



**NASSAU COUNTY**  
**BOARD OF COUNTY COMMISSIONERS**  
P. O. Box 1010  
Fernandina Beach, Florida 32035-1010

Nick Deonas  
David C. Howard  
Pete Cooper  
Floyd L. Vanzant  
Marianne Marshall

Dist. No. 1 Fernandina Beach  
Dist. No. 2 Fernandina Beach  
Dist. No. 3 Yulee  
Dist. No. 4 Hilliard  
Dist. No. 5 Callahan

JOSEPH M. "Chip" OXLEY, JR.  
Ex-Officio Clerk

MICHAEL S. MULLIN  
County Attorney

WALTER D. GOSSETT  
County Coordinator

M E M O R A N D U M

TO: **BOARD OF COUNTY COMMISSIONERS**  
**CHIP OXLEY**

FROM: MICHAEL S. MULLIN 

SUBJECT: PUBLIC UTILITY AUTHORITY;  
FLORIDA WATER SERVICES CORP.

DATE: APRIL 30, 1999

\*\*\*\*\*

Pursuant to instructions from the Board, I contacted Bob Nabors, and he has provided me with the enclosed information.

I will place this on the Agenda for the May 10, 1999, meeting.

If you have any questions or comments, please let me know.

/am

Enclosure

cc: Walt Gossett (w/encl.)  
Jack D'Amato (w/encl.)

**APPROVED**

DATE 5/10/99

**NABORS, GIBLIN & NICKERSON, P.A.**

ATTORNEYS AT LAW

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TALLAHASSEE, FLORIDA 32301

TELEPHONE (850) 224-4070  
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**RECEIVED**  
4/29/99

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ORLANDO, FLORIDA 32801  
(407) 426-7595  
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WILLIAM J. ROBERTS  
OF COUNSEL

LYNNE F. BACHRACH  
SARAH M. BLEAKLEY  
WARREN S. BLOOM  
FREDERICK L. BUSACK  
HARRY F. CHILES  
MAUREEN MCCARTHY DAUGHTON  
VIRGINIA SAUNDERS DELEGAL  
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MARK G. LAWSON  
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STEVEN E. MILLER  
MARK T. MUSTIAN  
ROBERT L. NABORS  
GEORGE H. NICKERSON, JR.  
STEN T. SLIGER  
JOSEPH B. STANTON  
GREGORY T. STEWART  
JOHN R. STOKES  
CHRISTOPHER M. TRABER  
WILLIAM D. TYLER  
MICHAEL L. WATKINS  
JÉAN E. WILSON

April 28, 1999

**Via Federal Express**

Michael S. Mullin  
County Attorney  
Nassau County  
191 Nassau Place  
Yulee, Florida 32097

Pursuant to your letter to our Firm dated March 9, 1999, enclosed is Work Order No. 99-1 submitted pursuant to the Retainer Agreement, dated August 26, 1996, between Nassau County and our Firm. As indicated, Work Order No. 99-1 provides various workplans to consider the creation of a public utility authority and to determine whether preliminary analysis and negotiations will result in a mutually agreeable purchase price for the Amelia Island Utility System (the "Amelia System") within the unincorporated areas of the County.

As indicated, we have only included a general description of Workplans C and D. Workplan C contemplates a future enumeration of tasks to provide completion of final due diligence, preparation of an Asset Acquisition Agreement and completion of closing in the event a mutually acceptable purchase price is achieved under the tasks enumerated in Workplan B. In contrast, Workplan D contemplates a future enumeration of tasks to directly provide utility water and wastewater facilities in the event a mutually acceptable purchase price for the Amelia System cannot be achieved under the tasks enumerated in Workplan B.

Included in Work Order No. 99-1 is a summary of the additional consultants needed to perform the tasks enumerated in Workplan B, including the fee required for each consultant, and a description of the services to be provided. It is assumed that Mitchell N.

