

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS**

**AGENDA ITEM SUMMARY**

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Meeting Date:	July 22, 2008	Consent <input checked="" type="checkbox"/>	Regular <input type="checkbox"/>
		Public Hearing <input type="checkbox"/>	

Submitted By:     Water Utilities Department  
Submitted For:     Water Utilities Department

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**I. EXECUTIVE BRIEF**

**Motion and Title:** Staff recommends motion to approve: Consultant Services Authorization No. 1 to the Contract with Mathews Consulting, Inc. (R2008-0529) for a Water, Wastewater and Reclaimed Water Rate Re-Design Study in the amount of \$180,840.

**Summary:** Consultant Services Authorization No. 1 with Mathews Consulting, Inc. provides for the completion of a Water, Wastewater and Reclaimed Water Rate Re-Design Study by the firm's sub-consultants, Environmental Financial Group and Howard Osterman. The current economic downturn coupled with recent water restrictions have resulted in a severe decrease in revenue for the Water Utilities Department. In April, 2008 the Board authorized a Water Restriction Surcharge be assessed to on-line services for the period of one year to allow time to develop a plan for restructuring of rates to respond to the changed conditions. This rate study is necessary to develop a recommendation for the restructuring of user rates and charges which will provide sufficient revenue to adequately fund utility expenses. The contract with Mathews Consulting, Inc. includes the Small Business Enterprises (SBE) participation goal of 55%, which exceeds the 15% goal established by Palm Beach County Ordinance (No. 2002-064). This Consultant Services Authorization includes 9.09% overall participation. The consultant's cumulative SBE participation, including this Authorization is 9.09% overall. (WUD Project No. 08-061) District 1, 2, 3, 5 and 6 (MJ)

**Background and Justification:** On April 1, 2008, the Board approved a contract for professional consulting engineering services with Mathews Consulting, Inc., (R2008-0529) to provide General Engineering Services. This Authorization provides for the development of a Water, Wastewater, and Reclaimed Rate Re-Design Study that will provide the basis for future recommendations for setting of user rates and charges.

**Attachments:**

1. Location Map
2. Two (2) Original Authorization No. 1

Recommended By:		6/19/08	
	Department Director	Date	

Approved By:		7/7/08	
	Assistant County Administrator	Date	

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2008	2009	2010	2011	2012
Capital Expenditures	<u>\$180,840.00</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
External Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
In-Kind Match County	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET FISCAL IMPACT	<u>\$180,840.00</u>				
# ADDITIONAL FTE POSITIONS (Cumulative)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Budget Account No.: Fund 4001 Dept 720 Unit 2322 Object 3120

Is Item Included in Current Budget? Yes X No Reporting Category N/A

### B. Recommended Sources of Funds/Summary of Fiscal Impact:

One time operating expense from user fees and balance brought forward.

C. Department Fiscal Review: Laura M West

## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Development and Control Comments:

Sturdlite 6-24-08  
OFMB  
CN 6/23/08

An J. Jones 6/25/08  
Contract Development and Control  
E Jones 6/25/08

### B. Legal sufficiency:

James C. Murphy 6/30/08  
Assistant County Attorney

**This item complies with current  
County policies.**

### C. Other Department Review:

\_\_\_\_\_  
Department Director

This summary is not to be used as a basis for payment.

