

EXHIBIT “A”

Term Sheet NMB Water RFQ # 2016-08

Appendix 1 – O&M Fees

Appendix 2 – Eisenhardt Report Recommendations

Appendix 3 – Schedule of Early Milestones and Deliverables

**Appendix 4 – Summary of CIP Program Management Work
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Appendix 5 – Hiring Process

CITY OF NORTH MIAMI BEACH, FLORIDA

NMB WATER RFQ 2016-08

TERM SHEET

These terms provide guidance to the parties and are subject to the City of North Miami Beach, Florida ("City" or "NMB"), and CH2M Hill Engineers, Inc. ("Contractor"), agreeing upon definitive terms and conditions and entering into legally binding agreement(s) necessary to implement the NMB Water Operations, Maintenance and Program Management Services Project, as more completely described below (the "Project") in accordance with all requirements of applicable law, regulations, permits, licenses and governmental authorizations.

This Term Sheet reflects preliminary non-binding terms of a proposed arrangement between the City and Contractor pertaining to the Project, more specifically set forth in an agreement and other documents as are necessary, useful or required, to be entered into as soon as is reasonably practicable ("Agreement").

Project: The engagement of Contractor for operation, maintenance, and repair of the City's water and wastewater utility ("NMB Water"), billing, customer service, community outreach and program management (the development, management, implementation, and execution) of NMB Water's capital improvement plan. CH2M Hill Engineers, Inc. is the prime contracting entity on non-federal consulting and construction projects with the United States for the CH2M HILL companies. CH2M Hill Engineers, Inc. is one of the largest entities within the families of CH2M HILL companies and provides full suite of services including design, operations and construction services for water, wastewater, transportation, environmental clients. CH2M Hill Engineers, Inc. is a wholly owned subsidiary of CH2M HILL Companies Ltd.

Purpose: In furtherance of the City's mission to provide excellent municipal services in a financially responsible and environmentally conscious manner, Contractor will maintain and repair NMB Water and provide billing, customer service and community outreach functions and program management services ("Services") in accordance with all existing and future laws, regulatory and permit requirements. The City will provide Contractor a reasonable time to conduct evaluations and make changes, enhancements, upgrades and improvements to NMB Water, and the City will provide the requisite funding. All Services will be provided by Contractor in a safe, secure, sustainable, effective, and efficient manner.

Asset Ownership: The City will retain ownership of the Norwood Water Treatment Plant and all NMB Water utility infrastructure, collection system and distribution system, pipes, lift stations, pumps, generators, valves, meters, telemetry and equipment, real property, personal property, permits, authorizations, licenses, rights and interests comprising NMB Water with the exception of certain vehicles and office equipment, tools and supplies which will be transferred to Contractor.

Rate Setting: City reserves and retains all right, power and authority to establish rates, charges, rents, surcharges and other amounts payable for and the terms of service by NMB Water. The engagement of Contractor for basic operation and maintenance services under the Agreement will not result in changes to rates of service charged to NMB Customers.

Areas of Improvement: Contractor's Services shall include addressing matters recommended in the Eisenhardt Report as preliminarily described in Appendix 2.