**APPROVED**

DATE 5/10/99 *[Signature]*

Michael S. Mullin  
April 28, 1999  
Page 2

Owen of William R. Hough & Co. will be engaged to serve as underwriter to the County in the development of the required financing plan and in the issuance of bonds required if a mutually acceptable purchase price is achieved under the tasks enumerated in Workplan B.

Work Order No. 99-1 provides for the calculation of a fee for our services at the hourly rates specified to be paid out of bond proceeds pursuant to a successful closing of the acquisition of the utility assets of the Amelia System. Because of the complexity of utility acquisition negotiations, you should note that we have increased the hourly fee from those specified in the Retainer Agreement to those customarily charged by our Firm for such acquisition services. Additionally, because the payment of the fee is contingent upon closing, we have included an enhancement or performance fee of 50% of the fee based on hourly rates incurred.

The fees and costs of the other enumerated consultants in Work Order No. 99-1 would be payable upon completion of Task 7 in Workplan B regardless of the success of achieving a mutually agreed upon purchase price for the utility assets of the Amelia System. These consultant fees total \$59,000 in the aggregate as follows:



We have no assurances that Florida Water Services Corporation will be amenable to a sale of the utility assets of the Amelia System. However, the due diligence investigations and analysis contemplated to be performed by each consultant as described in Work Order No. 99-1 are essential for the County to determine whether or not a purchase price is in the best interest of the County and the ratepayers of the Amelia System.

We trust that the attached Work Order No. 99-1 is responsive to the request made by you, other County staff and the elected County officials. Please call me with any changes and additions so we can proceed with a determination of the feasibility of this potential acquisition and the provision of public water and wastewater utility facilities within the unincorporated areas of the County.

Michael S. Mullin  
April 28, 1999  
Page 3

Thank you for your consideration of our Firm.

Very truly yours,

A handwritten signature in black ink, appearing to read 'RLN', written in a cursive style.

Robert L. Nabors

RLN/adg

Enclosures

cc: J.M. "Chip" Oxley, Jr  
Clerk of the Courts

Walter Gossett  
County Coordinator

**WORK ORDER NO. 99-1**

**WORK ORDER NO. 99-1**

**SCOPE**

Determine the governance structure and feasibility of creating a public utility authority to provide water and wastewater utility services within the unincorporated areas of Nassau County. It is contemplated that such public utility authority would either acquire the utility assets of the Amelia Island Utility System (the "Amelia System") owned by Florida Water Services Corporation ("Florida Water") or directly provide essential water and wastewater facilities to serve the unincorporated areas. The initial effort under this Work Order would be to determine whether a purchase price for the utility assets of the Amelia System can be negotiated under acquisition principles acceptable to the County and to obtain concurrence on the governance structure of a public utility authority (Workplans A and B).

This Work Order No. 99-1 is submitted pursuant to that Retainer Agreement, dated August 26, 1996, between the County and NG&N (the "Retainer Agreement").

**Workplan A:**

**Creation of Public Utility Authority**

**Task 1:** Consult with appropriate County staff and elected officials concerning the structure, powers and membership of a public utility authority.

**Task 2:** Based upon such discussions, prepare an analysis of governance options for consideration by County staff and elected officials.

**Task 3:** Based upon Board direction, prepare necessary interlocal agreements or ordinances to create a public utility authority. This task to be completed only if a mutually agreeable purchase price is reached for the Amelia System pursuant to Workplan B or pursuant to an authorization to proceed under a specific Workplan D.

**Workplan B:**

**Preliminary Purchase Price Determination  
of Utility Assets of Amelia System**

**Task 1:** Consult with appropriate County staff and elected officials to determine the acquisition principles to be used to negotiate a purchase price for the Amelia System under a governmental cash flow valuation approach.

**Task 2:** Meet with representatives of Florida Water to establish the parameters for the negotiation of a purchase price for utility assets of the Amelia System.

**Task 3:** Perform preliminary engineering due diligence to determine the condition of the Amelia System and to project a 5 year capital improvement plan divided

between existing deficiencies and improvements required to accommodate growth.