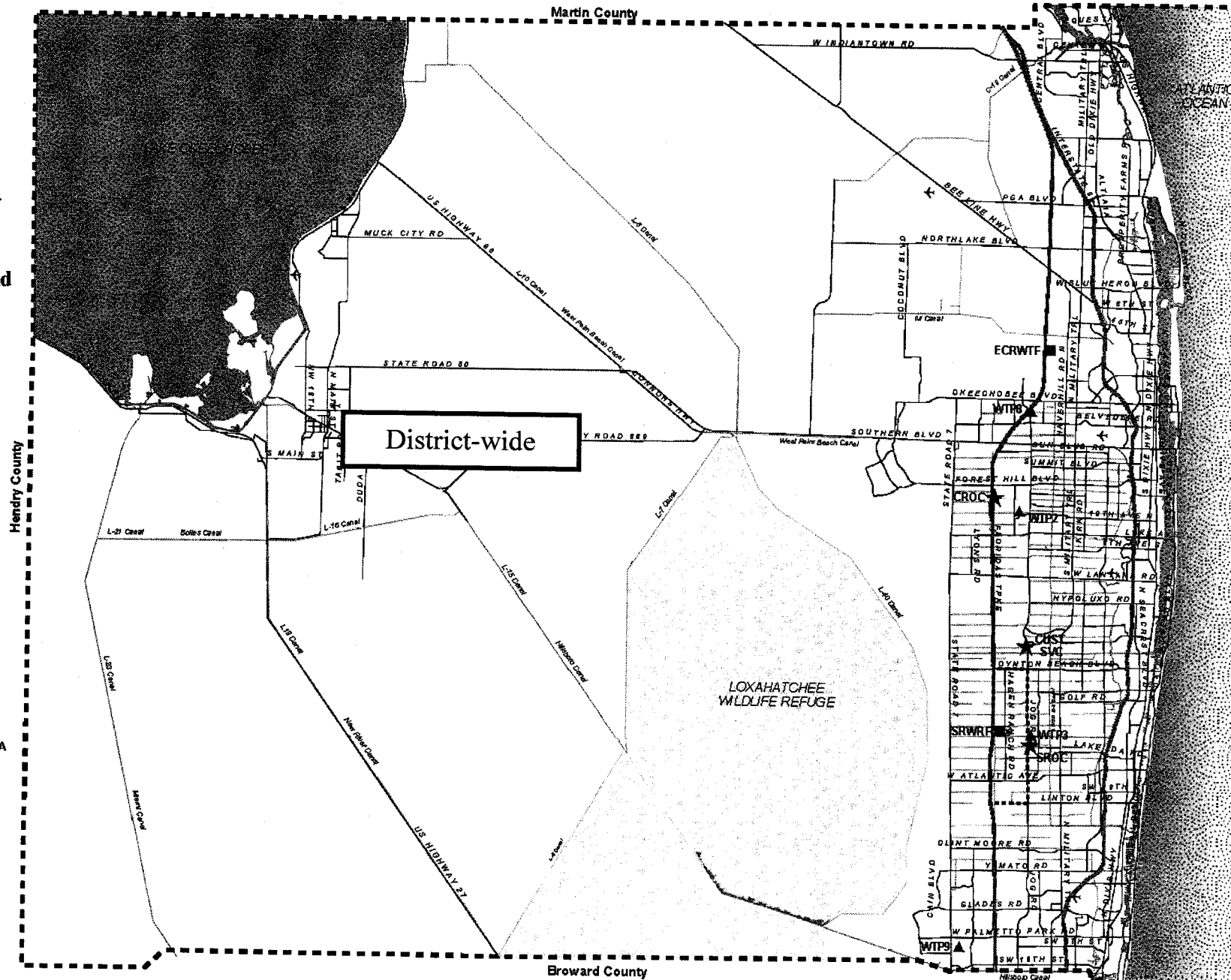


Palm Beach County  
Water Utilities  
Department  
Service Area (SA) and  
Major Facilities

Attachment 1

Legend

- P.B.C.W.U.D. SA
- MANDATORY RECLAIMED SA
- COUNTY LIMITS
- Administration
- Water Reclamation Plant
- Water Treatment Plant
- Wetlands



CONSULTANT SERVICES AUTHORIZATION NO. 1

Project No. WUD 08-061  
Budget Line Item No. 4001-720-2322-3120

Project Title 2009 Water, Wastewater and Reclaimed Water Rate Re-Design Study

District No.: District-Wide (Districts 1, 2, 3, 5 and 6)

