

CITY OF WEST PARK

CALCULATION REPORT

**CALCULATION OF ECONOMIC VALUE OF
ACCESS TO GROUNDWATER LOCATED
IN THE CITY OF WEST PARK**

JANUARY 31, 2011

D. Moss & Associates, LLC
Certified Public Accountant & Advisor

CITY OF WEST PARK

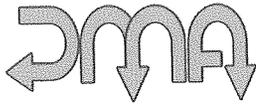
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February 25, 2011

Mr. W. Ajibola Balogun, City Manager
City of West Park
3150 SW 52nd Ave, Suite 100
Pembroke Park, FL 33023

RE: Calculation of economic value of access to groundwater located in the City of West Park

Dear Mr. Balogun:

We have performed a calculation engagement, as that term is defined in the Statement on Standards for Valuation Services (SSVS) of the American Institute of Certified Public Accountants. We performed certain calculation procedures as specified in the "Business Valuation Calculation Agreement with the City of West Park." In particular, we were asked to perform a limited analysis to estimate the "value of access to groundwater located in City of West Park" as of January 31, 2011 to be used for determining the compensation to be paid by the City of Hallandale Beach to re-locate their raw water wells in the Mary Saunders Park area of the City of West park. The calculation procedures were performed solely to assist the City of West Park and the City of Hallandale Beach in their discussions to finalize the City of Hallandale Beach's application for Consumptive Use Permit for a public water supply from the South Florida Water Management District, and the resulting calculation of value should not be used for any other purpose or by any other party for any purpose. This calculation engagement was conducted in accordance with the (SSVS). The estimate value that results from a calculation engagement is expressed as a calculated value.

In a calculation engagement, the valuation analyst and the client agree on the specific valuation approaches and valuation methods the valuation analyst will use and the extent of the valuation procedures the valuation analyst will perform to estimate the value of the subject interest. A calculation engagement does not include all of the procedures required in a valuation engagement, as that term is defined in the SVSS. Had a full valuation engagement been performed, the results might have been different.

This calculated value is subject to the Statement of Contingent and Limiting Conditions found in Appendix 1 and the Valuation Analyst's Representation found in Appendix 2. We have no obligation to update this report or our calculation of value for information that comes to our attention after the date of this report.

Although the purpose of this Calculation Engagement is to determine the reasonable value of the subject interest, the client has required only limited analyses to be performed. Based on these limitations, D. Moss & Associates, LLC will not be rendering an opinion of value based on the standards established by The Appraisal Foundation in its *Uniform Standards of Professional Appraisal Practice*, the American Society of Appraisers, or The Institute of Business Appraisers.

As previously stated this assignment was performed using a limited amount of information. Users of this report who are unfamiliar with the facts and circumstances surrounding this assignment may be misled. Therefore, it is not recommended that this report be distributed to a third party that is unfamiliar with the circumstances.

Our calculations have been based on the following information:

1. Limited market data for comparison purposes as further explained and documented in Section 1 – Survey of South Florida Public Water Utilities regarding information on location of raw water wells.
2. Development of the water access charge as further explained and documented in Section 2 - Water Access Charge Calculation.
3. Information obtained during meetings, e-mails and telephone conversations with W. Ajibola Balogun, City Manager, City of West Park and Mr. Christopher Wallace, Finance Director, City of West Park.
4. Information obtained during meetings, e-mails and telephone conversations with William Brant, Utilities Director, and Earl King, Deputy Director of Utilities and Engineering, City of Hallandale Beach.
5. Information obtained during meetings, e-mails and telephone conversations with Janeen M. Wietgreffe, P.E., Hazen and Sawyer, Environmental Engineers and Scientist.
6. Information obtained from the South Florida Water Management District.
7. Other items referenced throughout the report.

Historical Perspective

Due to the uniqueness of this engagement, it is important to understand the historical perspective of the circumstances that require a need for the development of the value of access to ground water in the City of West Park. During the 1990's and early 2000's the City of Hallandale Beach began to experience salt water intrusion in their public water supply for their ground water wells located near their water treatment plant. Various studies were authorized by the City's contracted engineering firm to review the alternatives for determining the best option to resolve the potential further salt water intrusion in the wells that provide their public water supply.

As reflected in the June 15, 2010 Technical Memorandum “Summary of Water Supply Alternatives Investigations for the Broward County Integrated Water Resource Plan (IWRP)” from Hazen and Sawyer, Environmental Engineers & Scientists, four primary water supply options were considered in the IWRP that included:

- “Implementation of reuse to offset potable water demands and reduce the threat of salt water intrusion
- Utilization of stormwater to recharge the local aquifer
- Relocation of production wells inland to a new wellfield
- Modification of existing facilities by either withdrawing from more shallow zones and/ or reducing withdrawals (Hazen and Sawyer, Technical Memorandum, June, 2010, page 2 of 12).”

