

August 18, 2022

Mr. Geovanne Neste
Finance Director
City of Hallandale Beach
400 South Federal Highway
Hallandale Beach, FL 33009

Subject: **Amendment to Rate Study Contracts**

Dear Mr. Neste:

Raftelis Financial Consultants, Inc. ("Raftelis") was engaged by the City of Hallandale Beach, Florida (the "City") to perform a water, wastewater, and stormwater rate study, which was dated November 5, 2021.

Based on our recent discussion, the City wishes to revise the scope to implement the proposed rate changes in two phases. In the first step "across-the-board" or system-wide rate increase will be recommended for both the water and wastewater rate study and the stormwater rate study. These recommendations will be presented to the City Council in a public hearing in September 2022. The across-the-board rate increase will be adopted effective October 1, 2022. In the subsequent phase, proposed rate structure changes for both the water and wastewater rates and the stormwater rates will be recommended for Fiscal Year 2024 through Fiscal Year 2027. The recommended rate structure changes will be based on the cost of providing service and industry standard utility rate application methods. A primary reason for deferring the rate structure changes to a subsequent project phase is to allow time for proper rate implementation using the City's new billing software and to ensure that such newly proposed structures can be feasibly implemented.

The anticipated water and wastewater rate structure changes include a provision for the monthly base charge that increases as the meter size increases to reflect the additional capacity reserved for serving larger meters. Currently, the City has a single monthly base charge for all accounts.

For the stormwater rate study, an alternative rate structure based on impervious area measurements and the equivalent residential billing unit ("ERU") concept, which reflect current industry standards will be developed. To develop the stormwater rate alternative, the stormwater rate study scope is intended to measure the impervious area of a sample of 600 single-family parcels and all the multi-family and commercial parcels to support the implementation of the ERU billing concept and allow the City to establish appropriate billing data for each multi-family and commercial account within in the new billing software.

The original stormwater rate study scope allowed time for 1,050 multi-family and 800 commercial parcels to be measured based on the estimated number of accounts. Measurement efforts to date have identified a substantial number of accounts with multiple parcels aggregated within a single account. To properly complete the multi-family and commercial measurement effort to support the alternative rate design and associated billing data approximately 900 additional parcels need to be measured.

Based on the change in the water, wastewater, and stormwater study scopes to implement the two-phase rate adoption process, additional stormwater project efforts related to additional parcel measurement as discussed above, and the billing rates provided for in the initial agreement, we propose to establish a not-to-exceed budget for additional services of \$20,150 for the water and wastewater rate study and \$23,600 for the stormwater rate study as shown on Attachment A.

A summary of the request for amending the rate study contracts is shown below:

Water and Wastewater Rate Study:

Original Contract Cost	\$50,000.00
Proposed Contract Amendment	20,150.00
Amended Contract Cost	<u>70,150.00</u>

Stormwater Rate Study:

Original Contract Amount	\$57,250.00
Proposed Contract Amendment – Impervious Area Measurements	20,000.00
Proposed Contract Amendment – Rate Phasing	3,600.00
Amended Contract Cost	<u>\$80,850.00</u>

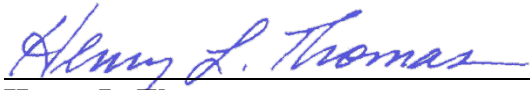
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We appreciate the opportunity to submit this request to amend our contract and hope that the City determines that this request is reasonable based on the additional project tasks contemplated to revise the scope of the original study. If you have any questions or comments regarding the cost estimates relative to performance of the services as included herein, please do not hesitate to call. Again, thank you for this opportunity and we look forward to maintaining our long-term working relationship with the City.

Respectfully submitted,
Raftelis Financial Consultants, Inc.

ACCEPTED BY:
City of Hallandale Beach, Florida



Henry L. Thomas
Vice President

Name

Title

Date

HLT/dlc
Attachments

ATTACHMENT A

City of Hallandale Beach, Florida

Project Cost Estimate - Water and Wastewater Rate Study- Additional Services

Line No.		Project Manager/ Principal-in-Charge	Supervising Consultant	Consultant	Totals
1	Project Staff Billing Rates (\$/Hr.)	\$250.00	\$195.00	\$115.00	
	<u>Utility Rate Study - Water and Sewer</u>				
2	Data Gathering and Compilation Activities / Follow Ups	0	8	0	8
3	Customer Billing Data Analysis	0	8	40	48
4	Capital Funding Analysis	4	16	0	20
5	Water and Wastewater Rate Design	2	8	16	26
6	On-Site Meetings for Staff Review and Council	12	0	0	12
7	Project Management	4	2	0	6
8	Total Hours	22	42	56	120
9	Direct Labor Cost	\$5,500	\$8,190	\$6,440	\$20,130
10	Rounding				\$20
11	Total Project Cost				\$20,150

ATTACHMENT A

City of Hallandale Beach, Florida

Project Cost Estimate - Stormwater Rate Study - Property Digitization Additional Services

Line No.		Project Manager/ Principal-in-Charge	Supervising Consultant	Rate Consultant	GIS Analyst	Admin.	Totals
1	Project Staff Billing Rates (\$/Hr.)	\$250.00	\$195.00	\$115.00	\$75.00	\$70.00	
	<u>Stormwater Rate Study</u>						
2	Task 1 - Additional Property Digitization	4	3	16	180	0	203
3	Task 2 - Aggregation and Account Matching	4	0	18	0	0	22
4	Project Management	0	0	0	0	0	0
5	Total Hours	8	3	34	180	0	225
6	Direct Labor Cost	\$2,000	\$585	\$3,910	\$13,500	\$0	\$19,995
7	Report Covers / Reproduction Expenses						\$5
8	Telephone						\$0
9	Total Project Cost						\$20,000

ATTACHMENT A

City of Hallandale Beach, Florida

Project Cost Estimate - Stormwater Rate Study - Phasing Approach Additional Services

Line No.		Project Manager/ Principal-in-Charge	Supervising Consultant	Rate Consultant	GIS Analyst	Admin.	Totals
1	Project Staff Billing Rates (\$/Hr.)	\$250.00	\$195.00	\$115.00	\$75.00	\$70.00	
	<u>Stormwater Rate Study</u>						
2	Task 1 - Additional Meetings and Analysis	4	12	0	0	0	16
3	Total Hours	4	12	0	0	0	16
4	Direct Labor Cost	\$1,000	\$2,340	\$0	\$0	\$0	\$3,340
5	Report Covers / Reproduction Expenses						\$260
6	Telephone						\$0
7	Total Project Cost						\$3,600