THIS AUTHORIZATION # 1 to the Contract for Consulting/Professional Services dated April 1, 2008 with an effective date of June 2, 2008 (Resolution/Document R-2008-0529), by and between Palm Beach County and the Consultant identified herein, is for the Consultant Services described in Item 3 of this Authorization. The Contract provides for 55% SBE participation overall. This Consultant Services Authorization includes 9.09% overall participation. The cumulative SBE participation, including this authorization is 9.09% overall. Additional authorizations will be utilized to meet or exceed the stated overall participation goal.

1. CONSULTANT: Mathews Consulting, Inc.
2. ADDRESS: 1475 Centrepark Blvd., Suite 250, West Palm Beach, Florida 33401
3. Description of Services to be provided by the Consultant:  
Provide services related to the development of re-designed water, wastewater and reclaimed water rates.

See EXHIBIT "A".

4. Services completed by the Consultant to date:

See EXHIBIT "B" and "C".

5. Consultant shall begin work promptly on the requested services.
6. The compensation to be paid to the Consultant for providing the requested services shall be:
  - A. Computation of time charges plus expenses, not to exceed \$ XXX
  - B. Fixed price of \$ 180,840.00
7. This Authorization may be terminated by the County without cause or prior notice. In the event of termination not the fault of the Consultant, the Consultant shall be compensated for all services performed through the date of termination, together with reimbursable expenses (if applicable) then due.

PROJECT NO. WUD 08-061

AUTHORIZATION NO. 1

Budget Line Item No. 4001-720-2322-3120

8. EXCEPT AS HEREBY AMENDED, CHANGED OR MODIFIED, all other terms, conditions and obligations of the Contract dated April 1, 2008 with an effective date of June 2, 2008 remain in full force and effect.

IN WITNESS WHEREOF, this Authorization is accepted, subject to the terms, conditions and obligations of the aforementioned Contract.

**CONSULTANT:**

**PALM BEACH COUNTY  
A POLITICAL SUBDIVISION OF THE  
STATE OF FLORIDA  
BOARD OF COUNTY COMMISSIONERS  
OF PALM BEACH COUNTY, FLORIDA**

FIRM: MATHEWS CONSULTING, INC.

Signed: 

Typed Name: Rene L. Mathews, P.E.

Title: President

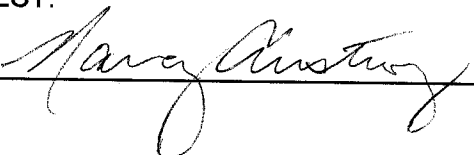
Date: 5-14-08

Addie Greene, Chairperson *BAG*  
*6/19/08*

**ATTEST:**

Sharon R. Bock, Clerk & Comptroller

**ATTEST:**



(Deputy Clerk)

**APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:**

(County Attorney)

## **EXHIBIT A**

### **CONSULTANT SERVICE AUTHORIZATION NO. 1**

#### **PALM BEACH COUNTY WATER UTILITIES DEPARTMENT ENGINEERING/PROFESSIONAL SERVICES**

#### **SCOPE OF WORK**

#### **2009 Water, Wastewater and Reclaimed Water Rate Re-Design Study**

### **INTRODUCTION**

Palm Beach County (COUNTY) entered into an agreement entitled Contract for Engineering/ Professional Services - Palm Beach County Water Utilities Department Project No. WUD 08-004 (CONTRACT) with. Mathews Consulting, Inc. (MC or CONSULTANT) to provide engineering services for various general activities on April 1, 2008 with an effective date of June 2, 2008 (Reference Document R-2008-0529). This Consultant Service Authorization will be performed under that CONTRACT.

This Consultant Services Authorization encompasses providing services related to the development of re-designed water, wastewater and reclaimed water rates.

