

RESOLUTION NO. 1480

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF FIFE, PIERCE COUNTY, WASHINGTON
AUTHORIZING EXECUTION OF A CONTRACT
WITH FINANCIAL CONSULTING SOLUTIONS
GROUP, INC. A SEWER RATE STUDY AND
WATER COMPREHENSIVE PLAN UPDATE**

WHEREAS, in order to insure that the City has a sufficient revenue stream to fund future sewer utility operating and maintenance costs, and capital improvement needs, it is necessary to develop a ten year revenue requirement forecast to determine annual rate revenue needs; and

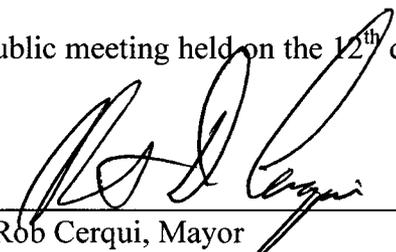
WHEREAS, in accordance with the City's water comprehensive plan policies, it is necessary to document the water utility's financial condition and assess its ability to support the recommendations of the water comprehensive plan; and

WHEREAS, Financial Consulting Solutions Group, Inc. ("FCSG") has been deemed to be the firm most qualified to provide sewer rate study and water comprehensive plan update services to the City; and

WHEREAS, City Staff has negotiated a scope of work and contract with FCSG for the provision by FCSG of such services as set forth in Exhibit A attached hereto; now therefore

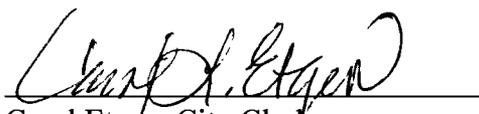
BE IT RESOLVED that the Council hereby authorizes the City Manager to execute a contract with FCSG for sewer rate study and water comprehensive plan update services in the form attached hereto as Exhibit A, in the amount not to exceed \$53,780.

ADOPTED by the City Council at an open public meeting held on the 12th day of June, 2012.



Rob Cerqui, Mayor

Attest:



Carol Etgen, City Clerk

CITY OF FIFE PROFESSIONAL SERVICES AGREEMENT

1. Parties and Date. THIS Agreement is made effective as of the ____ day of _____, 2012, by and between:

CITY OF FIFE, WASHINGTON ("CITY")

5411 23rd Street East

Fife, WA 98424

Contact: David K. Zabell

Phone: 253-922-2489

Fax: 253-922-5355

and

Financial Consulting Solutions Group, Inc. ("CONSULTANT")

7525 166th Ave. NE, Suite D-215

Redmond, WA 98052

Contact: John Ghilarducci

Phone: (425) 867-1802 x 225

Fax: (425) 867-1937

Email: johng@fcsgroup.com

Tax ID No.: 91-1417946

2. General Purpose and Intent.

(Briefly describe purpose and intent of contract, and the project it relates to)

3. Services by Consultant.

A. Consultant shall perform the services described in the Scope of Work attached hereto as Exhibit "A" (the "Scope of Work"). The services performed by the Consultant shall not exceed the Scope of Work without prior written authorization from the City.

B. The City may from time to time require changes or modifications in the Scope of Work. Such changes, including any decrease or increase in the amount of compensation, shall be agreed to by the parties and incorporated in written amendments to the Agreement.

4. Schedule of Work.

A. Consultant shall perform the services described in the Scope of Work in accordance with the schedule attached hereto as Exhibit "B." If delays beyond Consultant's reasonable control occur, the parties will negotiate in good faith to determine whether an extension is appropriate.

B. Consultant is authorized to proceed with services upon receipt of a written Notice to Proceed.

5. Compensation.

LUMP SUM. Compensation for the services described in the Scope of Work shall be a Lump Sum of \$_____.

- TIME AND MATERIALS NOT TO EXCEED.** Compensation for the services described in the Scope of Work shall not exceed \$53,780 without written authorization and will be based on the list of billing rates and reimbursable expenses attached hereto as Exhibit "C."
- TIME AND MATERIALS.** Compensation for the services described in the Scope of Work shall be on a time and material basis according to the list of billing rates and reimbursable expenses attached hereto as Exhibit "C."
- OTHER.** _____

6. Coordination of Contract Documents. This Agreement consists of this professional services agreement form and Exhibits "A" through "C". If there is any inconsistency on the parts of this Agreement between this professional services agreement form and any of the Exhibits, the professional services agreement form shall take precedence.