- Task 4:** Perform preliminary financial due diligence to project utility revenues and costs of operation and maintenance of the Amelia System for a 5 year period.
- Task 5:** Project the annual costs for an Operation and Billing Agreement for the preinvestigation of operation and maintenance and billing and customer service costs. Such projection to be based upon historical costs incurred within the Amelia System.
- Task 6.** Prepare 5 year proforma cash flows based upon conclusions contained in preliminary engineering and financial due diligence.
- Task 7.** Develop a preliminary financing plan based upon the 5 year proforma cash flows.
- Task 8.** Negotiate a preliminary purchase price for the Amelia System in coordination with a designated County negotiation team.

**Workplan C:  
Final Due Diligence; Execution of  
Asset Acquisition Agreement; Closing**

In the event agreement is reached on a mutually acceptable purchase price for the Amelia System under Workplan B, a specific Workplan C will be prepared delineating the tasks and costs required to: negotiate an Asset Acquisition Agreement with Florida Water; complete final engineering and financial due diligence; complete a financing plan for the authorization of the required utility revenue bonds; and complete a closing on the transfer of the utility assets of the Amelia System to public ownership.

**Workplan D:**

In the event a mutually acceptable purchase price for the Amelia System is not achieved as a result of the tasks enumerated in Workplan B, a specific Workplan D will be prepared delineating the tasks and costs required to directly provide the essential water and wastewater facilities to serve the unincorporated area of the County.

<b>NG&amp;N COMPENSATION</b>
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NG&N will be paid on an hourly basis for legal services rendered in performing Workplans A and B at the following hourly rates:

- (a) Firm principles at the rate of \$175 per hour.
- (b) Firm associates at the rate of \$150 per hour.
- (c) Legal clerk at the rate of \$75 per hour.

Separate monthly statements shall be submitted for legal services rendered and for costs incurred in performing the tasks enumerated in Workplans A and B. All fees would be deferred until, and be contingent upon, a closing of an acquisition of the utility assets of the Amelia System. NG&N would expect payment of all costs incurred as provided in Section 4 of the Retainer Agreement when billed and the payment of incurred costs would not be contingent upon the closing. NG&N reserves the right not to proceed under this fee arrangement to perform legal services under tasks enumerated for Workplan C if it appears an ultimate agreement between the County and Florida Water on a mutually agreeable purchase price is remote.

In addition, because such hourly fees are deferred and contingent on closing, NG&N would anticipate an additional enhancement or performance fee at closing equal to 50% of the fee calculated at the hourly rates specified above.

**CONSULTANT COMPUTATION**

The following are additional consultants required to perform the tasks enumerated in Workplan B, the scope of services for each consultant and the fee to be paid for the contemplated consultant services. In contrast to NG&N, all of the following consultant fees would be due at the completion of Task 7 in Workplan B regardless of any success in arriving at a mutually agreeable purchase price for the Amelia System.

(1) Public Resources Management Group, Inc.: Perform preliminary financial due diligence; prepare 5 year proforma cash flows; assist in the development of financing plan; and service as a member of the County acquisition team. See Schedule A attached.

Fees and costs: \$19,500

(2) ARCADIS Geraghty & Miller: Perform preliminary engineering due diligence; prepare preliminary engineering report; and assist in development of financing plan. See Schedule B attached.

Fees and costs: \$14,500

(3) Anthony L. Elia: Provide peer review of preliminary due diligence and 5 year proforma cash flows

Fees and costs: \$5,000



firm\hassau.99\_1

Fees and costs: \$20,000

(4) Government Services Group, Inc.: Coordinate meeting with County staff and elected officials; assist in preparation of guiding acquisition principles; coordinate performance of the preliminary financial and engineering due diligence and the preparation of the 5 year cash flows; coordinate and provide review of terms and conditions in Operation and Billing Agreement; prepare preliminary acquisition report; and serve as a member of the County acquisition team. See Schedule C attached.