### **BACKGROUND**

The Department would like MC, through its subconsultants Environmental Financial Group (EFG) and Osterman to undertake a study to re-design water, wastewater and reclaimed water rates ("Study"). The goals of the Study are as follows:

- Develop FY 2009 base facility and commodity fees for retail water and wastewater service. Focus on a permanent redesign of existing rates to emphasize the recovery of fixed and non-variable expenses in light of possibly permanent water restrictions and dramatic changes in customer behavior.
- Develop FY 2009 water and wastewater connection fees and guaranteed revenue fees.
- Develop FY 2009 reclaimed water rates and connection fees. Focus on the total cost of providing reclaimed water service and integrate cost allocations with water and wastewater services.
- Update the existing FY 2008 MS-Excel rate model that provides consistent cost of service documentation for various existing bulk service agreements as well as a tool to support ongoing discussions and negotiations related to new bulk service agreements. Integrate "off-peak" concepts into the model. Develop a clear process for routinely updating the model each year.
- Integrate forecasted renewal and replacement requirements into the new rate design, coordinating closely with ongoing asset management efforts.

## SCOPE OF SERVICES

The following tasks are proposed to achieve these goals, as follows.

**Task 1. Confirm Revenue Requirements and Operating Expenses** – Building on the work of the recent 2007 Comprehensive Rate Study and other studies, validate the projected 2009-2013 general level of rates without the water restriction surcharge. The EFG team will update the following detailed analyses of historical data:

1. Operating and non-operating expenses by object within each division/section.
2. Operating revenues, focusing on On-Line and Contractual Revenue (objects 4360, 4361, 4362, 4363, 4364, 4365 and 4370).
3. Various measures of "renewal and replacement" as currently defined.
4. Various alternative "renewal and replacement" measures that might be considered on an on-going basis.
5. An allocation of expenses between fixed and variable fractions.

Based on the above analyses of historical data, EFG shall update projections for budget year FY 2009 and a forecast period through FY 2013. Projections shall be developed for operating expenses, non-operating expenses, operating revenue, and reclaimed water (currently classified as non-operating revenue).

Level of Effort: A total of 24 hours is proposed to be expended for this task.

**Task 2. Update Analyses of Water and Wastewater Demands** –The EFG team shall conduct analyses of water and wastewater consumption for each customer class and for each rate tier within each class. For each analysis, EFG shall analyze and interpret trend information due to the 2007 rate increase and water restrictions. This information will be useful in examining potential changes to base fees. This data analysis will be used to explore and develop concepts related to an appropriate level of base facility fees.

Level of Effort: A total of 88 hours is proposed to be expended for this task.

**Task 3. Update Cost of Service Analysis and Bulk Rate Model** – The EFG team will completely revise the 2007 cost of service analysis, focusing on cost allocations between customer account, base facility, and commodity fees. It is anticipated that a Commodity-Demand cost of service methodology as defined in the AWWA M1 Manual will be used, modified to segregate customer account costs. The cost of service analysis will be expanded to include an analysis of the potable water rate tiers using the results of the data analysis described in Task 2 above. The analysis will also examine various modifications to the rate blocks. The analysis will be developed using MS-Excel.

The EFG team will also completely revise and update the bulk rate model first developed in 2005 and updated for the 2007 rate study. The model will be expanded to address off-peak rate concepts using cost of service methods. The model will be revised to facilitate efficient future updates. The analysis will be developed using MS-Excel.

**Data Requirements and Staff Support:** No additional data requirements have been identified.

Level of Effort: A total of 84 hours is proposed to be expended for this task.

**Task 4. Reclaimed Water Rates and Fees** – The EFG team will develop reclaimed water rates and connection fees. Alternative rate designs will be developed that allow for charging different rates if connection fees had also been paid.

Data Requirements and Staff Support: No additional data requirements have been identified.

Level of Effort: A total of 96 hours is proposed to be expended for this task.