7. Payment.

A. Consultant shall provide monthly invoices in the format acceptable to the City for work performed to the date of invoice. Consultant shall maintain time and expense records for reimbursable expenses and any work that is billed hourly under this Agreement and provide them to the City upon request.

B. All invoices shall be paid by City warrant within sixty (60) days of receipt of a proper invoice.

C. Consultant shall keep cost records and accounts pertaining to this Agreement available for inspection by City representatives for three (3) years after final payment unless a longer period is required by a third-party agreement. Copies shall be made available on request.

D. If the services rendered do not meet the requirements of the Agreement, Consultant will correct or modify the work to comply with the Agreement. City may withhold payment for such work until the work meets the requirements of the Agreement.

8. Discrimination and Compliance with Laws.

A. Consultant agrees not to discriminate against any employee or applicant for employment or any other person in the performance of this Agreement because of race, creed, color, national origin, marital status, sex, age, disability, or other circumstance prohibited by federal, state, or local law or ordinance, except for a bona fide occupational qualification.

B. Consultant shall comply with all federal, state, and local laws and ordinances applicable to the work to be done under this Agreement.

C. Consultant shall obtain a City of Fife business license pursuant to the provisions of Chapter 5.01 FMC prior to receipt of written Notice to Proceed.

D. Violation of this Paragraph 8 shall be a material breach of this Agreement and grounds for cancellation, termination, or suspension of the Agreement by City, in whole or in part, and may result in ineligibility for further work for City.

9. Term and Termination of Agreement

A. This Agreement may be terminated by the City at any time upon the default of the Consultant or upon public convenience, in which event all finished or unfinished documents, reports, or other material or work of Consultant pursuant to this Agreement shall be submitted to City, and Consultant shall be entitled to just and equitable compensation for any satisfactory work completed prior to the date of termination, not to exceed the total compensation set forth herein. Consultant shall not be entitled to any reallocation of cost, profit or overhead. Consultant shall not in any event be entitled to anticipated profit on work not performed because of such termination. Consultant shall use its best efforts to minimize the compensation payable under this Agreement in the event of such termination. If the Agreement is terminated for default, the Consultant shall not be entitled to receive any further payments under the Agreement until all work called for has been fully performed. Any extra cost or damage to the City resulting from such default(s) shall be deducted from any money due or coming due to the Consultant. The Consultant shall bear any extra expenses incurred by the City in completing the work, including all increased costs for completing the work, and all damage sustained, or which may be sustained by the City by reason of such default.

B. The City may suspend this Agreement, at its sole discretion, upon one week's advance notice to Consultant. Such notice shall indicate the anticipated period of suspension. Any reimbursement for expenses incurred due to the suspension shall be limited to the Consultant's reasonable expenses, and shall be subject to verification. The Consultant shall resume performance of services under this Agreement without delay when the suspension period ends.

10. Standard of Care. Consultant represents and warrants that it has the requisite training, skill and experience necessary to provide the services under this agreement and is appropriately accredited and licensed by all applicable agencies and governmental entities. Services provided by Consultant under this agreement will be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing in similar circumstances.

11. Ownership of Work Product.

A. All data materials, reports, memoranda, and other documents developed under this Agreement whether finished or not shall become the property of City, shall be forwarded to City at its request and may be used by City as it sees fit. Upon termination of this agreement pursuant to paragraph 9 above, all finished or unfinished documents, reports, or other material or work of Consultant pursuant to this Agreement shall be submitted to City. City agrees that if it uses products prepared by Consultant for purposes other than those intended in this Agreement, it does so at its sole risk and it agrees to indemnify and hold Consultant harmless therefore.

B. Spatial data created by consultants for City of Fife via this contract should be delivered as either ESRI shapefiles or an ESRI file geodatabase. The data should be developed in (or projected to) StatePlane 1983, WA South (Projection), NAD83HPGN (Datum), US Survey Feet (units). These datasets should be delivered on CD/DVD, complete with any projection files, accessory tables relatable by a fixed unique identifier to the spatial data, and metadata using Federal Geographic Data Committee (FGDC) specifications. If the data is produced in AutoCad 2000 or later, the shapefile format is an export option and should be utilized and all other criteria still apply. The City of Fife retains ownership to such data layers produced using taxpayer dollars and controls any future dissemination or reuse of this data.

