Sponsored by: Williams

CITY OF MARATHON, FLORIDA
RESOLUTION 2026-86

A RESOLUTION OF THE CITY OF MARATHON, FLORIDA, APPROVING AN AGREEMENT WITH THE FIRM OF RAFTELIS FINANCIAL CONSULTANTS, INC. TO COMPLETE AN BUILDING PERMIT STUDY IN AN AMOUNT NOT TO EXCEED $70,000; AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONTRACT AND APPROPRIATE BUDGETED FUNDS ON BEHALF OF THE CITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Raftelis Financial Consultants, Inc. (Raftelis) have an existing Agreement with the City to provide financial services and analysis,; and

WHEREAS, With recent changes to Florida Statues City staff requested that Raftelis provide an engagement letter to conduct a building permit fee study.

WHEREAS, City staff is recommending approval of the Agreement to complete a building permit fee study to ensure compliance with Florida Statue,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, THAT:

Section 1. The above recitals are true and correct and incorporated herein.

Section 2. Said Project Specific Agreement is authorized in the amount not to exceed $70,000.

Section 3. **Effective Date.** This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, THIS 8TH DAY OF SEPTEMBER, 2026.

THE CITY OF MARATHON, FLORIDA

Mayor Lynny Del Gaizo

Lynny Del Gaizo, Mayor

AYES: Still, Landry, Matlock, Struyf, Del Gaizo
NOES: None
ABSENT: None
ABSTAIN: None

ATTEST:

Diane Clavier

Diane Clavier, City Clerk

(City Seal)

APPROVED AS TO FORM AND LEGALITY FOR THE USE AND RELIANCE OF THE CITY OF MARATHON, FLORIDA ONLY:

Steve Williams, City Attorney

RAFTELIS

August 24, 2026

Mr. Steve Williams
Interim City Manager / City Attorney
City of Marathon
9805 Overseas Highway
Marathon, FL 33050

Subject: **Engagement Letter to Conduct a Building Department Fee Evaluation**

Dear Mr. Williams:

As requested by the City of Marathon (the "City"), Raftelis Financial Consultants, Inc. ("Raftelis") has prepared the following agreement to provide rate and financial consulting services (the "Engagement Letter") on behalf of the City. Specifically, we were requested to i) assist the City in updating the cost allocation analysis and revenue sufficiency evaluation of the building permit fees (the "building permit fees") by the Building Department (the "Department") as it complies with provisions of Sections 166.222, 553.791, and 553.80, Florida Statutes; and ii) the development of a cost recovery analysis and fee determination for the permit fees and miscellaneous / other inspection and service fees (the "permit fees") (collectively, the "Project"). With respect to the performance of the Project, Raftelis will rely on the City staff as may be necessary to assist in the identification of activities and cost to provide services by the City associated with the evaluation of costs to be recovered from the application of Building Department fees to new construction.

Based on our understanding of the Project, Raftelis proposes the following:

Project Team and Billing Rates

With respect to the performance of the Project, Mr. Joe Williams will serve as the project director and a project manager that will serve as the primary contact between the City and Raftelis will be assigned upon this engagement being established. Raftelis may utilize other employees or associates during the course of the Project as needed. Please see Attachment A for a summary of the personnel titles and billing rates for Raftelis staff that may be utilized during this engagement which is made part of this Engagement Letter.

Scope of Services

The scope of services to be performed by Raftelis is included in Attachment B, which is made a part of this Engagement Letter.

Compensation and Billing

Based on the scope of services as summarized in Attachment B, we propose to establish a lump sum contract budget to perform the Project on behalf of the City in the amount of $68,850, which is summarized on Attachment C, which is made a part of this Engagement Letter. The lump sum project budget will be billed through monthly invoices based

on the percentage of the project complete. This contract budget amount includes labor and other direct costs such as travel, telephone, and delivery charges.

To the extent that the utility consulting scope of services as summarized on Attachment B, including any additional services as may be requested by the City, are performed by Raftelis but the total cost of such services, including the additional services, does not exceed the contract budget or cost recognized in this Agreement, no modification to the contract price to perform the additional services will be billed to the City.

Project Schedule

Upon notification to proceed as provided to Raftelis by the City, Raftelis plans to complete the Project and provide a draft letter report or discussion memorandum for consideration by the City within one hundred fifty (150) days upon receipt of the notice to proceed. The completion of the analysis would be subject to the availability of information provided to Raftelis from the City.