**Task 5. Rate Design** – The EFG team will examine several alternative water, wastewater and reclaimed water rate designs. This is expected to be a collaborative effort involving key Department staff. The analysis will include options to: 1) re-define the first residential tier, 2) redesign residential tiers 2 and 3, 3) put greater emphasis on the base facility fee, and 4) capture a greater percentage of the cost of providing reclaimed water service from rates. The analysis will be developed using MS-Excel.

Data Requirements and Staff Support: No additional data requirements have been identified.

Level of Effort: A total of 56 hours is proposed to be expended for this task.

**Task 6. Water and Wastewater Connection and Guaranteed Revenue Fees** – The EFG Team will develop water and wastewater connection and guaranteed revenue fees reflecting 2990-2018 plans to expand system capacity. Alternate methods will be evaluated considering the replacement cost of system capacity and other concepts. Various payment timing proposals and plans will be reviewed and evaluated, as necessary.

Data Requirements and Staff Support: No additional data requirements have been identified.

Level of Effort: A total of 228 hours is proposed to be expended for this task.

**Task 7. Communications and Meetings** – The EFG team will assist in the development and implementation of a communications plan to present rate proposals to internal and external stakeholders. It is assumed that the following milestones will be part of such a communications plan. Part of the work of these meetings will be to facilitate close collaboration, review and concept development with key Department staff.

1. Kickoff Meeting with Department Staff
2. Periodic progress meetings with Department Staff
3. Two meetings with the Citizens' Advisory Board ("CAB")
4. Support for Department Staff at two County Commission meetings
5. Additional informal work sessions with Department staff and other internal stakeholders, as requested

Level of Effort: A total of 144 hours is proposed to be expended for this task. (Since this level of effort largely depends on the nature and scope of a communications effort that is

not yet fully defined, please consider this estimate to be an upper bound. As with the other tasks, only actual hours expended up to this amount will be invoiced.)

**Task 8. Document Analyses, Conclusions and Recommendations** – The EFG team will prepare workshop handouts, tabular summaries, and other documentation as necessary for discussions in the course of the Study. At the end of the Study, the EFG team will prepare a draft report. Based on comments from Department staff, EFG will prepare a final report. Multiple copies of the final report will be bound, including a color cover, color figures and multiple appendices presenting model runs, statistical analysis summaries, etc.

Level of Effort: A total of 84 hours is proposed to be expended for this task.

**COMPENSATION**

COUNTY agrees to pay MC a fee of \$180,840.00 for the scope of services to be invoiced under the payment terms and conditions of the CONTRACT by the lump sum method of payment. An approximate breakdown of the fee is shown in Attachment A.

**M/WBE PARTICIPATION**

As prescribed under Section 7.5 of the CONTRACT, M/WBE participation is included in Attachment B under this Authorization. The attached Schedule 1 defines the M/WBE participation.

<b>ATTACHMENT – A</b>	<b>Budget Summary</b>
<b>ATTACHMENT – B</b>	<b>Project Schedule</b>
<b>ATTACHMENT – C</b>	<b>M/WBE Schedules 1&amp;2</b>
<b>ATTACHMENT – D</b>	<b>Location Map</b>