Communication Plan:	<p>Prior to the Commencement Date the parties shall agree upon a communications plan that includes, but is not limited to, information addressing the following:</p> <ul style="list-style-type: none"> • The manner in which information regarding construction projects will be communicated to the City/residents • The manner in which emergencies will be communicated to the City/residents/media • A description of events which will be reported to the City PUC Director, the City Manager and the City Commission (including but not being limited to line breaks, boil water, equipment failure and others relating to the reliability and safety of delivery of service) • A description of circumstances in which communications will be presented to the City and the nature and form of such communications (including samples of foreign language notifications, website, door hangers, notice to media outlets) • An agreement to participate in the City's Code Red emergency notifications
NMB Employees:	<p>All full-time, AFSCME hourly employees of NMB as of the Commencement Date will be eligible for employment by Contractor, subject to the Contractor requirements regarding physical condition, background check and drug testing. Attached as <u>Appendix 5</u> is a description of the process for Contractor to receive applications, interview and hire such hourly employees. Non-bargaining unit, non-union personnel of City will be considered for job positions with Contractor. Contractor's initial organizational chart presenting employee positions and functions in connection with the operation and maintenance of NMB Water is attached as <u>Appendix 6</u>.</p>
Term of Agreement:	<p>The initial term of the Agreement commences on execution and delivery of the Agreement ("Execution Date") and expires on the day that is ten (10) years after the Commencement Date for the basic operation and maintenance Services unless extended. During the period from the Execution Date to the Commencement Date, Contractor will engage in activities to facilitate the transition of operation, maintenance and repair of NMB Water from City to Contractor ("Transition Services"). The Commencement Date is projected to be on or about July 17, 2017, and on that date Contractor will commence full scope performance of the Services to operate, maintain and repair NMB Water. The initial term of the Agreement will be automatically renewed for a single five (5) year period unless prior thereto City provides notice to Contractor that Contractor has failed to fulfill its obligations and covenants under the Agreement. Contractor has the one-time option to terminate the Agreement at the tenth (10th) anniversary of the Commencement Date.</p>
Contract Price:	<p>As consideration for Contractor's performance of the Services after the Commencement Date, City will pay Contractor the following fees and costs: (i) base operation and maintenance fees (see <u>Appendix 1</u>); (ii) certain costs to perform non-routine maintenance and make non-routine repairs and replacements of equipment and infrastructure; (iii) Program Management fees and costs and (iv) any additional costs and fees as allowed under the Agreement.</p>
Intellectual Property:	<p>All designs, deliverables and other documents, data and information prepared, generated, produced or developed by Contractor in connection with the Services, whether in hard copy or electronic format shall be owned by the City; provided, however, that with respect to proprietary software used in connection</p>

with the performance of the Services, Contractor shall grant to City a perpetual, worldwide, fully paid, royalty free, irrevocable, assignable, sub-licensable license and right to use such software for any purpose contemplated by the Agreement or in connection with the ownership and operation of NMB Water.

Personal Information: Contractor shall maintain and safeguard confidential, personal identification and other documents, information and data relating to customers of NMB Water and limit use thereof solely and exclusively for purposes of performing the Services.

Service Commencement: The Parties will cooperate and coordinate the schedule and performance of the Transition Services by Contractor in order that Contractor is fully able to assume responsibility for and commence performance of the full scope of Services on the Commencement Date (projected to be on or about July 17, 2017). Conditions precedent to Contractor's commencement of full scope Services include: (i) Contractor furnishing evidence of all insurance, permits and licenses required under the Agreement; (ii) Contractor certifying that it is not in breach or default of the Agreement or its representations and warranties; (iii) no change in the key personnel to be involved in the Project as disclosed in the negotiations; and (iv) no event, occurrence, condition, or circumstance occurring since the Execution Date which would materially adversely impact Contractor's ability to perform and fulfill the terms, covenants and conditions of the Agreement.

Key Performance Indicators: The Agreement will specify key performance indicators and levels of service (and the consequence of non-attainment or compliance) which Contractor will attain in performance of the Services.

Program Management: Contractor, separate from its other Services under the Agreement, will provide Program Management Services to support the implementation by City of its Capital Improvement Program. In connection with Contractor's involvement in the definitive planning, design, permitting, scheduling, procurement, management, construction of Capital Improvement Program projects, City retains full control over the scope of such Program Management services to be furnished by Contractor. Attached as Appendix 4 is a summary schedule of the activities, tasks, deliverables and milestones to be performed and attained by Contractor pursuant to the first five work orders relating to Program Management Services.

Assignment Prohibited: Contractor agrees that it will not assign the Agreement or its obligations thereunder without the prior written approval by City in its sole discretion.

Indemnity and Hold Harmless: Contractor agrees to protect, defend, indemnify and hold the City and its officers, employees, representations, and agents harmless from and against any and all liabilities, judgments, actions, investigations, audits, proceedings, claims, fines, penalties, losses, damages, and expenses, including attorney's fees and all reasonable costs of litigation and judgments, arising out of any willful misconduct, negligent act, error, omission or intellectual property infringement or breach of the Agreement by the Contractor, its subcontractors, agents or employees, arising out of, relating to or incidental to the performance of the Services or the Agreement.

