



October 27, 2023

Mr. Jeffrey Pearson, Utilities Director
City of Cape Coral
PO Box 150027
Cape Coral, FL 33915-0027

Re: Proposal to Conduct a FY 2024 Water, Sewer & Irrigation Revenue Sufficiency Analysis & Related Scenario and Capital Planning Impact Analyses (As Required)

Dear Mr. Pearson:

As requested, Stantec is pleased to present this proposal to conduct a FY 2024 Water, Sewer & Irrigation Revenue Sufficiency Analysis. Also as requested, we have incorporated into this proposal an additional work effort associated with performing various additional rate scenarios and other financial sensitivity analyses that may be required as well as support for the Utility's potential issuance of debt and on-going capital planning efforts, such as the review of any budget adjustments, and capital funding applications.

Based upon our understanding of the requested scope of work, Stantec has prepared a Project Work Plan and Cost Estimate Schedule (Schedule) which is enclosed. The enclosed Schedule shows that successful completion of the revenue sufficiency analysis update (Tasks 1 – 4) will require 130 hours for an estimated fee of \$28,970 plus estimated out-of-pocket expenses of \$1,000 for a total cost of \$29,970. Consistent with past practice, we propose to bill this portion of the project on a lump sum basis with monthly progress billings based upon the percentage completion of each task.

In addition to the revenue sufficiency analysis, additional rate and financial sensitivity analyses may be requested including scenarios related to the Utility's on-going master plan and though their specific nature and extent are presently unknown we propose to provide any such additional services under Task 5 based upon the hourly rates identified in the Schedule and the actual time incurred for an initial amount not to exceed of \$15,000 (which could be adjusted as agreed upon by both parties).

We appreciate the opportunity to present this proposal and look forward to working with you on this assignment. If you have any questions, please do not hesitate to call me at (813) 204-3331. Otherwise, please proceed with a purchase order and notice to proceed.

Very truly yours,

A handwritten signature in blue ink, appearing to read "JD", with a long horizontal flourish extending to the right.

Jeffrey A. Dykstra,
Principal

ATTACHMENT A - SCOPE OF SERVICES & FEE SCHEDULE



City of Cape Coral, Florida
 FY 2024 Utility Revenue Sufficiency Analysis
 Project Work Plan and Cost Estimate Schedule

Project Tasks	Estimated Labor-Hours					Total Project
	Project Director	Quality Control	Project Manager	Project Analyst	Admin	
Hourly Rates →	\$375	\$250	\$275	\$160	\$100	
Task 1 Project Initiation & Data Collection						
1.1 Prepare initial data request list and detailed critical path schedule. Perform job set-up activities.	1	1	1	1	1	5
1.2 Compile and review historical, current, and projected financial, billing, and other system data as provided by staff.	0	0	1	2	0	3
1.3 Request additional information/clarifications as required and review supplemental information/data.	0	0	1	0	0	1
Task 2 Develop Multi-Year Financial Management Plan						
2.1 Update water, irrigation, and wastewater customer growth schedules/scenarios, trends in usage patterns, and develop updated ERC and usage projections for all revenue sources (rate revenues, impact fees, CFECs, etc.).	0	0	2	6	0	8
2.2 Evaluate budget versus actual performance (O&M and capital) to determine proper funding levels to include in rate revenue requirements as well as trends in annual expenses to inform future cost escalation factors/assumptions.	0	0	1	4	0	5
2.3 Input current financial and billing data into our modeling system, run the module, and produce preliminary output, including a five and ten year financial management program that will include the following:	0	0	8	24	0	32
o Capital Improvements Program						
- Project listing by year						
- Evaluation of existing and alternative capital improvement programs and funding requirements						
o Financial Policy Review, including reserve levels (operating, capital, and rate stabilization), capital reinvestment, etc.						
o Borrowing Program						
- Identify any borrowing required and/or appropriate to fund certain CIP projects, to include but not necessarily be limited to, revenue bonds and state programs.						
- Timing of bond issue(s)/loan(s) to provide required funds, and annual debt service schedules for any new debt						
o Revenue Sufficiency Analysis						
- Annual revenue and operations & maintenance expense projections						
- Projections of other requirements such as R&R, minor capital, transfers, debt payments, reserves contributions, etc.						
- Evaluation of adequacy of revenue provided by existing rates to meet current and projected system requirements						
- Alternative plans of annual percentage rate adjustments to provide sufficient revenues over a multi-year period.						
o Funds Analysis						
- Spend down limits (minimum reserve requirements) by fund						
- Beginning and ending fund balances by fund by year.						
2.4 Quality control review, including reconciliation to prior study results, and make model adjustments for changes since last study.	0	2	2	2	0	6
2.5 Review results with consulting team, make adjustments, and create alternatives scenarios of rate adjustments and CIP	2	0	2	3	0	7
2.6 Prepare for and meet with City staff in an interactive work session to review preliminary results.	3	0	3	3	0	9
2.7 Make adjustments per input from City staff, update data/assumptions as appropriate, and/or for desired sensitivity analysis.						
Prepare workbook of assumptions and preliminary results and screen captures of requested scenarios.	0	2	2	4	0	8
2.8 Integrate data updates and comments from City staff review of deliverables prepared in Task 2.7.	0	0	1	1	0	2
2.9 Prepare updated results/assumptions workbook and review scenarios with City staff and City Manager.	2	0	2	2	0	6



