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June 25, 2012

Via Email Transmission

Jay Gewin
Utilities Manager
City of Key West
3140 Flagler Ave.
Key West, FL 33040

Re: City of Key West – Proposal for Stormwater and Solid Waste Assessment Programs Transitional Services

Dear Jay,

This correspondence is written to present a proposal for Government Services Group, Inc. (GSG) to provide assistance to the City of Key West (City) and its staff with the transition of the City's existing special assessment programs to fund stormwater and solid waste services to the tax bill collection method for Fiscal Year 2013-14. Attached as Appendix A is the scope of work and the fees required by GSG to assist the City with the transition of the City's existing special assessment programs to fund stormwater and solid waste services in a manner that is conducive to the imposition and collection of the assessments pursuant to the Uniform Method of collection in section 197.3632, Florida Statutes.

The scope of services under which GSG will assist the City is based on the following assumptions:

- GSG will utilize the City's existing apportionment methodologies as the basis for the assessment programs.
- The solid waste assessment program includes only residential properties.
- GSG will utilize the City's existing utility billing database as the preliminary database for City properties within the assessment programs based on these additional assumptions:
 - The City has the utility account numbers assigned to specific buildings that correlate to buildings contained on the ad valorem tax roll (i.e., utility account numbers can be tied to each building on a parcel and the utility accounts contain parcel identification numbers from the ad valorem tax roll).
 - GSG will not be responsible for any assignment of parcel identification numbers to utility accounts or vice versa (if required).
- The City has aggregated the impervious area used to calculate the stormwater billing units and/or the stormwater billing units to each parcel identification number.
- The City will provide personnel to conduct any field work necessary to ensure complete data for the utility accounts and/or ad valorem tax roll.

For services provided by GSG, we will work under a lump sum professional fee arrangement described in Appendix A and receive payment pursuant to the schedule in Appendix A. A lump sum method of compensation eliminates any uncertainty in the total fee.

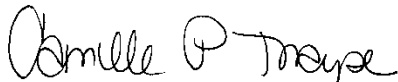
Please note that all costs associated with the implementation of these assessment programs using the tax bill collection method are recoverable in the respective assessment program's annual assessment rates including but not limited to: (1) the professional fees for this scope of services, (2) the collection costs for the tax bill collection method and (3) the notice costs.

The professional fees required to assist the City with the transition of the City's existing special assessment programs to fund stormwater and solid waste services to the tax bill collection method for Fiscal Year 2013-14 do not include litigation defense services. However, we do all of our work with an eye on potential legal challenges in an attempt to maximize both the efficiency and the effectiveness of any defense. In the event there is a challenge, we would be available, on an hourly basis, to assist the City in its defense.

Please review the attached scope of services; and upon review and satisfactory determination, please sign where indicated on Appendix A to acknowledge acceptance of the scope of services and to serve as proper notice to proceed. Upon execution, please provide us with a signed copy for our files.

If you have any questions, please do not hesitate to contact me. We look forward to working with the City of Key West on this very important project

Sincerely,

A handwritten signature in black ink that reads "Camille P. Tharpe". The signature is written in a cursive, flowing style.

Camille P. Tharpe
Senior Vice President

CPT/

Enclosures

Appendix A

STORMWATER AND SOLID WASTE ASSESSMENT PROGRAMS
TRANSITIONAL SERVICES
FISCAL YEAR 2013-14

Scope of Services

- Task 1: Create Preliminary Assessment Roll** For both the stormwater and solid waste services assessment programs, GSG will create the preliminary assessment rolls for use in the recurring annual assessment programs using the ad valorem tax roll information and the City's existing utility billing database (that includes parcel identification numbers). GSG will identify unique properties needing further research for inclusion or exclusion on the assessment rolls. Using the utility billing system and ad valorem tax roll, GSG will assist the City with adding any delinquent assessments to the Fiscal Year 2013-14 preliminary assessment rolls.
- Task 2: Calculate Preliminary Proforma Schedule of Rates** For both the stormwater and solid waste services assessment programs, GSG will calculate a proforma schedule of rates based on the existing apportionment methodologies and preliminary assessment rolls to ensure that the City recovers the costs of: (a) service delivery revenue requirements, (b) implementing the programs and (c) collecting the assessments.
- Task 3: Assist With Legal Documents** For both the stormwater and solid waste services assessment programs, GSG will advise and assist the City's legal counsel in drafting any required revisions to the ordinance(s). GSG will also assist the City's legal counsel in drafting initial and final assessment resolutions that conform to the ordinance(s) and that implement the City's policy decisions, proposed methodologies and annual assessment rates.
- Task 4: Assist with Rate Adoption Process** For both the stormwater and solid waste services assessment programs, GSG will advise and assist with fulfilling the legal requirements for the adoption of the final assessment rate resolutions and certification of the assessment rolls in accordance with section 197.3632, Florida Statutes, including:
- (a) **Produce Notice/TRIM Rolls** After verification of rates for the assessment programs, GSG will create the notice/TRIM rolls by applying the rates to the assessment rolls.
 - (b) **Distribution of First Class Notices** GSG will develop the first class notices and distribute to any affected property owners (only if required).
- Task 5: Create Final Assessment Rolls** For both the stormwater and solid waste services assessment programs, GSG will update the assessment rolls with any corrections and updates received from the City. Final rates will be verified and extended to the updated data in order to create the final assessment rolls. The final rolls will be provided to the City.
- Task 6: Certify, Export and Transmit the Final Assessment Rolls in Conformance with Uniform Method** For both the stormwater and solid waste services assessment programs, using the final assessment rolls, GSG will prepare export files on compatible electronic medium capable of merger with the ad valorem tax roll files and will transmit the files to the Tax Collector in the prescribed format.