**SCHEDULE A**

**Public Resources Management Group, Inc.**

# Memo

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## Public Resources Management Group, Inc.

225 South Swoope Avenue, Suite 211  
Maitland, FL 32751  
407-828-2600

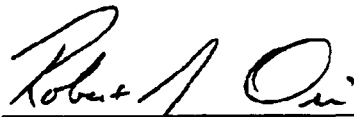
To: Mark G. Lawson  
Nabors, Giblin & Nickerson, P.A.

From: Robert J. Ori  
Public Resources Management Group, Inc.

Date: April 23, 1999

Subject: Nassau County/Amelia Island Utility System

Enclosed for your consideration is a revised scope of services which reflects your comments which we discussed previously. I also added to the document a delivery schedule and project cost estimate section to recognize a delivery date within ninety (90) days after authorization to proceed at a total project cost of \$19,500 for the initial financial evaluation. Please call with any questions or comments.



---

Robert J. Ori, President

Attachment

letters/nassaul.mem

**INITIAL FINANCIAL EVALUATION  
NASSAU/AMELIA ISLAND UTILITY SYSTEM  
FLORIDA WATER SERVICES, CORP.**

The following represents the scope of services, delivery schedule, and estimated project cost to be performed by Public Resources Management Group, Inc. (PRMG) necessary to conduct a preliminary financial evaluation of the Nassau/Amelia Island Water and Wastewater Utility System (the "System") which is currently owned and operated by Florida Water Services, Corp. (FWS). It is intended under this scope of services that the financial evaluation will be preliminary in nature (desk top review) and may form the basis for further evaluation and due diligence activities. Based on this understanding, we propose the following:

**SCOPE OF SERVICES**

The scope of services by specific task item is summarized below:

1. Data Acquisition and Review: PRMG will review and evaluate compiled data of the System and associated service area in order to develop a preliminary governmental cash flow projection of system operations. Data which is targeted to be evaluated will include: i) historical financial information contained in Annual Reports filed by FWS with the Florida Public Service Commission (FPSC); ii) customer billing records and utility rate tariffs; iii) information regarding the demographics and operating requirements of the potential service area of the utility; iv) scheduled capital improvements or betterments and upgrades required for the continuance of the System; v) operating permits and plant facility monthly operating reports filed with the Florida Department of Environmental Protection (FDEP); vi) developer agreements and other contractual documents; and vii) other information which may be available to PRMG which would assist in the evaluation of the System. As appropriate, PRMG will prepare a data request to be provided to appropriate parties to obtain the information and will make site visits to gather data.
2. Historical Operating Analysis: PRMG will conduct a financial analysis of the last four (4) years of utility operations to identify trends in customer growth and water use, operating expenditures, rate revenues and other operating revenues (e.g., guaranteed revenues), and other financial aspects of the System. It is anticipated, based on data availability, that a four (4) year period ended 1998 will be considered.
3. Projection of System Operations: PRMG will prepare a preliminary five (5) year projection of the System, including any potential changes to the service area. The projections will include the following components:
  - a) *Customer Statistical Forecast* - A preliminary forecast of the System accounts and associated equivalent residential connections (ERCs), water sales (gallons), and wastewater revenue gallons will be conducted. Additionally, a projection of changes in the amount of guaranteed revenues will also be evaluated in order to determine changes

in levels of revenues and connection (CIAC) charges which may be received. Finally, a preliminary determination of available capacity of the water and wastewater utility systems will be prepared (absent a detailed engineering evaluation).

