

Task Order: 01-2018-SW
Solid Waste Rate Study for FY2019
City of Key West, Florida

1. Authorization to Proceed

The execution of this Task Order by the City of Key West, Florida (the “City”) or receipt of a purchase order for the compensation in the amount detailed in Section 6 will establish permission for Arcadis to proceed with the scope of work detailed herein.

The parties agree that the Task Order presented herein shall be performed based on the terms and conditions established in the Master Agreement to Furnish Financial and Other Consulting Service (“Master Agreement”) made effective May 2015 between the City and Arcadis.

2. Scope of Work

Arcadis will update the Solid Waste Rate Model to complete the engagement detailed herein. The Solid Waste Rate Model will be updated in Microsoft Excel using information from the City’s existing model and information provided by the City to reflect current revenue forecasts, operating and capital cost projections, and develop the appropriate rate increase recommendation required for FY 2019. Arcadis, with support from our subconsultant, Raftelis Financial Consultants, Inc., will prepare a 5-year forecast of Solid Waste rates for the period starting in FY 2019 and ending in FY 2023. The following Tasks will be completed:

2.1 Initial Kickoff Meeting

We will facilitate an initial kickoff meeting held via teleconference to discuss the rate model changes anticipated to be made. Prior to the kickoff meeting, we will issue an Initial Data Request, which will provide a summary of the information requirements for the project as well as the preferred format for such data/information.

2.2 Update Billing Information

We will incorporate the last 12-months of historical billing information and the forecast of Solid Waste customers over the forecast period as provided by the City into the existing Solid Waste rate model. Upon receiving the forecast of Solid Waste customers over the forecast period, the forecast will be reviewed for reasonableness and will be incorporated into the City’s Solid Waste rate model.

We will rely on Solid Waste billing information provided by the City. The format of the billing information to be provided will be detailed in the Initial Data Request.

2.3 Prepare Revenue Forecast

Upon incorporating the billing information into the Solid Waste rate model, forecasted revenues under existing rates will be calculated. The estimation of revenues under existing rates will provide an understanding of the expected levels of Solid Waste revenues under existing rates and an understanding of the expected levels of Solid Waste revenues based on the existing and future anticipated Solid Waste customers.

2.4 Forecast Operating and Maintenance Expenses

We will incorporate the budgeted operating and maintenance (“O&M”) expenses for FY 2018 and FY 2019 as provided by the City for collection-, recycling-, disposal-, and administrative-related expenses. A forecast of O&M expenses will be prepared for the five-year forecast period. Expenses will be escalated based on cost indices, such as the Engineering-News Record construction cost index and the Consumer Price Index.

2.5 Incorporation of the Capital Improvement Plan

We will incorporate the City’s maintenance and capital improvement plan (“CIP”) as provided by the City to determine the financial implications of funding the plan over the forecast period. Arcadis will work with the City to incorporate the most appropriate funding approach into the rate model.

2.6 Develop and Update Financial Plan

A baseline financial forecast and financial plan will be developed upon updating the Solid Waste rate model with historical cost data and forecast assumptions. The financial plan will identify the rate revenues required to cover the anticipated Solid Waste utility revenue requirements over the five-year forecast period, and will assess the ability of the City to maintain acceptable levels of cash reserves. In addition, the financial plan will identify the Solid Waste rates and rate adjustments that may be necessary to maintain a sound financial position. Up to three financial plan scenarios will be developed for City consideration.

2.7 Present Rate Recommendation

We will present the proposed financial plan and Solid Waste rate recommendations to the City Commission for their consideration, and be available to answer Solid Waste rate-related questions. Participation at one City Commission meeting has been budgeted.

2.8 Document the Rate Recommendation and Provide Updated Solid Waste Rate Model

We will document the Solid Waste rate recommendations in a summary report, which will be in the form of a Microsoft PowerPoint presentation that will be provided to the City Commission. In addition, we will provide the City with the Solid Waste rate model at the completion of the project.

2.9 Limitation of the Scope of Work

In the completion of the rate study for the City, Arcadis is (a) not recommending any action regarding municipal financial products or the issuance of municipal securities; (b) is not acting as a registered municipal advisor to the City and does not owe a fiduciary duty to the City pursuant to Section 15B of the Securities Exchange Act of 1934, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, with respect to the information and material that will be prepared in connection with this scope of work. The City should discuss any information and material prepared in connection with this scope of work with any and all internal or external registered municipal advisors that it deems appropriate before acting on this information and material.

3. Summary of Deliverables

The following deliverables are associated with this project.

- An initial kickoff meeting to discuss rate model changes for the upcoming fiscal year;
- An Initial Data Request to be provided prior to the kickoff meeting;
- Update of the Solid Waste Rate Model; and
- A presentation of the Solid Waste Rate Study results to the City Commission.

We have assumed one trip to the City for the presentation of the Solid Waste Rate Study results to the City Commission. If more than one visit to the City or additional analysis beyond the scope identified above is required and requested by the City, Arcadis will provide on a time-and-expense basis at an additional cost.

4. City Responsibilities

The City will provide the necessary data and information to complete this scope of work in a timely manner, including customer, financial, and CIP data, and any other information that may be deemed necessary to complete the study.

5. Schedule

It is anticipated that the work will be completed in an expedited time frame that corresponds with the City's budget adoption process.

6. Cost of the Project

Arcadis proposes to complete the rate study scope of work for a lump sum, fixed fee of \$21,440 including an added allowance of \$1,800 for other direct costs. We will bill the City monthly based on the percent of project completion.

The budget estimate for this effort is summarized below:

Description	Rate	Hours	Total
Arcadis - Contract Management and Project Execution			
PM / Principal Consultant	\$290	28	\$ 8,120
Senior Consultant	\$180	50	9,000
Administrative Support	\$100	2	200
Other Direct Costs			900
(travel, postage, printing, supplies, etc.)			
Raftelis - Deliverable Review			
VP / Principal Consultant	\$290	8	\$ 2,320
Senior Consultant	\$200		-
Administrative Support	\$75		-
Other Direct Costs			900
(travel, postage, printing, supplies, etc.)			
Total			\$ 21,440

If this scope of work and cost estimate is acceptable to the City, please accept and sign this task order below, and provide an executed copy to Ms. Leah Torres at leah.torres@arcadis.com.

City of Key West

By: _____

Title: _____

Signature: _____

Date: _____

Arcadis

By: Leah (Richter) Torres

Title: Associate Vice President

Signature: Leah H. Torres

Date: March 12, 2018