



DEPARTMENT: NMB Water - Utilities Department

AGENDA TEM: Approval of Owner's Representative Services – Implementation Phase for Smart Utility Performance Contract (RFQ 22-018-MC0)

SUBJECT: Motion to approve the attached Scope of Services and authorize the City Manager to execute an agreement with Ardurra Group, Inc. for Owner's Representative Services for the Smart Utility Performance Contract Implementation Phase.

PURPOSE:

To obtain City Commission approval for the Owner's Representative (OR) services required to support the procurement, evaluation, Investment Grade Audit (IGA) oversight, governance framework development, and early implementation activities associated with the Smart Utility Performance Contract. These services ensure technical integrity, procurement defensibility, and long-term operational and financial protection for the City.

BACKGROUND OF ITEM:

NMB Water serves over 175,000 customers and is advancing a Smart Utility modernization initiative to improve operational efficiency, reduce water loss, enhance wastewater system performance, and establish a unified SmartFlow Ecosystem integrating AMI, SCADA, GIS, CMMS, billing, and analytics.

The attached final Scope of Services reflects revisions requested by NMB Water to strengthen procurement defensibility, baseline governance, KPI architecture, and program controls. Advanced analytics advisory services were shifted to Optional Future Services to maintain the approved not-to-exceed amount.

Ardurra Group, Inc. was selected based on qualifications and experience with large-scale smart utility, AMI, and performance-based programs across Florida and nationally.

This procurement was conducted in accordance with the Florida Consultants' Competitive Negotiation Act (CCNA), and RFQ 22-018-MC was issued as a qualifications-based selection consistent with CCNA requirements. The resulting task order for Owner's Representative services is therefore compliant with state procurement law and the City's adopted procedures.

SCOPE OF SERVICES

The Implementation Phase services are organized into four major task areas:

1. Contract Oversight & Procurement Support (Task 100)

Includes RFQ development and validation, proposal evaluation, scoring support, IGA oversight, project controls, stakeholder communications, grant strategy, QA/QC, and risk management.

Task 100 includes assistance during contract negotiation and award, including alignment of commercial terms, performance guarantees, and scope-to-contract consistency, as well as support for the Commission presentation associated with the award recommendation.

2. Data Governance Framework & SmartFlow Ecosystem Setup (Task 200)

Establishes the City-owned data governance structure, baseline methodology, KPI hierarchy, integration standards, and platform architecture for the SmartFlow Ecosystem.

3. Engineering & Technical Review (Task 300)

Provides independent technical review of the Performance Contractor's IGA, design submittals, system architecture, metering zones, hydraulic modeling, data integration, and automation design.

4. Optional Future Services (Task 400)

Advanced analytics advisory services and additional support that may be authorized by the city at a later stage.

RISK CONSIDERATIONS

The Smart Utility Performance Contract introduces long-term operational, financial, and data-governance obligations. The Owner's Representative mitigates key risks by:

- Ensuring defensible baselines and KPI methodologies before guarantees are established.
- Providing independent review of IGA assumptions, data sources, and technical methodologies.
- Reducing procurement exposure through transparent evaluation and documentation.
- Supporting contract negotiation and award, ensuring alignment between scope, guarantees, and commercial terms.
- Establishing a city-owned governance framework to avoid vendor locking and maintain long-term flexibility.
- Identifying and tracking risks through a structured Program Risk Register.

Without OR support, the City would face elevated exposure to performance disputes, baseline challenges, integration failures, and long-term contractual misalignment.

FISCAL IMPACT

Funding for the Implementation Phase is available in the Water and Sewer Funds.

The total not-to-exceed amount for these services is \$462,132, consistent with the approved Smart Utility Program budget. Optional services will only be activated upon separate City authorization.

<u>General Ledger Acct. Number</u>	<u>Budgeted Amount</u>	<u>Available Amount</u>	<u>New Request Amount</u>	<u>Remaining Amount</u>
410900-533310	\$350,000	\$301,000	\$262,000	\$39,000
450910-535631	\$4,400,000	\$4,219,700	\$200,000	\$4,019,700

ALTERNATIVES

Alternative 1 – Approve the Agreement (Recommended)

Proceeding with the Owner’s Representative services for the Smart Utility Performance Contract Implementation Phase provides the City with independent technical oversight, procurement defensibility, baseline governance, and risk management support. This alternative ensures the City maintains control over performance guarantees, data governance, and contract alignment during the Implementation Phase.

Alternative 2 – Defer Approval

The Commission may defer approval and request additional information or modifications to the scope. Deferral may delay the procurement schedule, IGA oversight, and SmartFlow governance activities, which could impact the City’s ability to maintain alignment with regulatory, operational, and financial objectives.

Alternative 3 – Do Not Approve

If the Commission does not approve the agreement, NMB Water would proceed without an Owner’s Representative. This alternative increases operational and procurement risk, including reduced oversight of baseline development, KPI governance, IGA methodology, and contract negotiation. Proceeding without independent technical support may expose the City to performance disputes, integration challenges, and long-term contractual misalignment.

JUSTIFICATION

The Smart Utility Performance Contract requires a high level of technical, financial, and governance oversight to protect the City’s interests. The Owner’s Representative provides:

- Independent verification of baselines, KPIs, and IGA methodologies
- Procurement and scoring support to ensure transparency and compliance
- Technical review of design, integration, and system architecture
- Governance and risk management frameworks for long-term sustainability
- Support through negotiation, award, and Commission presentation

These services are essential to safeguard the City's operational, financial, and regulatory position as it advances a multi-year modernization program.

RECOMMENDATION

Staff recommends that the City Commission:

Approve the attached Scope of Services and authorize the City Manager to execute an agreement with Ardurra Group, Inc. for Owner's Representative Services for the Smart Utility Performance Contract Implementation Phase (RFQ 22-018-MC), in an amount not to exceed \$462,162, with funding available in the Water and Sewer Funds.

ATTACHMENTS:

1. Exhibit A – Task Order No. 1 and Statement of Work
2. RFQ1608 – Professional A/E Services (CCNA RFQ 22-018)