



Legislation Text

File #: 19-0921, **Version:** 1

MOTION TO APPROVE THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF PEMBROKE PINES AND RAFTELIS, FOR A COST ANALYSIS OF THE EXISTING UTILITIES DIVISION FUNCTION SOURCING CONTRACT IN AN AMOUNT NOT TO EXCEED \$34,776 PURSUANT TO SECTION 35.18(C)(2) OF THE CITY'S PROCUREMENT CODE.

SUMMARY EXPLANATION AND BACKGROUND:

1. On June 19, 2019, the City Commission directed the City Manager to hire an independent contractor to conduct a cost analysis of the existing Utilities Division Function Sourcing Contract.
2. Pursuant to Section 35.18(C)(2) "Professional Services" of the Procurement Code, contracts for professional services involving peculiar skill, ability, experience or expertise, which are in their nature unique are not subject to the competitive bid process.
3. The Commission Auditor completed their due diligence in selecting Reftelis as the consulting firm to be recommended for the City to utilize as the firm to conduct a cost analysis of the existing Utilities Division Function Sourcing Contract. The Commission Auditor researched all of the firms that their management team has worked with in the past, along with their Governmental Practice Group and their clients throughout the State of Florida and determined that Public Resources Management Group, Inc. (PRMG) was the best suited to perform this task based on a number of factors including their present and past experience with the public sector. Public Resources Management Group, Inc. (PRMG) was recently acquired by Raftelis and their national background in utility and municipal finance and management, and recent governance, performance and contract evaluation experience resulted in the Commission Auditor's recommendation to move with Raftelis for this task.
4. The Raftelis team is highly qualified to assist the City with this analysis, having performed similar assessments of contract operations, utility privatization and ownership/governance options across the county. This includes extensive work in Florida in the previously mentioned areas, as well as in the areas of rates, cost of service, and finances with the Raftelis team and its newly-merged partner lead by Robert Ori, Public Resources Management Group, Inc. (PRMG). The Raftelis/PRMG team has the nation's largest and most respected water and wastewater utility management, operations, and financial consulting practice.
5. Attached to this agenda item is a professional services agreement with Raftelis. The scope of work is to conduct a cost analysis of the existing Utilities Division Function Sourcing Contract. Below is a summary of the tasks included in the proposed scope of services to be accomplished.

Task 1 - Review Available Information and Conduct Kick-off Workshop

Raftelis will review the current operating contracts, performance metrics, and any other available data pertaining to the operation of the utility system. This may include discussions with City Management

staff on existing and preferred service levels, and OMI on their observations and review of documentation including relevant reports and findings associated with operations issues and challenges. We will also conduct on-site reviews of the facilities within the dominion of the OMI contract and interview staff to gain an understanding of operations and maintenance (O&M) practices, challenges, and other relevant information. These onsite visits are essentially to fully understand operational dynamics.

Task 2 - Prepare High-level Utility System Operation Analysis

This analysis will include a description of the organizational structure that would be needed under a municipal model to support operations of the utility system; a conceptual staffing plan; and a conceptual utility system O&M budget, and the results of the local and national peer cost benchmarking effort.

Task 3 - Develop Economic Feasibility Model

Raftelis will develop a financial model that will be used to assess the economic feasibility of the City taking over operation of the utility system. The O&M budgets developed in the previous task will serve as the primary inputs into the model along with the costs under the current operating contract. We will also factor in costs for limited initial capital purchases that may need to be made, such as vehicles and equipment (and other one-time project expenditures that should be included and amortized over the analytical period of the evaluation) necessary to operate the functional components of the system. The model will calculate the present value of the lifecycle costs of the operation, maintenance, and repair of the utility system. The intended period of analysis will be 5 or 10 years, depending on assumptions and availability of data. This comparison will serve as the primary point of comparison with respect to the economic feasibility of the City taking over operation of the Facilities.

Task 4 - Feasibility Validation

We will conduct a two-hour planning (web session) with City Management staff to discuss findings and the operational elements that would need to be managed, planned, and addressed should the City take back operations from OMI.

Task 5 - Technical Memo and Presentation to the Commission

As a culmination of all previous tasks, Raftelis will develop a technical memo to document the advantages and disadvantages of the City resuming operation of the Utility System, as well as scenarios and assumptions under which each model is preferable. This will include discussion of the direct and indirect costs and benefits and will lay out other transition considerations that may arise, such as the availability of labor resources. Raftelis will then present its findings to the Commission in a technical work session.

5. Request Commission to approve the agreement between the City of Pembroke Pines and Raftelis, for a cost analysis of the existing Utilities Division Function Sourcing Contract in an amount not to exceed \$34,776

FINANCIAL IMPACT DETAIL:

a) **Initial Cost:** \$34,776

b) **Amount budgeted for this item in Account No:** Funds are available in account #471-536-6010

-31500 (Professional services -other)

c) Source of funding for difference, if not fully budgeted: Not Applicable

d) 5 year projection of the operational cost of the project Not Applicable

e) Detail of additional staff requirements: Not Applicable