**ATTACHMENT A**  
**CSA #1 - Water, Wastewater and Reclaimed Water Rate Re-Design Study**  
**Budget Summary**

Task No.	Task Description	Labor Classification and Hourly Rates									Sub-Consultant Total Labor
		Principal \$43.00	Senior Engineer \$37.00	Engineer \$29.00	Senior Designer \$27.00	Designer \$22.00	Resident Engineer \$32.00	Inspector \$25.00	Technical Typist \$15.00	Total Labor	
1	Confirm Revenue Requirements	0								\$0.00	\$4,800.00
2	Update Analysis of W, WW Demands	0								\$0.00	\$15,800.00
3	Update Cost of Service & Bulk Rate Model	0								\$0.00	\$15,300.00
4	Reclaimed Water Rates & Fees	0								\$0.00	\$17,600.00
5	Rate Design	0								\$0.00	\$10,600.00
6	W & WW Connection/Guaranteed Rev. Fees	0								\$0.00	\$45,500.00
7	Communications and Meetings	0								\$0.00	\$37,200.00
8	Document Analysis, Conclusions	0								\$0.00	\$17,600.00
	Labor Subtotal Hours	0	0	0	0	0	0	0	0		\$164,400.00
	Labor Raw Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	
	Labor Multiplier	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0		
	Labor Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	
	Labor Total Costs	\$0									
	Subconsultant Costs Total	\$164,400									
	Subconsultant Multiplier	1.1									
	Subconsultant Total	\$180,840.00									
	Reimbursable Expenses	\$0									
	Project Total	\$180,840.00									

	EFG Hours <sup>1</sup>	Osterman Hours <sup>1</sup>	Total Labor Cost	Other Direct Costs <sup>2</sup>	Total
Task 1 - Revenue and Expense Analysis	12	12	\$ 4,800	\$ -	\$ 4,800
Task 2 - Demand Analysis	80	8	\$ 15,800	\$ -	\$ 15,800
Task 3 - Cost of Service and Bulk Rate Analysis	72	12	\$ 15,300	\$ -	\$ 15,300
Task 4 - Reclaimed Water Rates and Fees	80	16	\$ 17,600	\$ -	\$ 17,600
Task 5 - Rate Design	40	16	\$ 10,600	\$ -	\$ 10,600
Task 6 - Water and Wastewater Connection and Guaranteed Reveue Fees	156	72	\$ 43,500	\$ 2,000	\$ 45,500
Task 7 - Communications and Meetings	64	80	\$ 29,200	\$ 8,000	\$ 37,200
Task 8 - Documentation	64	24	\$ 16,600	\$ 1,000	\$ 17,600
TOTALS	568	240	\$ 153,400	\$ 11,000	\$ 164,400

<sup>1</sup> All services will be provided by Scott Harder and Howard Osterman. Reflects an hourly rate of \$175.00 for Scott Harder and \$225.00 for Howard Osterman.

<sup>2</sup> Other direct costs include travel to South Florida on four occasions plus report printing.

## ATTACHMENT - B

### PROJECT SCHEDULE

#### SCHEDULE

The schedule for conducting the engineering services (starting from CONSULTANT'S receipt of Notice-to-Proceed) shall be as follows.

The MC team is prepared to work on a flexible schedule for this Study, depending on Department needs. Cognizant of the FY 2009 budgeting process, need to discuss study recommendations with the CAB on two occasions, and provide time for additional internal discussions, the following schedule is proposed as a starting point.

#### Financial Services

#### Completion Date

- |   |                       |
|---|-----------------------|
| • Kick-off Meeting and Initial data collection and analysis   | May 2008              |
| • Staff meetings on rate design concepts, reclaimed water rates, inclining block rates, renewal and replacement, and 2009 revenue requirements (mid-course corrections) | June - September 2008 |
| • Staff meeting on preliminary rate recommendations   | September 2008        |
| • Draft report  | October 2008          |
| • Final report  | December 2008         |

**ATTACHMENT C**

**SCHEDULE #1**

**LIST OF PROPOSED SBE-M/WBE PRIME/SUBCONTRACTORS**

PROJECT NAME: 2009 W, WW, Reclaimed W Rate Re-Design PROJECT NUMBER: WUD 08-061

NAME OF PRIME BIDDER: Mathews Consulting, Inc. ADDRESS: 1475 Centrepark Blvd., #250, West Palm Beach, FL 33401