As a result of Hazen & Sawyers’ analysis, the four options were ranked based on technical merit, environmental benefits, cost, and regulatory. The Technical Memorandum concluded, “the relocation of the production wells is feasible, and ranks the highest of the considered alternatives (Hazen and Sawyer, Technical Memorandum, June 2010, page 11 of 12).”

As a follow up to the Technical Memorandum, the City of Hallandale Beach became aware of preliminary engineering investigations as to the viability of the Mary Saunders Park location in the City of West Park as a potential location for the relocation of its wells. After preliminary engineering work was completed and it was determined that the Mary Saunders Park location was a viable option for the relocation of the City of Hallandale Beach’s ground water wells, discussions were held with the City of West Park and a Memorandum of Understanding was approved on April 21, 2010, to allow the pursuit of location of wellfield for the City of Hallandale Beach.

Statutory Requirements

Before the City of Hallandale Beach can pursue the relocation of their ground water wells, a modification of the City’s Consumptive Use Permit must be obtained from the South Florida Water Management District. The South Florida Water Management District (SFWMD) is the regional governmental agency that oversees the water resources in the southern half of the state. The Agency was created by Florida Legislature in 1949 and has the authority for regulating the state’s water resources as contained in Chapter 373 of the Florida Statutes. Since the intended source of the water in the Mary Saunders Park is the Biscayne Aquifer, the City of West Park is prohibited from charging a fee for the water. However, due to the fact that the proposed site (Mary Saunders Park area) is in the City of West Park, West Park may require compensation from the City of Hallandale Beach for this access. As stated above, both cities agree that there is value in the Mary Saunders Park location, and accordingly, the City of West Park should be compensated.

Based on the previous discussion, the following valuation calculations have been performed to determine the reasonable value of the access to ground water located in the Mary Saunders' Park area of the City of West Park for the City of Hallandale Beach.

SECTION 1 - Survey of South Florida Public Water Utilities regarding information on location of raw water wells

Overview

As indicated the Business Valuation Calculation Agreement with the City of West Park, the initial approach to determining the value of access to ground water in the City of West Park was to perform a survey of South Florida Water Management District ground water permit holders to determine if there were similar or comparable arrangements with other public water utilities. Generally, public water utilities must ensure that the location of their raw water wells are secured and protected. As such, significant investment is usually made by water utilities to purchase properties where it has been proven that withdrawals for the ground water source are predictable and reliable for future use. If properties cannot be purchased, long-term arrangements are entered into with property owners through "perpetual" or "permanent" easements that allows for the placement of the ground water wells and subsequent continual servicing the wells and connections to pipes that delivers the water from wells.

The following steps were taken to identify potential arrangements where ground water wells were located on properties not in a public utility services area or municipal limits and to obtained information regarding any financial arrangements that exists:

1. Discussion with SFWMD staff regarding known public water supply wells that are not in the public utility's service area or municipal limits.
2. Personal contact with the public utilities regarding the location of their ground water wells to determine potential comparable arrangements.
3. Extensive on-line review and research of the 16 counties regulated by the South Florida Water Management District, by reviewing selected Consumptive Water Use Permits for public water supply.
4. Follow-up with discussions with several utilities identified in the on-line research to determine applicability of the circumstances.
5. Completion of a table that reports the results of the research.

Conclusion

Based on the results of the survey as reflected in Table 1, there were no precise examples and only limited examples of other arrangements being entered into by public water utilities for the location of their raw water wells in areas not owned or controlled by the public water utility. Accordingly, it was determine that "alternative calculations" are required to estimate the value of access to ground water for the City of Hallandale Beach in the proposed Mary Saunders Park area. The objective of the alternative calculations is reflect a simplified comparisons of the alternatives should the City of Hallandale beach not pursue location of their raw water wills at the Mary Saunders Park location.