Disclosure

As a registered Municipal Advisor under the Dodd-Frank Act (the "Act"), Raftelis is required to inform our clients of any existing or potential conflicts of interest that may be relevant to any proposed scope of services that may include providing "advice" as that term is defined in the Dodd-Frank Act. As of the date of this engagement letter, no conflicts of interest are known to exist. Under the Act the definition of "advice" includes providing any opinion, information or assumptions related to the size, timing and terms of possible future debt issues or borrowing. The scope of services included in this Engagement Letter does not include, to the best of our knowledge, providing "advice" as defined in the Act. By signing this engagement letter indicating its approval and acceptance of the proposed scope of work and fees, the City is also explicitly acknowledging that Raftelis has provided the necessary disclosures addressing conflicts of interest and any limitations on the scope of Municipal Advisory services, if any, to be provided by Raftelis as part of this engagement.

If this Engagement Letter is acceptable to the City, please execute by signing below and returning a copy along with a purchase order.

We appreciate the opportunity to assist the City on this Project and to continue providing financial consulting services; we look forward to working with both the City and you in the near future.

Approved by:

RAFTELIS FINANCIAL CONSULTANTS, INC.

Joe Williams

Joe Williams
Vice President

CITY OF MARATHON

Signature

9/9/26

Date

ATTACHMENT A

RAFTELIS FINANCIAL CONSULTANTS, INC.

SCHEDULE OF DIRECT LABOR HOURLY RATES AND STANDARD COST RATES

DIRECT LABOR RATES [1]

Project Team Title	Direct Labor Hourly Rates
Vice President	$302.00
Senior Manager	$283.00
Manager	$257.00
Director of Data Services	$257.00
Principal Consultant	$257.00
Senior Consultant	$226.00
Consultant	$200.00
Associate Consultant	$180.00
Analyst	$135.00
Administration	$92.00

STANDARD COST RATES [1]

Expense Description	Standard Rates
Mileage Allowance – Personal Car Use Only	IRS Mileage Rate
Reproduction (Black and White) (In-House)	$0.05 per Page
Reproduction (Color) (In-House)	$0.25 per Page
Reproduction (Contracted)	Actual Cost
Telephone Charges	Actual Cost
Delivery Charges	Actual Cost
Lodging / Other Travel Costs (Airfare, Car Rental, Parking, Taxi, etc.)	Actual Cost
Subconsulting Services	Actual Cost
Other Costs for Services Rendered	Actual Cost

[1] Direct labor rates and standard cost rates per the Piggyback Agreement.

ATTACHMENT B

RAFTELIS FINANCIAL CONSULTANTS, INC.

BUILDING DEPARTMENT FEE EVALUATION

SCOPE OF SERVICES

The scope of services to be performed by Raftelis shall include a review and update of the sufficiency of the building permit fees to fund the allocated cost of service and the determination of revised building permit fees to recover the cost of service (the "building fees"). The following is a summary of the tasks to be performed that comprise the scope of services for each phase of the Project.

Task 1 – Data Acquisition and Review: Raftelis will work with the City to obtain financial information and reports and other data necessary to determine the allocated costs of providing building inspection and related services necessary for providing permitting and oversight services for new construction as provided by the Department (the "services"). Information to be requested from the City and obtained during the staff interview process may include, but not be limited to, the following:

A. General Fund and Building Department financial and budget information, including any previous cost allocation analyses and supporting work papers;

B. Detailed permit information, construction valuation costs for fee application, and other attributes associated with the derivation of revenues allocated to the Building Department;

C. Statistical information regarding the development of cost allocation factors including, but not limited to, square feet of office space allocable to each department, percent of time spent by employees in building / inspection function, etc.;

D. Any debt or loan repayment expenditures associated with the financing of City fixed assets (buildings, improvements, equipment, etc.); and

E. Other financial and operational information deemed necessary by Raftelis and the City.

Raftelis will prepare an information request to obtain certain data, documents, and analyses to be compiled by the City.

Task 2 – Department Staff Interviews for Cost Identification: As part of the data acquisition process, Raftelis will interview the City staff to identify cost allocation parameters. Raftelis will identify key personnel to discuss the cost of providing the permit, inspection services, and development fees, including the nature of the services provided and any other supporting costs associated with the provision of such service (e.g., vehicle expense, payroll benefits, materials and supplies, contract services, etc.). These interviews will occur with each department as necessary and will yield data that will serve as the basis for determination of certain rate levels. Up to two in person meetings are anticipated for this effort.