Subject to the limitations in Section 768.28, Florida Statutes, the City agrees to protect, defend, indemnify and hold the Contractor and its officers, employees, representations, and agents harmless from and against any and all liabilities, judgments, actions, investigations, audits, proceedings, claims, fines, penalties, losses, damages, and expenses, including attorney's fees and

all reasonable costs of litigation and judgments, arising out of any willful misconduct, negligent act, error, omission by the City, its subcontractors, agents or employees, arising out of, relating to or incidental to the performance of the Services or the Agreement.

Change of Control:	It will be an event of default by Contractor for which the City's remedies will include termination of the Agreement if there is a material change in control in the management and/or policies of Contractor, whether arising out of a single or successive change in ownership, merger, agreement or otherwise.
Bonds; Security:	City, at its cost, may require Contractor to obtain a performance bond, fidelity bond or other security for Contractor's obligations under the Agreement (excluding Program Management Services).
Schedule:	Attached as <u>Appendix 3</u> is a preliminary schedule of certain key goals, deliverables and services (and associated milestones) to be provided in the first fifteen (15) months after the Execution Date.
Appropriation:	City will be relieved of performance of its obligations hereunder unless funds are appropriated therefor by the City Commission and in such case Contractor's sole and exclusive remedy shall be to terminate the Agreement subject to Contractor's obligation under the Agreement to provide transition services.
City Termination:	City has the right to terminate the Agreement (i) for convenience; (ii) upon an event of default by Contractor; (iii) upon a prohibited assignment of the Agreement or material change in control of Contractor; (iv) upon a bankruptcy, liquidation, dissolution or reorganization event; (v) for an adverse change in the demand for NMB Water services; and (vi) for other circumstances set forth in the Agreement. Contractor may terminate this Agreement for an event of default by the City which is expressly specified in the Agreement to be a termination event, provided that the City fails to cure such event of default within the cure period specified in the Agreement after receipt of written notice by Contractor, subject to performance by Contractor of its obligation under the Agreement to provide transition services.
Termination for Convenience:	In the event of termination of the Agreement by City for convenience during the initial term of the Agreement, Contractor will receive a termination payment in a not to exceed amount determined in accordance with the Agreement.
Contractor Due Diligence:	Contractor acknowledges that it has and will at its cost conduct all due diligence investigations, evaluations and other activities which it determines to be necessary in order to perform the Services and its obligations under the Agreement, and further acknowledges that in the performance of the Services and its obligations under the Agreements it will rely solely and exclusively on the results of such due diligence, evaluations and activities and its experience and expertise and not on any statement, projection, estimate, description, information, data or document furnished by the City.
Public Benefit:	Contractor, with the support and involvement of the CH2M Foundation, will develop and implement a program for the performance and promotion of public benefit activities during the term of the Agreement
Cost Recovery:	Contractor will bear all costs, expenses, charges and fees incurred in the participation in RFQ 2016-08 and the negotiation, preparation and execution of the Agreement. Contractor will reimburse advisor fees and costs incurred

by the City in connection with negotiation, preparation and execution of the Agreement in an amount not to exceed \$200,000. Payment of the reimbursement will be spread over a period of three (3) years in equal annual installments; and which amount may be set off by City against any amounts owed by City to Contractor. Contractor may pre-pay the outstanding balance of the reimbursement amount at any time without any additional charge or fee.

Governing Law:

State of Florida

Venue:

Miami-Dade County, Florida.

Dispute Resolution:

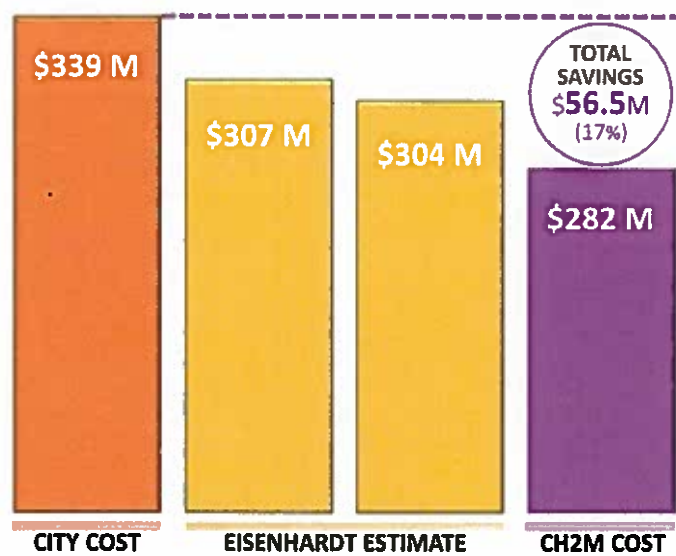
Management consultation, mediation and non-jury trial with injunctive relief to preserve status quo. The prevailing party shall be entitled to an award of reasonable attorney's fees.

