

SCOPE OF SERVICES



January 25, 2023

via electronic delivery

Mike Reals
Public Works Director
City of Fort Pierce
P.O Box 1480
Fort Pierce, FL 24954-1480

Re: Proposed Scope of Work to Conduct a Cost of Service and Rate Study

Dear Mike:

Kessler Consulting, Inc. (KCI) is pleased to provide this proposed scope of work to complete a cost of service and rate study of waste collection services for the City of Fort Pierce (City). In our call earlier this month, you mentioned several specific aspects to be taken into consideration. These include lack of rate increases since 2016, significant projected residential and commercial growth, private sector competition for drivers, desire to consider service delivery options for yard waste and bulk waste, and desire to move forward with ordinance revisions.

Scope of Work

KCI proposes focusing primarily on a cost of service and rate study for the City's current services in order to address the critical issue of defining the requirements and funding options for financial sustainability and managing major growth. The study would be based on current services as well as looking at the option to modify residential yard waste and bulk waste service. The scope then identifies additional services that the City may consider to address other aspects of concern.

Task 1: Project Initiation

Purpose: Confirm the project scope, schedule, and deliverables and review informational resources that will be used to complete the project.

Work Activities:

- Conduct a video kick-off meeting with City staff to meet the following objectives:
 - Review and confirm the project scope, schedule, and deliverables.
 - Review the operational and financial information needed for the project.
- Request information needed to supplement and update our files. Information to be compiled will include, and not necessarily be limited to:
 - Customer Counts: residential customers, multi-family and commercial customers by container size and collection frequency, and roll-off customers by container size and number of pulls.
 - Route Data: customers per route per day for each service, route performance history (e.g., average on-route hours).

- Financials: revenue and expense spreadsheets, fund statement, budgets, capital improvement plan, reserve fund requirements, and current rate schedule.
- Assets: fleet inventory and replacement schedule and cart/container inventory.
- Tonnage: tons per year by type of customer and service.
- Operations (by service): crew counts, head counts, salary range & benefits by position, and work hours.
- Tip Fees: recyclables, yard waste, bulky waste, and mixed waste.
- Planning: projected growth rates, annexation plans, and description of any anticipated changes in service during the planning period.

Deliverables:

- Video conference with City staff.
- Information request.

Task 2: Comparison with Other Communities' Services

Purpose: Compare the City's solid waste services to other similar communities.

Work Activities:

- Survey up to five cities in Florida with similar population and services and compare them against the City. The following aspect will be considered:
 - Services and level of service provided.
 - Service provider (city versus contract / franchise).
 - Level of local control versus open market for collection.
 - Processing and disposal services.
 - City population and area.
 - Type of community (rural, urban, suburban).
- Note that customer rates will be obtained as well, however direct comparison of rates is cautioned because rates are not indicative of actual cost because rate setting is influenced by a range of local, unique factors.
- Compile the data into a tabular comparison.
- Submit benchmark table to City staff for review.

Deliverables:

- Tabular comparison of City services and rates versus other municipalities in Excel spreadsheet format.
- Video conference with City staff.

Task 3: Cost of Services Analysis

Purpose: Assess current collection services and alternative service scenarios. Determine the allocated total cost and unit cost for each line of business (e.g., cost per customer for carted services and per cubic yard for containerized services).

Work Activities:

- Assess operational and financial impacts of two service alternatives (e.g., transition from carted yard waste to customer-provided bins and bundles, and/or reduced bulk waste collection frequency or on-call service).
- Allocate service-related revenues and expenses (e.g., labor, equipment, and other direct costs).
- Allocate administrative and non-departmental expenses across appropriate lines of business.
- Submit a summary spreadsheet with results of the analysis for the test year (e.g., FY 2023) including total cost, cost per customer, and cost per ton for each line of business.
- Conduct a video meeting with City staff to review assumptions and results of the analysis.
- Revise and submit detailed cost of services analysis.

Deliverables:

- Summary spreadsheet of cost of service analysis results.
- Video conference with City staff.

Task 4: Rate Study

Purpose: Evaluate the sufficiency of current rates and evaluate up to two rate scenarios to meet future funding requirements.

Work Activities:

- Develop capital and operating expense estimates to accommodate projected growth for a 5-year planning period (FY2024 – 2028). Note this will be done for three service scenarios (current and two alternative service scenarios).
- Utilizing KCI's proprietary spreadsheet-based rate model, project financials and determine revenue requirements.
- Prepare and submit a baseline rate analysis using the current rate structure.
- Conduct video conference with City staff to review the baseline assumptions and model results and to identify two rate scenarios for each of the three service scenarios.
- Prepare and submit a rate analysis of the rate scenarios and develop proposed fee schedules for each line of business.
- Conduct a video conference with City staff to review model results, refine modeling assumptions, and plan next steps.

Deliverables:

- Results of baseline rate analysis in spreadsheet form.
- Video conference with City staff to discuss baseline rate analysis.

- Results of alternative rate scenarios in spreadsheet form.
- Video conference with City staff to discuss alternative rate scenarios.

Task 5: Cost of Service and Rate Study Report and Presentation

Purpose: Provide documentation and support for briefing City leadership.

Work Activities:

- Prepare and submit a draft technical memorandum and draft presentation summarizing results of the cost of services analysis and rate study.
- Participate in up to two video conferences with City staff to discuss the drafts and the strategy and schedule for next steps.
- Prepare and submit final technical memorandum and final presentation.
- Meet with City staff to prepare for and participate in briefings with City leadership.

Deliverables:

- Draft tech memo and presentation.
- Video conferences with City staff.
- Final tech memo and draft presentation for City leadership.
- Preparatory meeting with City staff and briefings with City leadership.

Task 6: Additional Technical Assistance

KCI will assist the City with other solid waste technical services as requested. Anticipated activities include the following:

- Conduct a solid waste workshop with City Commission to provide a common basis of knowledge.
- Review options for truck telematics and service verification.
- Finalization of draft solid waste ordinance based on legal review and presentation to City leadership.

Project Management, Client Communications and Meetings

In addition to meetings identified in the scope of work, KCI will participate in video conferences with City staff at a minimum once monthly to review work progress and upcoming work activities. KCI anticipates that much of the project work will be completed remotely but foresees conducting the Task 5 staff meeting and leadership briefings and Task 6 Commission workshop onsite.

Estimated Budget

KCI proposes to conduct Tasks 1 - 6 on a time-and-materials basis for an amount not to exceed \$52,000 without prior approval by the City. This budget includes all professional fees, overhead, and indirect costs. KCI invoices monthly for work completed.

If the City desires, KCI can offer the option to provide services through KCI's recent competitively awarded Contract with Sarasota County for Solid Waste Consulting Services (Contract No. 2021-025)

If you have any questions regarding this proposed scope of work, please don't hesitate to contact me or Ryan Graunke. We appreciate this opportunity to work with you and the City again!

Sincerely,
Kessler Consulting, Inc.



Mitch Kessler
President