12. Indemnification/Hold Harmless. Consultant shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the Consultant in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability hereunder shall be only to the extent of the Consultant's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

13. Insurance. The Consultant shall procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees. Consultant's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

A. Minimum Scope of Insurance

Consultant shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury. The City shall be named as an insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Professional Liability insurance appropriate to the Consultant's profession.

B. Minimum Amounts of Insurance

Consultant shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
3. Professional Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

C. Other Insurance Provisions

The Consultant's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

E. Verification of Coverage

Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the work.

F. Notice of Cancellation

The Consultant shall provide the City with written notice of any policy cancellation, within two business days of their receipt of such notice.

G. Failure to Maintain Insurance

Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days notice to the Consultant to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

14. Assigning or Subcontracting. Consultant shall not assign, transfer, subcontract or encumber any rights, duties, or interests accruing from this Agreement without the express prior written consent of the City, which consent may be withheld at the City's sole discretion.

15. Independent Contractor. Consultant is and shall be at all times during the term of this Agreement an independent contractor.

16. Notice

A. Any notice or communication required by this Agreement must be in writing, and may be given either personally, electronically with evidence of receipt, by express delivery service, or by registered or certified mail, return receipt requested. If given personally, by express delivery service, or by registered or certified mail, such notice or communication shall be deemed to have been given and received upon actual receipt. If delivery is made electronically, either by e-mail or facsimile transmission, a notice shall be deemed to have been given when delivered to the person to whom it is addressed, and there is electronic confirmation that it was received. Such notices or communications shall be given to the Parties at their addresses set forth below:

David K. Zabell
City Manager
5411 23rd Street East
Fife, WA 98424

John Ghilarducci
Principal, FCS GROUP
7525 166th Ave. NE, Suite D-215
Redmond, WA 98391

Phone: 253 922-2489
Fax: 253 922-5355
Email: dzabell@cityoffife.org

Phone: (425) 867-1802 x 225
Fax: (425) 867-1937
Email: johng@fcsgroup.com

B. Either party may change its contact information by sending its new contact information to the other party in the same manner as is provided for sending the other party notice under the provisions of paragraph 16.A.

17. **Disputes.** Any action for claims arising out of or relating to this Agreement shall be governed by the laws of the State of Washington. Venue shall be in Pierce County Superior Court.

18. **Attorneys Fees.** In any suit or action instituted to enforce any right granted in this Agreement, the substantially prevailing party shall be entitled to recover its costs, disbursements, and reasonable attorneys fees from the other party.

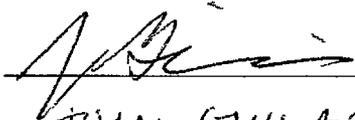
19. **Extent of Agreement/Modification.** This Agreement, together with attachments or addenda, represents the entire and integrated Agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended, modified or added to only by written instrument properly signed by both parties.

CITY OF FIFE, WASHINGTON

CONSULTANT

By: _____
David Zabell
City Manager

Financial Consulting Solutions Group, Inc.

By: 
Name: JOHN GHILARDUCCI

Date: _____

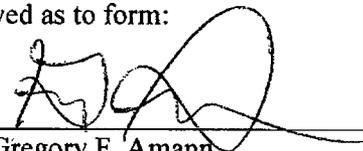
Title: PRINCIPAL

Attest:

Date: 5/14/2012

By: _____
Carol Etgen
City Clerk

Approved as to form:

By: 
Gregory F. Amann
Assistant City Attorney

CITY OF FIFE

SEWER RATE STUDY & WATER COMPREHENSIVE PLAN UPDATE

SCOPE OF WORK

Task 1 - Data Collection/Validation & Project Kick-off Meeting

Collect, review, and analyze data necessary for the study and facilitate a project kick-off meeting with all pertinent parties.

1. *Data Collection* – Prepare an initial data request identifying financial and operational documents pertinent to the performance of the study. Review, analyze, and validate data as necessary for use in formulating the technical analyses. Follow up with requests for any additional items or explanations as necessary.
2. *Policy Review/Development* – As a foundation for the analytical tasks, review current fiscal policies and practices and identify potential refinements for the City’s consideration. Selected policies will be incorporated into the subsequent rate study elements and documented in the project report. Policies will likely address financial performance standards, reserve policies, and system reinvestment.
3. *Project Kick-off Meeting* – Prepare for and facilitate a project kick-off meeting with City staff. The first portion would involve a meeting with all necessary parties to obtain a clear understanding of study issues and objectives, identify fiscal policies to be incorporated in the analysis, and establish a tentative schedule for subsequent meetings and project deliverables. The second portion of the meeting will involve a comprehensive review with pertinent parties of all data received.