APPENDIX 1

Base Operation and Maintenance Fees

Our partnership addresses all Eisenhardt improvement actions while significantly exceeding his projected savings for a best-in-class utility

- Significant investment by CH2M to establish the structure of a high-performing utility to achieve best-in-class status
- Substantial risk transfer from NMB to CH2M (compliance, staffing, cost management, safety...)
- >2400 hrs/year of investment in training and morale building
- Employment guarantee to all full-time hourly AFSCME staff at equal or higher total compensation
- Achieving all Eisenhardt action items in CH2M’s scope critical to improving the utility (56 of 58 recommendations)
- Tracking and reporting on all Eisenhardt KPIs plus several from AWWA that benchmark NMB Water’s utility to best-in-class
- Considerably higher level of service across the utility, particularly for backflow prevention, hydrant flushing and valve exercising
- Establishment of a robust safety culture and early elimination of safety concerns to bring the utility to OSHA standards
- Significant improvements in maintenance activities and implementation of best practices to substantially enhance system reliability
- Access to a deep pool of subject matter experts capable of quickly addressing emergencies, trouble shooting issues and mentoring/training the onsite staff
- Cost reductions and best-practices that exceed the Eisenhardt report’s estimated savings in:
 - ✓ Annual O&M cost
 - ✓ Staffing cost
 - ✓ Chemicals cost
 - ✓ Power cost
 - ✓ Total cost



A partnership that delivers value to NMB Water and its customers



- Invest \$987K within the first 6 months to establish the structure for a best-in-class utility
- Implement robust training program for existing staff focused on improving skills and capabilities
- Achieve all 56 Eisenhardt action items critical to improving the utility within the first 24 months
- Immediate focus on deferred maintenance to improve system reliability
- Implement capital improvement projects focused on plant improvements, security system upgrades and billing system advancements

- ✓ **Overall cost savings of \$3.4M/year** starting in year 3 vs. \$2 to \$2.25M estimate in the Eisenhardt report
- ✓ **Labor savings of \$2.4M** starting in year 2 vs. \$350 to 600K in the Eisenhardt report
- ✓ **Chemical savings of \$399K/year** starting in year 2 vs. \$250K in the Eisenhardt report
- ✓ **Power savings of \$228K** starting in year 3 vs. \$200K in the Eisenhardt report