FEES AND COSTS

For the professional services and specialized assistance described in this Scope of Services for the Stormwater Assessment program, GSG will work under a lump sum fee arrangement of \$14,500. For the professional services and specialized assistance described in this Scope of Services for the Solid Waste Assessment program, GSG will work under a lump sum fee arrangement of \$12,500.

The fees for professional services include two on-site visits by GSG staff to the City. Any additional on-site meetings may be arranged at our standard hourly rates provided below. All expenses related to additional on-site meetings will be billed in accordance with section 112.061, Florida Statutes. If necessary, in lieu of on-site visits, periodic telephone conference calls may be scheduled to discuss project status.

The standard hourly rates for GSG are as follows:

GOVERNMENT SERVICES GROUP, INC.

Cc555555555555yh Chief Executive Officer.....	\$225
Senior Vice President	\$175
Vice President.....	\$160
Senior Project Manager/Consultant/Project Coordinator	\$160
Consultant/Database Analyst/Technical Services.....	\$130
Administrative Support.....	\$ 50

The lump sum fee does not include the costs of producing and mailing the statutorily required first class notices. Mailing and production costs depend on the number of assessable parcels of property within the assessment program area, but average approximately \$1.31 per parcel. If mailed as separate notices, the approximate costs of mailing the stormwater notices would be \$17,292 (approximately 13,200 parcels x \$1.31) and the approximate costs of mailing the solid waste notices would be \$15,630 (approximately 11,930 parcels x \$1.31) for a total approximate cost of \$32,922.

In order to recognize potential “economies of scale” in working on multiple programs simultaneously, the first class notice costs will be adjusted should the notices include more than one assessment program. If GSG is able to consolidate the stormwater and solid waste notices for parcels included in both assessment programs and create a two-sided notice, the costs for producing and mailing the combined notices will be \$2.15 per parcel for the parcels with both assessment programs and \$1.31 per parcel for the parcels with just one assessment program for a total approximate cost of \$27,314 (11,930 parcels x \$2.15 plus 1,270 parcels x \$1.31). For non-domestic notices, mailing charges will include the actual amount of postage beyond the domestic rate and if U.S. postage rates increase prior to mailing, the additional postage per notice will be charged. Payment of mailing and production costs is due at the time of adoption of the preliminary assessment resolutions or like document.

The City is responsible for any and all newspaper publications, including, but not limited to, making arrangements for publications and any costs associated therewith. The City is also responsible for any costs incurred to obtain information from the property appraiser or other public officials that is necessary for the assessment programs.

Please note that GSG works with the premise of developing and implementing assessment programs with an eye on potential legal challenges in an attempt to maximize both the efficiency and the effectiveness of any defense. Nonetheless, the fees outlined above for professional services do not include any provision for litigation defense. Accordingly, in the event there is a legal challenge, GSG would be available, on an hourly basis, to assist the City in its defense.

After Fiscal Year 2013-14, the City will need to implement procedures for the annual recurring assessment programs. The procedures must: (a) update and maintain the assessment rolls to correlate with the changes to the ad valorem tax roll; (b) make corrections as they are identified by the property owner, City staff or the property appraiser; (c) facilitate the public notice requirements of the tax bill collection method including notice to property owners with property use changes; and, (d) be conducive to the creation of new assessment rolls each year for certification to the Monroe County Tax Collector. Accordingly, to assist the City in the annual maintenance tasks for the Stormwater Assessment program, GSG will work under a lump sum fee arrangement of \$9,000 per year. To assist the City in the annual maintenance tasks for the Solid Waste Assessment program, GSG will work under a lump sum fee arrangement of \$6,000 per year. However, if the City agrees to a three-year contract, the fees for both annual assessment programs will be reduced by approximately 15 percent or \$7,500 per year for the Stormwater Assessment program and \$5,000 per year for the Solid Waste Assessment program.

PRELIMINARY SCHEDULE

Event	Schedule
Notice to Proceed	By August 2012
Utility Billing Account to Tax Roll Correlation	August – October 2012
Create Fiscal Year 2013-14 Assessment Rolls	September – October 2012
Assist with Notice of Intent Resolution Process	October – December 2012
Calculate Proforma Assessment Rates	December 2012
Assist with Ordinance Revisions	January – May 2013
Assist with Preliminary Assessment Resolutions	January – May 2013
Assist with TRIM or First Class Notices	March - August 2013
Assist with Published Notices	March - August 2013
Assist with Final Assessment Resolutions	April - September 2013
Certify Fiscal Year 2013-14 Assessment Rolls	by September 15, 2013

PAYMENT SCHEDULE

The fees for professional services will be due and payable, based on the following schedule and assuming that notice to proceed is received by August 2012. If notice to proceed occurs after this date, the payment schedule will be condensed over the anticipated number of months remaining to complete the project.

Payment Due	Percent of Total	Amount Due
October 2012	25% of professional services fee	\$ 6,750.00
January 2013	25% of professional services fee	\$ 6,750.00
May 2013	25% of professional services fee	\$ 6,750.00
September 2013	25% of professional services fee	\$ 6,750.00
Total		\$27,000.00

APPENDIX A – STORMWATER AND SOLID WASTE ASSESSMENT PROGRAM TRANSITIONAL SERVICES: ACCEPTED AND AGREED TO FOR FISCAL YEAR 2013-14:

BY: _____ DATE _____
CITY OF KEY WEST **DATE**