- b) *Operating Revenue Projection* - Based on the customer forecast, available billing data, and historical trends in facility use, PRMG will prepare a five (5) year projection of System revenues. The forecast will be structured to allow for flexibility in the analysis for the preparation of governmental cash flow options or scenarios (e.g., application of price index, use of another entity's rate structure or consolidation of rates, etc.). The forecast of revenues will be prepared for a five (5) year projection period.
  - c) *Operating Expense and Other Expenditure Projection* - PRMG will prepare a five (5) year forecast of the operating expenses of the System. The projections will include adjustments to assumed recognition of operations under public ownership or control. Additionally, a review of other utility expenditures consistent with general ratemaking guidelines in Florida will be considered (examples may include funding of ongoing System replacements, capital programs, working capital, and other reserves).
  - d) *Cash Flow/Reserve Evaluation* - As part of the development of the projected operations of the System, PRMG will evaluate cash reserve requirements and the effects on the net available debt capacity of the System. Issues regarding the development of working capital reserves, rate stabilization, and minimum capital funds will be considered in the evaluation of the overall financial characteristics of the System.
  - e) *Debt Capacity Analysis* - Based on the projections of System operations, PRMG will prepare an analysis of the available debt capacity of the projected net revenues of the System. The analysis will recognize the funding of capital deficiencies and other "debt credits" to arrive at a preliminary purchase price which can be funded from System operations.
4. Debt Capacity Sensitivity: Once the "Base Case" financial projections are completed, PRMG will assist the Project Team in preliminarily determining the net revenues available for acquisition.
  5. Meetings: It is expected during the course of this engagement that PRMG will attend several meetings and telephone conferences with the Project Team members. We have assumed an allowance for four (4) meetings in this scope of services which would be attended by not more than two (2) representatives of PRMG.

**ADDITIONAL SERVICES**

This scope of services and associated project cost estimate assume a limited analysis of the financial capability of the System in support of a utility acquisition. As such, PRMG may be requested to perform additional services relative to the final evaluation of the System or

implementation of the acquisition process. Although not considered at this time, examples of such additional services would include the following:

1. Performance of a detailed evaluation of the financial operating records (e.g., general ledger and related source documents) relative to additional or final due diligence analyses of the System.
2. Attendance of additional meetings from what is contemplated in this scope of services.
3. Providing assistance in the closing on a Purchase and Sale Agreement or Memorandum of Intent or Understanding relative to the purchase of the System.
4. Performance of detailed customer billing analysis and the design of System monthly user charges or capacity fees.
5. Development of a Bond Feasibility Report required for the issuance of utility revenue bonds in support of the acquisition.

### **DELIVERY SCHEDULE**

Once being given authorization to proceed, PRMG will perform the initial financial due diligence activities and develop a projection of the net revenues available for the possible acquisition of the utility systems under consideration within ninety (90) days after authorization to proceed.

### **PROJECT COST**

Based on the scope of services as summarized above and our Direct Labor billing rates, we propose an initial contract budget to provide the general consulting services of \$19,500. This contract budget includes: i) the direct cost of personnel anticipated to be assigned to the project for this engagement; and ii) allowance for indirect costs such as travel, telephone, and delivery charges. The costs incurred by PRMG for such indirect costs, if any, will be billed at the actual costs incurred by PRMG.

Preliminary Cost Estimate to Perform an Initial Financial Evaluation for Acquisition Services

Nassau County, Florida

Line No.	Principal	Supervising Consultant	Consultant Rate	Admin.	Totals
1	Direct Labor Rate (\$/Hr.)	\$110	\$75	\$55	\$35
2	Data Acquisition and Review	6	12	2	3
3	Historical Operation Analysis	2	24	6	2
4	Florida Water Services, Corp. Towns of Hilliard and Callahan Projections of System	2	24	8	4
5	Florida Water Services, Corp. Towns of Hilliard and Callahan	7	26	6	4
6	Florida Water Services, Corp. Towns of Hilliard and Callahan	10	32	6	6
7	Debt Capacity Sensitivity	2	4	0	0
8	Meetings (4)	24	12	2	4
9	Total Direct Labor Hours	53	134	30	23
10	Direct Labor Cost	\$5,830	\$10,050	\$1,650	\$805
Other Direct Project Costs:					
11	Express Mail (3 to 5 sites at \$15 per delivery)				\$225
12	Telephone Allowance				200
13	Travel Expenses (4 meetings at 350 miles round trip at \$0.30/mile)				420
14	Other Miscellaneous Expenses (copy charges, office supplies, etc.)				320
15	Total Other Direct Project Costs				\$1,165
16	Total Estimated Project Cost				\$19,500