APPENDIX 2

Eisenhardt Report Recommendations

Eisenhardt Recommended Actions Items

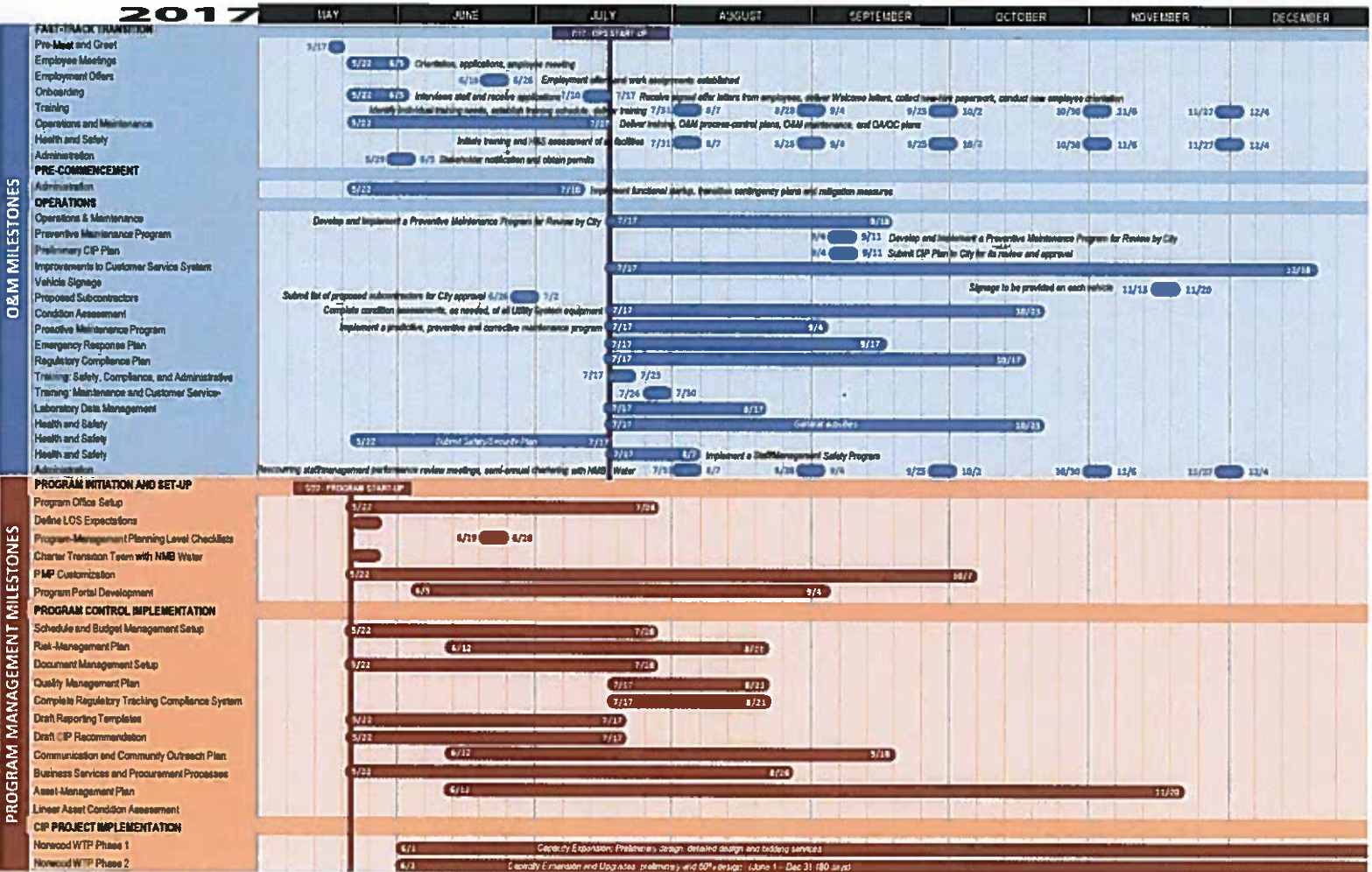
Number	Critical	Necessary	Desirable	CH2M	Action	CH2M Comments
1	x			X	Immediately make Water Plant improvements and upgrades: lime slakers and feed system; acid pumps on RO side; chlorine backup; coagulant feed pumps; ammonia feed system; tankage	Over first 2 years of contract through Capital Program
2	x			X	Conduct facility safety audit to identify hazards (including WTP site), safety equipment availability and use	Within 60 days
3	x			X	Expand Water Quality function to include a process engineer overseeing all water quality functions to include: water plant, process technologies, operating targets for process, process engineering, planner/scheduler, and provide link to customer service	Proposed through organization
4	x			X	Establish rudimentary management report system with dashboard metrics	Within 120 days
5	x			X	Train managers and supervisors to establish delegated responsibility and to hold staff accountable	Within 12 months
6	x			X	Implement comprehensive supervisor training programs at all levels; instill delegated responsibility and accountability	Within 12 months
7	x			X	Implement creation of a utility strategic plan, including completion of coordinated master plans for all systems.	Master Plan developed
8	x			X	Implement formalized planning and system to address CIP tracking & management	Within 6 months through Capital Program
9	x			X	Address lack of systems and implement upgrades for SCADA system for water plant (lime & nanofilters)	Evaluate within first year through Capital Program contingent on NMB approval
10	x			X	Address lack of systems and implement upgrades for CMMS (goal of 80% scheduled maintenance)	Within 6 months
11	x			X	Address lack of systems and implement upgrades for technology plan	Review technology plan and provide assessment within 12 months
12	x			X	Address lack of systems and implement upgrades for personnel records	Within 60 days
13	x			X	Address lack of systems and implement upgrades for accounting system & usage	Within 6 months
14	x			X	Add staff with technical capabilities, systems experience and usage capabilities	Proposed through organization
15	x			X	Address water line flushing, valve exercising, air release valve functionality, and hydrant testing in a comprehensive / systematic program with documented results & records	Within 1st year
16		x		X	Develop comprehensive training programs for all levels: revamp job descriptions, tailor training, encourage conference participation & career development, reward training achievements. Consider need for Training Manager position.	Within 1st year (training manager function would be delivered through SMEs)
17		x		X	Complete a formal compensation survey, develop program to remain competitive	Approach to competitive wages implemented through transition process
18		x		X	Coordinate performance reviews with compensation so as to provide performance based compensation incentives	Within 1st year
19		x		X	Conduct formal energy audits, with priorities for water treatment plant and then C&D systems	Within 1st year
20		x		X	Improve capabilities of middle management/supervisors to provide meaningful documents and performance reports to upper management	Within 1st year
21		x		X	Create and update SOPs for important policy actions / processes throughout the utility	Within 1st year
22		x		X	Develop tracking system for safety issues and injuries	Within 60 days
23		x		X	Develop formal Asset Management program for all utilities. Incorporate condition assessments, hydraulic model, water line breaks, etc.	Over first 2 years of contract through Capital Program
24		x		X	Reduce / eliminate organizational silos: institute communications programs to build liaisons across divisions; initiate multi-function meetings & interactions, proactive information sharing and communications (e.g., engage all affected divisions in establishing CIP priorities, key consultant selections, project designs)	Within 1st year
25		x		X	Establish training on use of internal systems (purchasing, accounting, HR, safety, performance reviews, maintenance, equipment records)	Within 1st year
26		x		X	Establish management dashboard items for each division (including administration)	Within 1st year
27		x		X	Reevaluate / re-engineer historical practices (e.g., discontinue unnecessary activities, e.g., Guardian Blue)	Within 1st year
28		x		X	Overhaul customer service system including records keeping and communications protocols with the utility. Consolidate points of contact. Develop record keeping to allow query & tracking. Unk work orders with customer complaints in one system accessible by all departments.	Within 1st year

