact with?

A: Yes

5. Q: Would you use them again?

A: Yes

6. Q: Overall, what would you rate their performance? (Scale from 1-5)

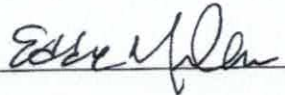
A: ☒ 5 Excellent ☐ 4 Good ☐ 3 Fair ☐ 2 Poor ☐ 1 Unacceptable

7. Q: Is there anything else we should know, that we have not asked?

A: No

The undersigned does hereby certify that the foregoing and subsequent statements are true and correct and are made independently, free from vendor interference/collusion.

Name: Eddie Miller Title: Utilities Director

Signature:  Date: 6/19/15

REFERENCE QUESTIONNAIRE

It is the responsibility of the contractor/vendor to provide a minimum of three (3) similar type references using this form and to provide this information with your submission. Failure to do so may result in the rejection of your submission.

Giving reference for: Jonathan Varnes

Firm giving Reference: City of Oviedo, FL

Address: 400 Alexandria Blvd, Oviedo, FL 32765

Phone: (407) 971-5544

Fax: _____

Email: jboop@cityofoviedo.net

1. Q: What was the dollar value of the contract?

A: Approx. \$48,000

2. Q: Have there been any change orders, and if so, how many?

A: No

3. Q: Did they perform on a timely basis as required by the agreement?

A: Yes

4. Q: Was the project manager easy to get in contact with?

A: Yes, very much so.

5. Q: Would you use them again?

A: Absolutely

6. Q: Overall, what would you rate their performance? (Scale from 1-5)

A: ☒ 5 Excellent ☐ 4 Good ☐ 3 Fair ☐ 2 Poor ☐ 1 Unacceptable

7. Q: Is there anything else we should know, that we have not asked?

A: Jonathan was exceptional to work with on this contract.

The undersigned does hereby certify that the foregoing and subsequent statements are true and correct and are made independently, free from vendor interference/collusion.

Name: Jerry Boop Title: Finance Director

Signature: *Jerry Boop* Date: 6/22/15

REFERENCE QUESTIONNAIRE

It is the responsibility of the contractor/vendor to provide a minimum of three (3) similar type references using this form and to provide this information with your submission. Failure to do so may result in the rejection of your submission.

Giving reference for: Jonathan Varnes

Firm giving Reference: DeKalb County, GA

Address: 1580 Roadhaven Dr, Stone Mountain GA 30083

Phone: 770-621-7243

Phone: _____

Fax: _____

Email: cvjoseph@dekalbcountyga.gov

1. Q: What was the dollar value of the contract?

A: \$25,000

2. Have there been any change orders, and if so, how many?

A: Yes - 1 is pending per client request

3. Q: Did they perform on a timely basis as required by the agreement?

A: Yes

4. Q: Was the project manager easy to get in contact with?

A: Yes

5. Q: Would you use them again?

A: Yes

6. Q: Overall, what would you rate their performance? (Scale from 1-5)

A: ☒ 5 Excellent ☐ 4 Good ☐ 3 Fair ☐ 2 Poor ☐ 1 Unacceptable

7. Q: Is there anything else we should know, that we have not asked?

A: None

The undersigned does hereby certify that the foregoing and subsequent statements are true and correct and are made independently, free from vendor interference/collusion.

Name: Carver Joseph Title: Manager, Finance
Dept. of Watershed Management

Signature:  Date: 6/22/2015

Required Forms

Required Forms

Per the RFQ, this Appendix presents the following Required Forms.

1. Acknowledgment and Signature Page
2. Hold Harmless and Indemnity Clause
3. Non-Collusion Affidavit
4. Sworn Statement Pursuant to Section 287.133 (3) (a) Florida Statutes on Public Entity Crimes
5. Certifications Regarding Disbarment, Suspension and Other Responsibility Matters
6. Drug Free Workplace Program
7. Solicitation, Giving, and Acceptance of Gifts Policy
8. 3 Completed Reference Questionnaires

ACKNOWLEDGMENT AND SIGNATURE PAGE

This form must be completed and submitted by the date and the time of bid opening.

Legal Company Name (include d/b/a if applicable): _____ Federal Tax Identification Number: _____

If Corporation - Date Incorporated/Organized: _____

State Incorporated/Organized: _____

Company Operating Address: _____

City _____ State _____ Zip Code _____

Remittance Address (if different from ordering address): _____

City _____ State _____ Zip Code _____

Company Contact Person: _____ Email Address: _____

Phone Number (include area code): _____ Fax Number (include area code): _____

Company's Internet Web Address: _____

IT IS HEREBY CERTIFIED AND AFFIRMED THAT THE BIDDER/PROPOSER CERTIFIES ACCEPTANCE OF THE TERMS, CONDITIONS, SPECIFICATIONS, ATTACHMENTS AND ANY ADDENDA. THE BIDDER/PROPOSER SHALL ACCEPT ANY AWARDS MADE AS A RESULT OF THIS SOLICITATION. BIDDER/PROPOSER FURTHER AGREES THAT PRICES QUOTED WILL REMAIN FIXED FOR THE PERIOD OF TIME STATED IN THE SOLICITATION.