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Task 3 Presentations						
3.1 Prepare presentation and/or supporting materials, including comparative rate survey.	1	1	2	3	0	7
3.2 Perform adjustments per review by and comments of City staff.	0	0	1	1	0	2
3.3 Attend meeting with City Manager and present the preliminary results. Make adjustments as required.	3	0	3	1	0	7
Task 4 Reports						
4.1 Prepare a Draft Report of the results of the Update.	1	2	4	8	0	15
4.2 Review Draft Report with City Staff and incorporate any revisions into a Final Report.	0	0	1	2	0	3
4.3 Meet with the Committee-of-the-whole or City Council to present the final results of the Study.	0	0	4	0	0	4
Total Estimated Labor Hours	13	8	41	67	1	130
Total Labor Fee	\$4,875	\$2,000	\$11,275	\$10,720	\$100	\$28,970
Total Expenses						\$1,000
Total Fixed Fee						\$29,970
Task 5 Additional RSA Scenarios and Capital Planning Analyses Related to the RSA Update as Required (Including, but not limited to, scenarios and related financial feasibility analysis, and sensitivity tests/scenarios)						
5.1 Conference calls/emails with City Staff to discuss data, issues, scope, timeline, deliverables, etc.						Based on Actual Time Required and Hourly Rates
5.2 Gather and review new/additional data and enter into/modify appropriate financial models, surveys, and/or databases.						Based on Actual Time Required and Hourly Rates
5.3 Internal review of output and model adjustment to produce preliminary results as appropriate.						Based on Actual Time Required and Hourly Rates
5.4 Conference calls with City Staff to review preliminary results or discuss documentation/presentations.						Based on Actual Time Required and Hourly Rates
5.5 Prepare Draft Technical Memorandum(s) of results.						Based on Actual Time Required and Hourly Rates
5.6 Prepare Final Technical Memorandum(s) based upon adjustments per City Staff discussion.						Based on Actual Time Required and Hourly Rates
5.7 Attend additional meetings with City Staff, Committee-of-the-Whole, of City Council.						Based on Actual Time Required and Hourly Rates
Total Authorized Not-to-Exceed Amount for Additional Services in Task 5						\$15,000

Hourly Rates By Consulting Labor Category	
Position Title	Hourly Rate
Director	\$375
Principal	\$275
Senior Manager	\$250
Manager	\$225
Senior Consultant	\$185
Consultant	\$170
Financial Analyst	\$160
Data Analyst	\$135
Administrative	\$100

Attachment

Independent Municipal Advisor Exemption

October 27, 2023

City of Cape Coral, FL is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission and the “independent municipal advisor” exemption from the definition of “advice.” City of Cape Coral, FL hereby notifies Stantec Consulting Services Inc. that it wishes them to continue to provide recommendations on user fees and financial forecasting related to the issuance of municipal securities. City of Cape Coral, FL is represented by the firm of RBC, which it has retained to, among other things, assist City of Cape Coral, FL in evaluating any and all of such recommendations. City of Cape Coral, FL will rely on RBC for advice. **Therefore, City of Cape Coral, FL understands that Stantec Consulting Services Inc. is not a municipal advisor and is not subject to the fiduciary duty established in Section 15B(c)(1) of the Securities and Exchange Act.** This certificate may be relied upon until April 19, 2024. Stantec Consulting Services Inc. understands that it must also send a copy of this certificate to the RBC.

**CITY OF CAPE CORAL
REQUEST FOR SOLE SOURCE OR SINGLE SOURCE PURCHASE**

Requesting Department: Utilities

Vendor Name: Stantec

Address: 777 Harbour Island Blvd., Suite 600, Tampa, FL 33602

Phone: (813) 204-3311 E-Mail: Jeffrey.dykstra@stantec.com

Price: \$44,970.00

Description of item to be procured:

Update to the City of Cape Coral Water, Sewer, and Irrigation Revenue Sufficiency Analysis & Related Scenario and Capital Planning Impact Analysis.

1.) Uniqueness of vendor's item/service. How is this vendor the only vendor uniquely qualified to provide the product or service:

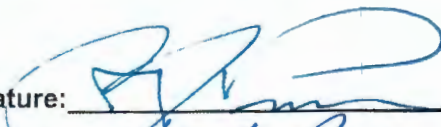
Stantec uses a proprietary modeling software which contains certain trade secrets.

2.) Market Research. Describe other, similar sources or products available in the market, if any, and why they are not acceptable:

To begin using another vendor after many years of using Stantec, large additional expenses would be incurred. The city would have to submit tremendous historical data and have developed customized models for the past, present, and future periods and trends.

3.) Proposed Actions. Describe the actions the department will take to overcome the present barriers to competition for any future acquisition of this product or service:

As technology advances in this field we will continue to research companies and equipment that have the capability of meeting our departmental needs. Research would include cost, specifications, and reliability.

Department Director's Signature:  Date: 10/11/23

Approval: Procurement Manager  (not to exceed \$50,000.00) Date: 10/27/23

Approval: City Manager _____ (not to exceed \$100,000.00) Date: _____

Council authorization required if exceeding \$100,000.00

Revised 1/6/2020- Per Ordinance #52-19, Article VII: Purchase and Sale of Real and Personal Property. Adopted 12/02/2019