29		x		X	Develop / implement corrosion control strategy and programs for equipment and facilities	With first 12 months
30		x		X	Implement regular, scheduled PM on fleet / heavy equipment, include this equipment in Asset Management system and plans	Within first 6 months
31		x		X	Conduct a staffing assessment (skills needed, duties & outputs, critically, number of positions)	Within first 6 months
32		x		X	Review engineering department for alignment of staff skills, capabilities, experiences with "go forward" needs and priorities. Include CIP activities and Contractor / Permitting activities in the review.	Within first 6 months
33		x		X	Implement regular Cost vs. Budget reports, train managers to use, and establish accountability for performance	Within first 6 months
34		x		N/A	Review benefits of a dedicated buyer position and implement consistent with review	Purchasing conducted through CH2M global procurement
35		x		X	Develop and implement a systematic approach for setting of requirements for new projects, processes, and technologies	Within 6 months through Capital Program
36		x		X	Develop process for internal stakeholder engagement throughout project planning, design & implementation. Make adjustments to project based on the review.	Within 6 months through Capital Program
37			x	X	Develop formal program for implementation of new infraMAP system to all levels	Evaluate infraMAP and recommend approach within first 18 months
38			x	X	Analyze productivity of C&D field crews; make improvements as identified by analysis	Within first 6 months
39			x	X	Formalize security programs for all divisions	Within first year utilizing existing systems. Security system upgrade project implemented through Capital program over first 2 years.
40			x	X	Formalize emergency plan for all divisions	Within first 3 months
41			x	X	Develop systems to improve responsiveness of fleet management department	Within first 6 months
42			x	X	Restructure / expand role of water quality lab at WTP to provide meaningful data and direction to operations for process optimization	Within first 6 months
43			x	X	Develop succession plan for aging staff	Within first 12 months
44			x	X	Provide training to remove obstacles to effective coordination between field staff and procurement	Within 6 months
45			x	X	Develop model to optimize WTP operation (i.e., selection of treatment trains)	Within first 12 months
46			x	X	Develop cost-effectiveness actions and control systems for energy & chemical usage	Within first 12 months
47			x	X	Develop and implement full SCADA control capability for water plant, revise staffing accordingly	Evaluate within first 2 years through Capital Program contingent on NMB approval
48			x	X	Proactively engage AFSCME in organizational activities / imperatives	Within first 6 months dependent on whether union staff
49			x	X	Train field crews in customer interactions; use messaging techniques for all employees	Within first 12 months
50			x	N/A	Revamp NMB Water website / upgrade	Responsibility of NMB
51			x	X	Establish a Communications Plan with messaging and media approaches specified	Within first 6 months development communication plan with NMB Water
52			x	X	Develop PE capability in the Engineering function	Implement PE capability through Capital Program
53			x	X	Expedite hiring process to streamline and reduce delays	Within first 6 months
54			x	X	Improve field crew access to electronic docs (GIS, CAD, etc.)	Within first 12 months
55			x	X	Evaluate merits / benefits of implementing vehicle tracking technology	Evaluation completed within first 18 months. Implementation dependent on ROI.
56			x	X	Consider usage of biometric timekeeping system	Evaluate during first 18 months
57			x	X	Collaboratively with Customer Service, evaluate AMI technology once installed; evaluate meter reading efficiencies	Within first 6 months
58			x	X	Formalize an "Outreach Plan" for NMB Water: media training, reinstitute plant tours, formalize a school outreach program, redesign customer bills to convey value propositions	Within first 18 months implement community engagement plan