CONTACT PERSON: Rene L. Mathews PHONE NO. 561-478-7961 FAX NO. 561-478-7964

BID OPENING DATE: N/A DEPARTMENT Water Utilities

PLEASE IDENTIFY ALL APPLICABLE CATEGORIES							
Name, Address and Telephone Number of Minority Contractor	(Check one or both Categories)						Dollar Amount
	Minority Business	Small Business	Black	Hispanic	Women	Caucasian	Other (Please Specify)
Mathews Consulting, Inc. 1475 Centrepark Blvd., Ste. 250 West Palm Beach, FL 33401	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	\$	\$	\$ 16,440.00	\$	\$
	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	\$	\$	\$
	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	\$	\$	\$
	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	\$	\$	\$
	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	\$	\$	\$
	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$	\$	\$	\$
PRIME CONTRACTOR TO COMPLETE:	TOTAL		\$ -	\$ -	\$ 16,440.00	\$ -	\$ -
BID PRICE: <u>\$ 180,840.00</u>	Total Value of SBE Participation:		\$ 16,440.00				

NOTE:

1. The amount listed on this form for a Subcontractor must be supported by price or percentage included on Schedule 2 or a proposal from each Subcontractor listed in order to be counted toward goal attainment.
2. Firms may be certified by Palm Beach County as an SBE and/or an M/WBE. If firms are certified as both an SBE and M/WBE, please indicate the dollar amount under the appropriate category.
3. M/WBE information is being collected for tracking purposes only.

**PALM BEACH COUNTY  
OFFICE OF SMALL BUSINESS ASSISTANCE**

CERTIFIES THAT

**MATHEWS CONSULTING, INC.**

**VENDOR #MATH0012**

*is a Small/Women Business Enterprise as prescribed by section 2-80.21 – 2-80.35 of the Palm Beach County Code for a three year period from August 10, 2007 to August 9, 2010.*


The following Services and/or Products are covered under this certification:

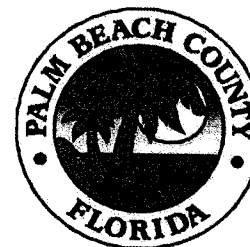
**Engineering Services, Professional  
Civil Engineers  
Engineering Services, Waste Water Treatment  
Environmental Engineers  
Environmental Permitting**