Bidder/Proposer's Authorized Representative's Signature: Date

Type or Print Name: _____

THE EXECUTION OF THIS FORM CONSTITUTES THE UNEQUIVOCAL OFFER OF BIDDER/PROPOSER TO BE BOUND BY THE TERMS OF ITS PROPOSAL. FAILURE TO SIGN THIS SOLICITATION WHERE INDICATED BY AN AUTHORIZED REPRESENTATIVE SHALL RENDER THE BID/PROPOSAL NON-RESPONSIVE. THE CITY MAY, HOWEVER, IN ITS SOLE DISCRETION, ACCEPT ANY BID/PROPOSAL THAT INCLUDES AN EXECUTED DOCUMENT WHICH UNEQUIVOCALLY BINDS THE BIDDER/PROPOSER TO THE TERMS OF ITS OFFER.

ANY EXCEPTION, CHANGES OR ALTERATIONS TO THE GENERAL TERMS AND CONDITIONS, HOLDHARMLESS/INDEMNITY DOCUMENT OR OTHER REQUIRED FORMS MAY RESULT IN THE BID/PROPOSAL BE DEEMED NON-RESPONSIVE AND DISQUALIFIED FORM THE AWARD PROCESS.

HOLD HARMLESS AND INDEMNITY CLAUSE

(Company Name and Authorized Representative's Name)

, the contractor, shall indemnify, defend and hold harmless the City of Hollywood, its elected and appointed officials, employees and agents for any and all suits, actions, legal or administrative proceedings, claims, damage, liabilities, interest, attorney's fees, costs of any kind whether arising prior to the start of activities or following the completion or acceptance and in any manner directly or indirectly caused, occasioned or contributed to in whole or in part by reason of any act, error or omission, fault or negligence whether active or passive by the contractor, or anyone acting under its direction, control, or on its behalf in connection with or incident to its performance of the contract.

SIGNATURE

PRINTED NAME

COMPANY OF NAME

DATE

Failure to sign or changes to this page shall render your bid non-responsive.

NON-COLLUSION AFFIDAVIT

STATE OF: _____

COUNTY OF: _____, being first duly sworn, deposes and says that:

- (1) He/she is _____ of _____, the Bidder that has submitted the attached Bid.
- (2) He/she has been fully informed regarding the preparation and contents of the attached Bid and of all pertinent circumstances regarding such Bid;
- (3) Such Bid is genuine and is not a collusion or sham Bid;
- (4) Neither the said Bidder nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affiant has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Bidder, firm or person to submit a collusive or sham Bid in connection with the contractor for which the attached Bid has been submitted or to refrain from bidding in connection with such contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder, firm or person to fix the price or prices, profit or cost element of the Bid price or the Bid price of any other Bidder, or to secure an advantage against the City of Hollywood or any person interested in the proposed Contract; and
- (5) The price or prices quoted in the attached Bid are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Bidder or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

(SIGNED) _____
Title

Failure to sign or changes to this page shall render your bid non-responsive.

**SWORN STATEMENT PURSUANT TO SECTION 287.133 (3) (a) FLORIDA
STATUTES ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR
OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS

1. This form statement is submitted to _____
by _____ for _____
(Print individual's name and title) (Print name of entity submitting sworn statement)
whose business address is _____
and if applicable its Federal Employer Identification Number (FEIN) is _____. If the entity has no FEIN,
include the Social Security Number of the individual signing this sworn statement.

2. I understand that "public entity crime," as defined in paragraph 287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any bid, proposal, reply, or contract for goods or services, any lease for real property, or any contract for the construction or repair of a public building or public work, involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misinterpretation.

3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in an federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.

4. I understand that "Affiliate," as defined in paragraph 287.133(1)(a), Florida Statutes, means:

1. A predecessor or successor of a person convicted of a public entity crime, or
2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

5. I understand that "person," as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or any entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. (Please indicate which statement applies.)

_____ Neither the entity submitting sworn statement, nor any of its officers, director, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

Issue Date: June 3, 2015

_____ The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime, but the Final Order entered by the Hearing Officer in a subsequent proceeding before a Hearing Officer of the State of the State of Florida, Division of Administrative Hearings, determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (attach a copy of the Final Order).

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THAT PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017 FLORIDA STATUTES FOR A CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

(Signature)

Sworn to and subscribed before me this _____ day of _____, 20____.

Personally known _____

Or produced identification _____ Notary Public-State of _____

_____ my commission expires _____
(Type of identification)

(Printed, typed or stamped commissioned
name of notary public)

Failure to sign or changes to this page shall render your bid non-responsive.