APPENDIX 3

Schedule of Early Milestones and Deliverables

2017



Appendix 4

Summary of CIP Program Management Works Orders 1 through 5

Work Order 1 – Program Initiation: Work Order 1 covers program initiation and program management activities from May 15, 2017 to August 31, 2017. Program initiation is an important element for the program to provide the due diligence and planning necessary to produce a plan for the future. Activity related to this effort sets the foundation for the program and results in a plan to deliver the NMB Water Capital Improvement Program ("CIP") while anticipating future events and providing the flexibility to accommodate change as it occurs.

Work Order 2 – Year 1 Program: Work Order 2 covers program management activities for delivery of CIP from May 15, 2017 to September 30, 2018. Contractor will perform ongoing program management activities for the CIP from May 15, 2017 to September 30, 2018 to accomplish the following tasks: Program Management Oversight and Reporting; Document Management; Program Controls (includes schedule management, budget and funding); CIP Planning and Coordination; Quality Assurance and Change Management; Cost Estimating; Communication and Community Outreach; Construction Phase Services; Business Services and Finance Management; Procurement; System Software Coordination; and GIS and Hydraulic Modeling Services.

Work Order 3 – Norwood Water Treatment Plant – Phase 1 Expansion: Work Order 3 covers design, permitting, estimating and Guaranteed Maximum Price (GMP) development for the Phase 1 expansion of the Norwood Water Treatment Plant (NWTP). As this project will provide critical and immediate plant updates and expansion, CH2M proposes to deliver this project as a Progressive Design-Build project.

Work Order 4 – Norwood Water Treatment Plant – Phase 2 Expansion and Upgrades: Work Order 4 covers design, permitting, estimating and Guaranteed Maximum Price (GMP) development for the Phase 2 expansion of the Norwood Water Treatment Plant (NWTP) to expand NWTP capacity to meet current and projected demands. In connection with the achievement of immediate plant updates and expansion, Contractor has proposed to deliver the project as a Progressive Design-Build project.

Work Order 5 - Security System Improvements: Work Order 5 entails Contractor providing security evaluation, design and construction services for the implementation of Security System improvements and upgrades. Contractor will conduct on-site visits to NMB Water facilities and evaluate security vulnerabilities and deficiencies. Included in the scope of this work order are the design, permitting, estimating and Guaranteed Maximum Price (GMP) development for the Security System improvements and upgrades. In connection with the achievement of immediate benefits, Contractor has proposed to deliver the Security System Improvements as a Progressive Design-Build project.