**WEST PARK
SURVEY OF SOUTH FLORIDA PUBLIC WATER UTILITIES -
LOCATIONS OF RAW WATER WELLS**

Table 1

<u>Name of City/County</u>	<u>Utility serving</u>	<u>Is there a location of wells issue?</u>	<u>Explanation of Arrangements</u>
Broward County	Broward County Env.Serv.	Yes-Some wells are on property owned by private entities	Appraised value for perpetual/permanent easement
Delray Beach	Utilities Division/Env.Dept.	No-Wells are on property owned by the utility or in rights-of-way	N/A
Ft. Lauderdale	City of Ft. Lauderdale	No-Wells are on property owned by the utility or in rights-of-way	N/A
Hollywood	Public Utilities Dept.	Yes-Well located at Chamanide High School	Hollywood entered into a 50-year lease, total compensation of \$170,200 for the placement of a well.
Jupiter	Loxahatchee River District	Yes-Some wells are on property owned by private entities	Appraised value for perpetual/permanent easement
Martin County	Martin County Utilities	No-Wells are on property owned by the utility or in rights-of-way	N/A
Naples	Public Works - Util. Div	Yes-Some wells are on property owned by private entities	Appraised value for perpetual/permanent easement
North Miami Beach	N.M.B./Miami Gardens	Yes-Construction Easement Obtained	Only named insured during construction
Okeechobee County	Okeechobee, FL	No-Wells are on property owned by the utility or in rights-of-way	N/A
Orange County*	Orange County Utilities	No-Wells are on property owned by the utility or in rights-of-way	N/A * Regulated by SFWMD
Orlando*	Orlando, FL	Wells located prior to neighboring city's annexation	N/A * Regulated by SFWMD
Palm Beach County	PBC Water Util.Dept.	No-Wells are on property owned by the utility or in rights-of-way	N/A
Palm Beach Gardens & North Palm Beach	Seacoast Utility Authority	No-Wells are on property owned by the utility or in rights-of-way	N/A
Pembroke Pines	City of Pembroke Pines	Wells located prior to neighboring city's annexation	N/A
Polk County*	Polk County Water Utility	Yes-Some wells are on property owned by private entities	Appraised value for perpetual/permanent easement * Regulated by SFWMD
Pompano Beach	Utilities Department	No-Wells are on property owned by the utility or in rights-of-way	N/A
Sarasota County*	Sarasota Florida	No-Wells are on property owned by the utility or in rights-of-way	N/A * Regulated by SFWMD
Seminole County*	Seminole County	No-Wells are on property owned by the utility or in rights-of-way	N/A * Regulated by SFWMD
St Lucie County	St. Lucie County	No-Wells are on property owned by the utility or in rights-of-way	N/A
Sunrise	City of Sunrise	Wells located prior to neighboring city's annexation	N/A

* Note: Public utility regulated by SFWMD, however not considered located in South Florida.

SECTION 2 - Water Access Charge Calculation

Overview

In line with the previously stated study objective of simplicity, an economic model for deriving a charge to the City of Hallandale Beach to access raw water from the City of West Park was created. The information was assembled in a way that would compare various elements of accessing water from the City of West Park and the alternative sites in the cities of Pembroke Park, and the City of Hollywood's Washington Park and Hillcrest Golf Club.

The basic logic of the model is that even though there may be prohibitive non-economic reason, the City of Hallandale will agree to pay for the access of raw water from the City of West Park on an economic basis. This means that an annual access charge, or lump sum fee needs to be less than the difference between the annual project-related expense of the West Park option and the next least expensive alternative.

To this end, we collected the available information/data relating to the cost of providing raw water from the alternative sites to the City of Hallandale Beach. These expenses included one-time expenditures including engineering, construction, possible land acquisition and estimate easement costs. In addition, it would be necessary to include identifiable costs related to the future on-going operations. With the amortized one-time expenses added to the estimated annual operating costs this model will yield a derived annual expense that captures all of the costs attributable to the providing treated water to the people of Hallandale Beach. Each of the four sourcing alternatives (West Park, Pembroke Park, and both Hollywood locations) has their own estimated annual expense based on the costs associated with their situation.

These four calculations now provide a rational economic means of comparing sourcing alternatives. Assuming that the West Park option is less costly than the other three alternatives, then there is an opportunity to consider the amount of an access charge.

Objectives in Developing the Methodology

This is the second part of the this section to determine what is an appropriate annual fee or lump sum fee that the City of West Park should charge the City of Hallandale Beach for access to raw water from the Biscayne Aquifer located at Mary Saunders Park. The reason we had to develop a methodology for deriving a charge is that after doing our due diligence (explained in the first half of this study), there were no other water access transactions that were similar to this scenario. As a result, we developed a methodology that would meet or address the following objectives:

- Simplicity
- Relationship to known costs and water volumes
- Identification of anticipated/possible changes
- Identification of current/possible intangibles

- Conservative cost estimates
- Maximize the revenue to the City of West Park and provide the appropriate equity return to the City of West Park

Simplicity – If the audience for this study was to be solely engineers or city administrators, it might be worded and structured in technical terms. Since it is anticipated that our recommendations will require approval by two city commissions, this objective was to include the detail underlying the analysis, but to present the findings in an easy to understand format.