Task 3 – Building Fee Cost Analysis: Based on the information compiled by the City and the results of the staff interview process, Raftelis will prepare a detailed cost allocation process to determine the estimated cost of providing building permits and construction inspections. The analysis will include the identification of costs that should be recognized in the cost analysis, the development of cost allocation factors for the assignment of certain costs and estimates of the cost of providing service. For the purposes of this analysis, the budgeted costs identified by the City for the Fiscal Year ending September 30, 2027 will serve as the Test Year for the cost analysis. Upon completion of the cost allocation analysis, Raftelis will present the results to City staff in a working group meeting. The presentation will focus on the cost identification and allocation process. Raftelis will update the analysis based on the results of the working group meeting. Raftelis will prepare presentation materials and other supporting documentation, or correspondence as considered necessary to present the analysis to the City staff. This cost allocation effort will support the design of the updated rates, which will separate out the inspection fees from the overall building permit fee to meet the anticipated new Statute requirements resulting from House Bill 803.

Task 4 – Building Fee Revenue Sufficiency Analysis: Raftelis will evaluate the relationship between the expenditures associated with the Building Permit and Inspection Services and the revenues anticipated to be received from permits for construction in order to determine the nexus between the services provided and revenues to address the provisions of Sections 166.222 and 553.80, Florida Statutes. Raftelis will work with City staff to establish the historical four (4) year average operating costs, for the period ended September 30, 2026, to determine the carry-forward reserves balance that can be considered as the carry-forward amount. This amount will be compared to the current cash balances and considered in the determination of the revenue requirements to be recovered from building / permit fees.

Task 5 – Design Proposed Building Fees: Based on the cost allocation analysis, Raftelis will identify a plan for fee levels over the next five years, with modification to the building permit fee structure that is currently in effect based on meeting the new requirements identified in House Bill 803. The rates for inspection activities will be separated from the building permit fees, to establish the appropriate cost recovery and prevent overcollection of revenues for these services. Raftelis will work with the City to reconcile revenues and expenses for a period not to exceed three years and identify any excess funds that should be addressed pursuant to requirements of Florida Statutes. As part of the evaluation, Raftelis will also prepare an analysis of the credit to be provided by the City if an applicant utilizes their own private contractor to perform a plan review and inspection services in lieu of the City providing these services based on the provisions of Section 553.791, Florida Statutes.

Task 6 – Report Preparation and Presentation: Raftelis will prepare a letter report documenting the assumptions and considerations used in estimating the costs of providing the services associated with the building inspection and permitting process utilized by the City. The report will discuss the assumptions relied upon in the cost allocation process, the allocation factors / basis used, and the results of the cost allocation analysis. Raftelis will prepare a presentation to present the study results and recommendations to the City Council. Raftelis has assumed the attendance of one (1) meeting for this task.

Raftelis will assist the City with the review of any ordinances or resolutions to reflect changes in fee structure or level based on the analysis conducted in the previous tasks; the ultimate preparation of the ordinance or resolution will be the responsibility of the City and their legal team.

Meetings: For the purposes of this scope of services and the cost estimate included herein, Raftelis has assumed the attendance of three (3) on-site meetings. It was assumed that the on-site meetings, including preparation and travel allowances would have a duration of eight (8) hours and the virtual meetings would have a duration of two (2) hours per meeting. A summary of the meetings is summarized below:

1. Two (2) on-site meetings are anticipated for the staff interview process to assist with determination of appropriate cost allocation efforts and efforts related to specific fees such as inspection activities and smaller permit fees.
2. One (1) on-site meeting to present the results of the 2027 building permitting and planning analysis and proposed fees to the City Council; and
3. Three (3) virtual meetings to discuss the cost allocation assumptions, results and findings as part of the cost allocation and revenue forecast analysis for the building permit fees.

List of Deliverables

The deliverables to be provided in this engagement include the following items:

- Initial Data Request;
- Proposed Rates;
- Report Documenting Analysis and Findings; and
- Presentation Document to present fees to the City Council.

Additional Services

During the course of the engagement, the City may request additional services from Raftelis. Although no additional services are anticipated at this time, Raftelis will perform such services only as mutually agreed between the City and Raftelis in writing. Examples of consulting services that would be considered as an additional service include, but are not limited to, the following activities:

1. Attendance of meetings in addition to what is contemplated in the scope of services referenced above. For the purposes of this Agreement, it is estimated that the cost of each additional meeting would include 8 hours per meeting with attendance of two Raftelis personnel plus travel time and materials associated with attendance of such meetings.
2. Performance of additional financial and rate analyses and/or modification to the rate analysis after substantial completion of the cost allocation process, and presentation to staff as a result of City Council directives and/or changes in assumptions and data requirements as subsequently provided by the City (e.g., due to changes in information or in assumptions initially relied upon in the cost allocation process).
3. Attendance of meetings with affected customers or third parties and the preparation of testimony as a result of any third-party action relative to the cost allocation process.