APPENDIX 5

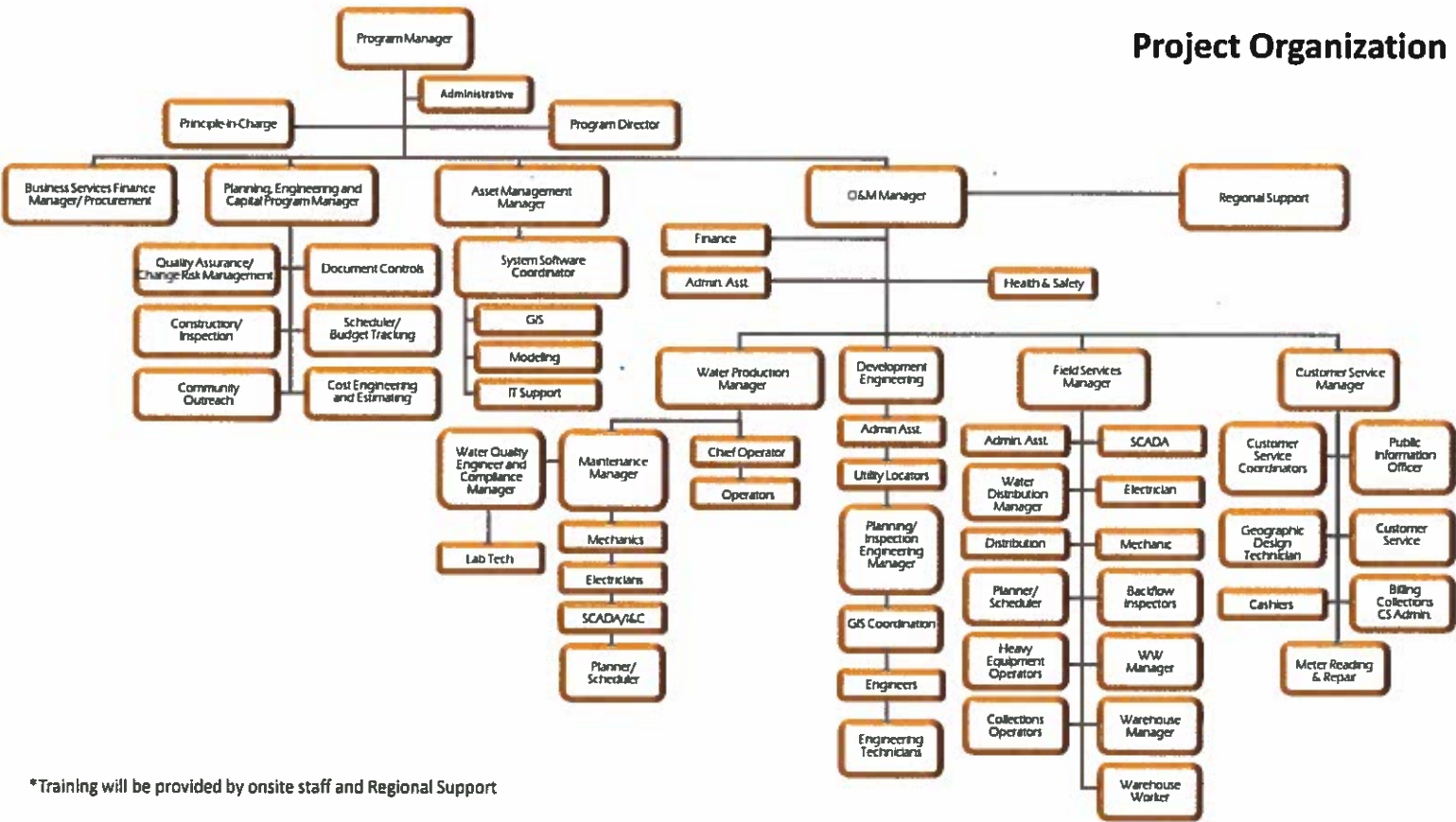
Hiring Process

1. **Meet and Greet Workshops** - Orientation, applications, employee meetings (Weeks of May 22 and May 29th)
2. **Employment Offers** - Employment offers and assignments provided (Week of June 19th)
3. **Onboarding** - Received signed offer letters from employees, Deliver Welcome Letters, Collect new hire paperwork, provide new employee orientation. (Week of July 10th)
4. **Training** - Identify individual training needs, establish training schedule, provide training (beginning July 17th and continuing through contract). Contractor anticipates monthly training sessions).

APPENDIX 6

Staffing Organizational Chart

Project Organization



*Training will be provided by onsite staff and Regional Support