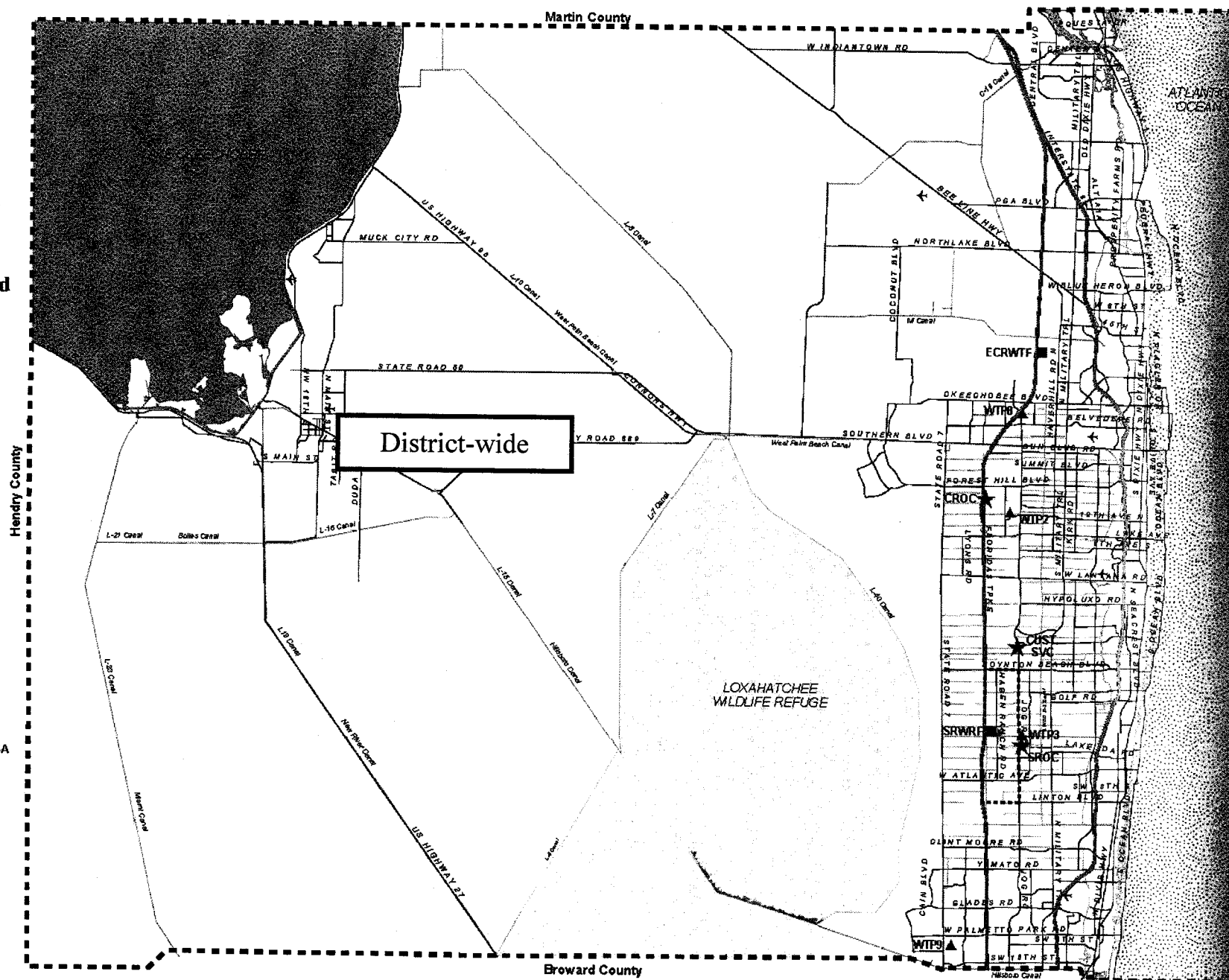
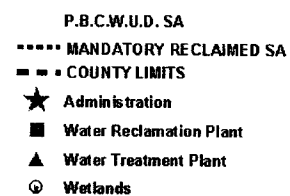
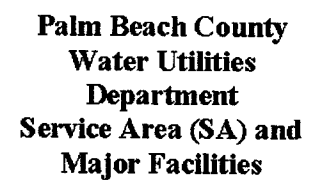
**Palm Beach County Board of County Commissioners**

Addie L. Greene, Chairperson  
Jeff Koons, Vice Chair  
Karen T. Marcus  
Mary McCarty  
Burt Aaronson  
Jess R. Santamaria  
Robert J. Kanjian

**County Administrator**  
Robert Weisman  
**Deputy County Administrator**  
Verdenia C. Baker

  
**Hazel Oxendine, Director**





**AUTHORIZATION STATUS REPORT**  
**GENERAL UTILITY, ARCHITECTURAL AND VALUE ENGINEERING SERVICES**

[illegible]

## EXHIBIT - C

### AUTHORIZATION STATUS REPORT GENERAL UTILITY, ARCHITECTURAL AND VALUE ENGINEERING SERVICES

#### SUMMARY OF SMALL BUSINESS TRACKING SYSTEM

		Total
<b>Current Proposal</b>		
Value of this Authorization		\$180,840.00
Value of SBE Letters of Intent		\$16,440.00
Actual Percentange		9.09%
<b>Signed Authorizations</b>		
Total Value of Authorizations		\$0.00
Total Value of SBE Signed Subcontracts		\$0.00
Actual Percentage		0.00%
<b>Signed Authorizations Plus Current Proposal</b>		
Total Value of Authorizations		\$180,840.00
Total Value of Subcontracts & Letters of Intent		\$16,440.00
Actual Percentage		9.09%
<b>Goal</b>		<b>55%</b>