Task 2 – Sewer Utility Revenue Requirement Forecast

Develop a 10-year revenue requirement forecast (2013-2022) to determine annual rate revenue needs to fund operating and maintenance costs, capital related needs, fiscal policy achievement, and other financial obligations of the sewer utility.

1. *Construct Revenue Requirement Spreadsheet Model* – Construct analytical spreadsheet model to complete the revenue requirement related technical analyses discussed in Subtasks 2 through 4 below. We will work with City staff to tailor input parameters consistent with the City’s budgeting categories. The modules will be designed with user-friendliness in mind, and will be flexible and stable enough to perform sensitivity analyses for alternative revenue requirement scenario development. The spreadsheet model will include a model navigation panel and a dashboard user interface to allow “what-if” type of scenario analyses. The final model will be delivered to the City for future in-house updates and analyses.
2. *Develop Capital Financing Strategies* – Based on capital improvement and annual replacement needs, identify potential funding sources and develop alternative capital project financing strategies for a 10-year study period. The analysis will include a forecast of capital funding needs, borrowing requirements, and associated cash flows and cash balances over the study period. We will incorporate fiscal policies from Task 1.2 above to evaluate and recommend an appropriate balance of funding from cash, general facility charges (GFCs), bonds, and other available revenue sources. The budget provides for up to three (3) scenarios of capital funding strategies.

3. *Forecast Operating Expenses* – Forecast ongoing operating and maintenance costs, debt service, and other financial obligations of the utility over a 10-year study period. Establish economic factors for customer growth and cost escalation. Incorporate additional O&M expenses, if any, resulting from the CIP and/or other known changes in operational requirements such as additional staffing needs, etc.
4. *Assess Revenue Needs* – Integrate recommended fiscal policies, capital financing impacts, and operating forecasts to develop an operating cash flow over the 10-year study period. Compare projected cash requirements against projected revenue under existing rates to determine annual rate adjustments needed to ensure financial sustainability over time. The budget provides for up to three (3) scenarios to evaluate alternative timing and levels of rate adjustments. FCS GROUP will not conduct any technical analysis regarding alternative rate structures as part of this scope.
5. *Review Meetings* – Prepare for and facilitate up to three (3) on-site meetings with City staff to review findings, conclusions, and recommendations relating to revenue requirements. Following these reviews, we will revise the analyses, as appropriate, and finalize recommendations.

Task 3 – Water Utility Comprehensive Plan Financial Chapter Update

In coordination with RH2 Engineering, Inc., FCS GROUP will develop an updated financial program for the City's Water Comprehensive Plan Update. The objective of the financial program is to document the utility's financial condition and assess its ability to support the recommendations of the comprehensive plan.

1. *Review Past and Present Financial Condition* – Review and document a summary of water utility financial performance for the past six years.
2. *Calculate General Facilities Charges* – Connection charges potentially applicable to new development will be calculated consistent with statute (RCW 35.92.025). Note that the capital improvement program (CIP) developed by the engineer should designate projects as “replacement” or “expansion”, or provide and allocation between those categories, for use in the general facilities charge update.
3. *Develop Capital Financing Strategy* – Develop capital financing strategy incorporating rates, general facilities charges, and debt financing. Available State and Federal grant and loan programs will be identified and documented. The budget provides for up to three (3) scenarios of capital funding strategies.
4. *Forecast Revenue Needs and Rate Impacts* – Forecast a six-year revenue needs and rate adjustments required which incorporates the capital and operating requirements identified in the plan. The utility's ability to fund the 20-year CIP will also be evaluated. The budget provides for up to three (3) scenarios to evaluate alternative timing and levels of rate adjustments.
5. *Review Meetings* – Prepare for and facilitate up to three (3) on-site meetings with City staff and consultant engineer to review findings, conclusions, and recommendations relating to revenue requirements. Following these reviews, we will revise the analyses, as appropriate, and finalize recommendations.

Task 4 – Documentation and Presentations

This task involves writing the study report, as well as preparation for and participation in Committee/City Council presentations.