**SCHEDULE B**

**ARCADIS Geraghty & Miller**





Mr. Bob Nabors  
Nabors, Giblin & Nickerson, P.A.  
Barnett Bank Building, Suite 800  
315 South Calhoun Street  
Tallahassee, Florida 32301

ARCADIS Geraghty & Miller, Inc.  
420 Park Avenue  
Greenville  
South Carolina 29601  
Tel 864 242 1717  
Fax 864 235 9062

Subject:  
Engineering Due Diligence for  
Amelia Island Utility System - Revised Proposal

WATER & WASTE  
MANAGEMENT

Dear Bob:

Greenville, SC,  
20 April 1999

ARCADIS Geraghty & Miller is pleased to present this proposal to provide engineering due diligence for the Nassau/Amelia Island system of the Florida Water Services Corporation. The purpose of the preliminary phase is to gather enough information about the system to identify deficiencies and capital needs over the next five years, as input to members of the acquisition team who are evaluating the purchase price for the system. The final due diligence phase will evaluate current regulatory compliance, assess future expansion potential, more clearly delineate a five-year capital improvement program, evaluate potential deficiencies such as excessive water loss, environmental liabilities, infiltration/inflow impacts, and inadequate fire protection, and produce an engineer's report to be included in an Official Statement for the sale of revenue bonds (or other appropriate instruments) for the potential purchase of this system by Nassau County.

Contact:  
Edward D. Wetzel

Extension:  
864-241-5107

## SCOPE OF SERVICES

### Phase I - Preliminary Due Diligence

- 1. Document Review.** Previous engineering reports, monthly operating reports, system maps, FPSC Annual Reports, capital improvement programs, and any other relevant data provided by the company will be reviewed. This should provide the necessary background from which to evaluate the current status and future potential for the utility system.
- 2. Facilities Inspection.** A walk-over survey of the treatment facilities will be conducted during this phase of the project. No detailed inspection of lift stations, manholes, or pipelines will be conducted at this time.

3. **FDEP File Review.** Correspondence files at the local Florida Department of Environmental Protection (FDEP) offices will be reviewed to identify any regulatory compliance or performance issues associated with the systems.
4. **Report.** A brief report will be prepared to include:
  - treatment plant capacity and growth potential
  - condition assessment and performance record
  - adequacy of water distribution and wastewater collection systems
  - water supply status
  - effluent and sludge disposal
  - preliminary five-year CIP

A draft report will be prepared for review by the other members of the acquisition team, with revisions incorporated into a final report document.

#### **Phase II- Final Due Diligence**

1. **Field Investigations.** The final due diligence phase will require a more intensive field investigation of the facilities. Such investigations may include:
  - treatment plant inspection and on-site record review;
  - lift station inspection and condition assessment;
  - inspection of selected manholes;
  - fire flow testing; and
  - manhole flow measurement.
2. **Engineering Analyses.** The field investigations, coupled with operating records and documents obtained during the preliminary due diligence phase, will be used to perform desk-top engineering analyses of the systems for the purpose of assessing their adequacy to serve present and future customers. These analyses will focus on a few potential problem areas typical of small systems in Florida, such as:
  - excessive water loss;
  - inadequate fire protection;
  - insufficient potable water storage;
  - infiltration/inflow and sanitary sewer overflows;
  - lift station capacity and expandability; and
  - treatment plant compliance and expandability.

Given the aggressive schedule for completion of the due diligence, we will not provide any computer modeling services for either the water distribution or wastewater collection system, nor will we generate a Replacement Cost New Less Accumulated Depreciation (RCNLD) analysis of the systems.