**CERTIFICATIONS REGARDING DEBARMENT, SUSPENSION AND OTHER
RESPONSIBILITY MATTERS**

The applicant certifies that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

Applicant Name and Address:

Application Number and/or Project Name:

Applicant IRS/Vendor Number: _____

Type/Print Name and Title of Authorized Representative:

Signature: _____ Date: _____

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DRUG-FREE WORKPLACE PROGRAM

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5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program (if such is available in the employee's community) by, any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of these requirements.

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

VENDOR'S SIGNATURE

PRINTED NAME

NAME OF COMPANY

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- Food or beverage,
- Membership dues,
- Entrance fees, admission fees, or tickets to events, performances, or facilities,
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As the person authorized to sign the statement, I certify that this firm will comply fully with this policy.

_____ SIGNATURE	_____ PRINTED NAME
_____ NAME OF COMPANY	_____ TITLE

Failure to sign this page shall render your bid non-responsive.

Issue Date: June 3, 2015

City of Hollywood, Florida
RFQ-4464-15-RL

REFERENCE QUESTIONNAIRE

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Lighthouse Utility Consulting

Giving reference for: _____

Firm giving Reference: DeSoto County, FL

Address: 2170 NE Roan Street, Arcadia, Florida 34266

Phone: (863) 491-7500

Fax: (863) 491-7506

Email: e.miller@desotobocc.com

1. Q: What was the dollar value of the contract?

A: \$30,080

2. Have there been any change orders, and if so, how many?

A: No

3. Q: Did they perform on a timely basis as required by the agreement?

A: Yes

4. Q: Was the project manager easy to get in contact with?

A: Yes

5. Q: Would you use them again?

A: Yes

6. Q: Overall, what would you rate their performance? (Scale from 1-5)

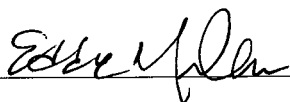
A: ☒ 5 Excellent ☐ 4 Good ☐ 3 Fair ☐ 2 Poor ☐ 1 Unacceptable

7. Q: Is there anything else we should know, that we have not asked?

A: No

The undersigned does hereby certify that the foregoing and subsequent statements are true and correct and are made independently, free from vendor interference/collusion.

Name: Eddie Miller Title: Utilities Director

Signature:  Date: 6/19/15

REFERENCE QUESTIONNAIRE

It is the responsibility of the contractor/vendor to provide a minimum of three (3) similar type references using this form and to provide this information with your submission. Failure to do so may result in the rejection of your submission.

Giving reference for: Jonathan Varnes

Firm giving Reference: DeKalb County, GA

Address: 1580 Roadhaven Dr, Stone Mountain GA 30083

Phone: 770-621-7243

Phone: _____

Fax: _____

Email: cvjoseph@dekalbcountyga.gov

1. Q: What was the dollar value of the contract?

A: \$25,000

2. Have there been any change orders, and if so, how many?

A: Yes - 1 is pending per client request

3. Q: Did they perform on a timely basis as required by the agreement?

A: Yes

4. Q: Was the project manager easy to get in contact with?

A: Yes

5. Q: Would you use them again?

A: Yes

6. Q: Overall, what would you rate their performance? (Scale from 1-5)

A: ☒ 5 Excellent ☐ 4 Good ☐ 3 Fair ☐ 2 Poor ☐ 1 Unacceptable

7. Q: Is there anything else we should know, that we have not asked?

A: None

The undersigned does hereby certify that the foregoing and subsequent statements are true and correct and are made independently, free from vendor interference/collusion.

Name: Carver Joseph Title: Manager, Finance
Dept. of Watershed Management

Signature:  Date: 6/22/2015

REFERENCE QUESTIONNAIRE

It is the responsibility of the contractor/vendor to provide a minimum of three (3) similar type references using this form and to provide this information with your submission. Failure to do so may result in the rejection of your submission.

Giving reference for: Jonathan Varnes

Firm giving Reference: City of Oviedo, FL

Address: 400 Alexandria Blvd, Oviedo, FL 32765

Phone: (407) 971-5544

Fax: _____

Email: jboop@cityofoviedo.net

1. Q: What was the dollar value of the contract?

A: Approx. \$48,000

2. Have there been any change orders, and if so, how many?

A: No

3. Q: Did they perform on a timely basis as required by the agreement?

A: Yes

4. Q: Was the project manager easy to get in contact with?

A: Yes, very much so.

5. Q: Would you use them again?

A: Absolutely

6. Q: Overall, what would you rate their performance? (Scale from 1-5)

A: ☒ 5 Excellent ☐ 4 Good ☐ 3 Fair ☐ 2 Poor ☐ 1 Unacceptable

7. Q: Is there anything else we should know, that we have not asked?

A: Jonathan was exceptional to work with on this contract.

The undersigned does hereby certify that the foregoing and subsequent statements are true and correct and are made independently, free from vendor interference/collusion.

Name: Jerry Boop Title: Finance Director

Signature:  Date: 6/22/15



Lighthouse Utility Consulting
Experience, Innovation & Insight

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