1. *Sewer Utility Rate Study Report* – Prepare and submit an executive summary level report, summarizing study findings, recommendations and supporting materials. Submit to City for

EXHIBIT A

review and comment. Upon City staff review, prepare a final study report and publish bound copies of the document (number of copies to be determined by the City).

2. *Water Utility Comprehensive Plan Financial Chapter* – Prepare comprehensive plan financial chapter documenting the utility’s past financial performance and current condition, available sources of revenue and funding for capital and operational costs, assumptions and results of technical analyses with a recommended financial strategy addressing financial policies, rates and charges.
3. *Presentations* – Prepare materials for and present study findings and recommendations to the City Council and/or other Committees as desired by the City in up to two (2) meetings.

Task 5 – Discretionary Tasks Requested by the City

This task involves additional analyses, scenarios, meetings, and any other study related discretionary requests by the City.

CITY OF FIFE SEWER RATE STUDY AND WATER COMPREHENSIVE PLAN UPDATE STUDY BUDGET

Tasks	Consultant/Staff Hours				Budget
	Principal Ghiarducci	Proj. Manager Dogan	Admin	Labor Hours	
Hourly Billing Rates:	\$195	\$140	\$65		
Task 1 Data Collection / Validation & Project Kick-off Meeting					
Task 1.1 - Data Collection	0	12	0	12	\$1,680
Task 1.2 - Policy Review / Development	2	6	0	8	\$1,230
Task 1.3 - Project Kick-off Meeting (1 meeting)	4	4	0	8	\$1,340
Task 2 Sewer Utility Revenue Requirement Forecast					
Task 2.1 - Construct Spreadsheet Model	0	18	0	18	\$2,520
Task 2.2 - Develop Capital Financing Strategies	2	14	0	16	\$2,350
Task 2.3 - Forecast Operating Expenses	2	12	0	14	\$2,070
Task 2.4 - Assess Revenue Needs	2	24	0	26	\$3,750
Task 2.5 - Review Meetings (3 meetings)	4	8	1	13	\$1,965
Task 3 Water Utility Comprehensive Plan Financial Chapter Update					
Task 3.1 - Review Past & Present Financial Condition	2	14	0	16	\$2,350
Task 3.2 - Calculate General Facilities Charges	2	16	0	18	\$2,630
Task 3.3 - Develop Capital Financing Strategy	2	14	0	16	\$2,350
Task 3.4 - Forecast Revenue Needs & Rate Impacts	2	28	0	30	\$4,310
Task 3.5 - Review Meetings (3 meetings)	4	8	1	13	\$1,965
Task 4 Documentation and Presentations					
Task 4.1 - Sewer Utility Rate Study Report	6	32	1	39	\$5,715
Task 4.2 - Water Utility Comp. Plan Financial Chapter	6	24	0	30	\$4,530
Task 4.3 - Presentations (2 meetings)	8	10	1	19	\$3,025
Task 5 Discretionary Tasks Requested by the City					
Task 5.1 - Additional Analyses, Scenarios, Meetings, etc.					\$10,000
Total Budget	48	244	4	296	\$53,780

CITY OF FIFE

SEWER RATE STUDY & WATER COMPREHENSIVE PLAN UPDATE

SCHEDULE

	April			May				June				July			August							
	13	20	27	4	11	18	25	1	8	15	22	29	6	13	20	27	3	10	17	24	31	
Task 1 Data Collection / Validation & Project Kick-off Meeting																						
Task 1.1 - Data Collection																						
Task 1.2 - Policy Review / Development																						
Task 1.3 - Project Kick-off Meeting																						
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Task 3.5 - Review Meetings																						
Task 4 Documentation and Presentations																						
Task 4.1 - Sewer Utility Rate Study Report																						
Task 4.2 - Water Utility Comp. Plan Financial Chapter																						
Task 4.3 - Presentations																						

**CITY OF FIFE
SEWER RATE STUDY & WATER COMPREHENSIVE PLAN UPDATE**

BILLING RATES

LABOR

NAME	TITLE	BILLING RATE
John Ghilarducci	Principal	\$195 / hour
Nihat Dogan	Project Manager / Analyst	\$140 / hour
	Administrative Support	\$65 / hour

DIRECT EXPENSES

Direct expenses will not be charged for ordinary project related expenses. For any client-requested extraordinary expenses, specific terms will be established prior to expenditure and billing.