3. **Environmental Assessments.** Phase I Environmental Site Assessments will be performed on the water and wastewater treatment plant sites. The assessment will include a review of records pertaining to the current and historical usage of the property, a walk-over survey of the sites, and an assessment of general compliance with environmental standards. The purpose of the Phase I assessment is to determine whether further investigation of environmental liability is warranted.
4. **System Upgrades and Expansion.** Engineering cost estimates will be made for facility upgrades resulting from deferred maintenance, regulatory compliance and plant expansions. These cost estimates will be provided in the form of a five-year capital improvement program, and will be identified as either serving the needs of present or future customers of the system.
5. **Due Diligence Report.** A final due diligence report will be provided which will summarize the investigations and cost estimates outlined in Tasks 1 through 4 above, as well as incorporate the results of the preliminary due diligence activities.
6. **Bond Report.** We will prepare an Engineer's Report to be included in the Official Statement for obtaining financing for the purchase price and improvements needed for the system.
7. **Meetings.** It is anticipated that the working group will meet monthly during the course of the final due diligence, and that one representative from ARCADIS Geraghty & Miller will attend those meetings. It is further anticipated that we will participate in bi-weekly conference calls of the working group.

## SCHEDULE

It is our understanding that the preliminary due diligence must be completed by 90 days from notice to proceed. No final schedule for bond closing has been established at this time.

**ENGINEERING FEE ESTIMATE**

ARCADIS Geraghty & Miller proposes to provide the services outlined above for the following:

Phase I - Preliminary Due Diligence	\$14,500 (Lump Sum)
Phase II - Final Due Diligence	\$95,500 (Estimated)

A final scope of services and lump sum fee will be prepared at the conclusion of Phase I. We understand that payment for Phase I services are due from Nabors, Giblin & Nickerson upon receipt of payment from Nassau County.

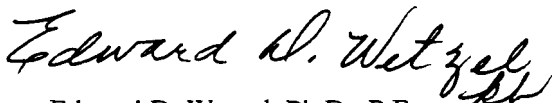
**AUTHORIZATION**

If the above scope of services and fee estimates are acceptable, please sign one copy of this letter and return it to me at the address shown on the letterhead. This authorization will serve as a notice to proceed.

We look forward to working with Nabors, Giblin and the Public Resources Management Group on this exciting and challenging project.

Very truly yours,

ARCADIS Geraghty & Miller



Edward D. Wetzel, Ph.D., P.E.  
Market Director  
Water & Waste Management

ACCEPTED:

Nabors, Giblin & Nickerson, P.A.

Robert L. Nabors

**SCHEDULE C**

**Government Services Group, Inc.**



April 23, 1999

Mr. Robert Nabors  
Nabors, Giblin & Nickerson, P.A.  
315 South Calhoun Street, Suite 800  
Tallahassee, Florida 32301

Dear Mr. Nabors,

Attached is the proposed scope of service work plan and fee for assisting Nassau County in the evaluation of creating a utility authority for the delivery of water and wastewater services.

This scope of service is consistent with the goals and objectives outlined in your proposal to Nassau County

If you have any questions or concerns please do not hesitate to contact me.

Very Truly Yours,

Robert Sheets  
CEO

  
**SCOPE OF WORK****BACKGROUND**

The task outlined in this scope of work represents the minimum level of effort required to ensure Nassau County an efficient and coordinated evaluation and analysis regarding the County's options in creating a utility authority. This authority, if created would serve as the service provider for water and wastewater services in the unincorporated area of the county and for those incorporated areas that may choose to join the system at some future date.

Government Services Group, Inc. (GSG) role will be to:

- Service as facilitator for consulting team, the county staff and elected officials in helping define the goals and objectives and desired outcome for this engagement.
- Coordinate and oversee the performance of the preliminary financial and engineering due diligence.
- Ensure that the County's objectives are incorporated into the assumptions used regarding the five-year cash flows.
- Analyze and evaluate the terms and conditions necessary in the operations and billing agreement with the third party provider.
- Prepare preliminary acquisition report, incorporating the findings and recommendations of the consulting team and the County's workgroup.
- Serve as member of the County's Acquisition Team in the event of potential seller.

The following task represents that level of effort required to meet the goals and objectives of this engagement. They are as follows:

**WORKPLAN****TASK 1: PROJECT INITIATION**

GSG will coordinate all meetings with the County staff and the working group and the entire consulting team to ensure that the goals and objectives of this engagement are understood; that the timeframes are realistic; and the data and information required for all team members to complete this engagement has been identified and the collection process begun.

**TASK 2: DEVELOPMENT OF PRINCIPALS OF ACQUISITION**

GSG working through a facilitating process with the County staff and elected officials when necessary, would develop a preliminary list of principals of acquisition that would guide the County in its effort in evaluating the information and policy decisions regarding a course of action. This will serve as the cornerstone for the creation of any utility authority, its governing structure and mechanism that will be put in place for the delivery of services.

**TASK 3: COORDINATE PRELIMINARY FINANCIAL AND ENGINEERING DUE DILIGENCE**

GSG will serve in an ongoing role to ensure that the preliminary engineering and financial analysis are consistent with the policy direction and principles of acquisition developed by the County. In addition, GSG will provide input and feedback to the County regarding any preliminary findings or issues raised by the consulting team. In our role as quarterback we will provide to the County a focused and concise preliminary due diligence.

**TASK 4: DEVELOP ASSUMPTIONS FOR OPERATIONS AND BILLING AGREEMENT**

GSG will take the lead on identifying any issues that would need to be addressed in any operations and billing agreements between the authority and the service provider. These issues identified, along with the recommended resolution would be incorporated in phase II when the actual agreements between the service provider and the authority have been clearly identified.

**TASK 5: PREPARE PRELIMINARY ACQUISITION PLAN**

Once all the information has been gathered in Tasks 2, 3 and 4, GSG will take the lead in coordinating the consulting team's preparation of the acquisition plan. This plan will outline principals of acquisition, tasks to be completed for final due diligence and acquisition, the role of each member of the team, scope of service and anticipated timeframe. In addition, any at risk costs will also be identified, along with the means by which those dollars would be reimbursed should a successful acquisition take place.

GSG will prepare at the conclusion of this phase a detailed scope of work and workplan for final due diligence and acquisition. The Hours and Fees Matrix provided on the following page shows a cost breakdown, per task, for the preliminary due diligence and the hourly rates that would be used in the development of the scope of work and fee for any subsequent task.



**HOURS AND FEES MATRIX**  
**NASSAU COUNTY**  
**CREATION OF UTILITY AUTHORITY**

Task 1: Project Initiation	16	\$2,000
<b>Total Task 1</b>	<b>16</b>	<b>\$2,000</b>
Task 2: Development of Principals of Acquisition	24	\$3,000
<b>Total Task 2</b>	<b>24</b>	<b>\$3,000</b>
Task 3: Coordinate Preliminary Financial and Engineering due diligence	40	\$5,000
<b>Total Task 3</b>	<b>40</b>	<b>\$5,000</b>
Task 4: Develop Assumptions for Operations And Billing Agreement	32	\$4,000
<b>Total Task 4</b>	<b>32</b>	<b>\$4,000</b>
Task 5: Prepare Preliminary Acquisition Plan	32	\$4,000
<b>Total Task 5</b>	<b>32</b>	<b>\$4,000</b>
<b>Total GSG Hours and Fees</b>	<b>144</b>	<b>\$18,000</b>
Plus travel and production costs		\$2,000
<b>Total Fixed Fee</b>		<b>\$20,000</b>

**Special Note:** (1) On-going assistance as member of County Acquisition Team: CEO \$175.00 per hour; Senior Project Manager \$150.00 per hour; and Project Manager \$125.00 per hour.