Relationship to Known Costs and Water Volumes – In order for our recommendations to have any credibility, we determined that our economic model needed to incorporate current or historical costs and estimated water volumes. The result of achieving this objective would be to derive a recommended water access charge that is backed-up by fact. If the logic and the variables of the economic model are correct, then it is highly probable that the charge will be reasonable and approvable.

Identification of Anticipated/Possible Changes – As much as we want to identify and capture all relevant variables and trends, there may be changes that are possible but not considered. In order to better understand the overall economic picture, the result of achieving this objective is the introduction of possible changes to the key variables and determining the viability of our recommended access charge. Since the City of West Park is anticipated to receive uniform payments from the City of Hallandale Beach, this consideration is primarily to reinforce the level of comfort in the fairness of our model/calculations from the standpoint of Hallandale Beach.

Conservative Cost Estimates – In many cases when economic models are created, the value of the variables contained in the model reflect either the best case or optimistic scenario. From experience, we know that rarely does the best-case situation occur, as a result, the results of the model tend to be unrealistic. In order to minimize this occurrence, we have attempted to either use conservative numbers (not best case) or introduce a range of values for key variables for the purpose of determining the sensitivity of the model and whether the ultimate decision(s) would change based on what number is used.

Maximize the Revenue to the City of West Park and Provide the Appropriate Equity Return – This objective becomes extremely important in that the City of West Park is the client, and inherently our client seeks to execute a water access agreement with the City of Hallandale Beach. The City of Hallandale Beach has slightly different objectives. They too want to have an executed agreement, but at the lowest possible cost. Objective was to maximize the revenue to the client, but at the same time recommend a charge that is less than the next reasonable alternative. Discussions were held with Abbass Entessari, Ph. D., Dean, School of Business, Florida Memorial University to support the methodology for calculating the water access charge.

Listing of Water Access Charge Model Variables

The *Water Access Charge Model* is presented in a tabular format. It is intended to compare each alternative on a comparable basis. The ultimate goal of this financial model is to systematically derive a rational charge for raw water access. The following are line item variables reflected in the water access charge model:

Engineering Expenditures – Work done by consulting engineers to investigate and design all that is needed to facilitate the wellfield construction and pipeline installation needed to access a new raw water source.

Capital Costs – The actual cost of construction of the wellfield and pipeline installation.

Public Works Fees – The charge for pipeline installation with-in the rights-of-way of a city or town.

Term of Consumptive Use Permit – The South Florida Water Management District is responsible for managing state-owned water resources. In order to access this water, a consumptive use permit is applied for and if granted, the term of this permit is for a specific number of years.

Amortized One-Time Expenditures – Since the one-time expenditures are made in order to provide a useful benefit over the life of the project, these expenditures are divided by the term of the consumptive use permit and thereby spread evenly.

Raw Water Purchased from Broward County – The City of Hallandale Beach current pays a fee to access raw water. This charge is intended to offset the cost of wellfield and pipeline maintenance incurred by Broward County for the City of Hallandale Beach.

Annual Operating Costs – These expenditures related to the cost of accessing raw water, treating this water, and making it available for retail purchase. These expenditures exclude any capital costs (engineering, construction, etc.)

Land Purchase – One of the water access alternatives requires the purchase of privately owned land.

Loss Investment Income – The City of Hallandale Beach has indicated that the relocation of its wellfield is planned to be cash funded. As such, cash available to fund the capital related costs would cease to be available to earn interest income. Expenditures of a capital nature are normally funded by long-term revenue bonds. Since it is projected that long-term revenue bonds are not anticipated, the annual value of loss investment income is included for the capital costs, engineering costs, and land acquisition/easements costs. It is assumed that an average return of 5% on U.S. treasuries would be the loss investment income annually.

Amortized Land Purchase/Easement Costs – Very similar to the one-time expenditures, the purchase of land would have a useful life over the term of the consumptive use permit. In like manner, this up-front expense is spread evenly over the life of the project.

Annual Project-Related Costs – This cost is the sum of the amortized engineering, capital, and land acquisition/easement costs plus the projected annual operating expenses.

Differences Between West Park Annual Costs – Each water access alternative has its computed annualized cost. The difference between the City of West Park alternative and the other three alternatives is reflected here.

Present Value of Differences Between West Park Alternative – The total annual differences estimated over the twenty-year period for the Consumptive Use Permit was discounted by 5% to determine the present value.

**Listing of Water Access Charge Model
Assumptions and Risks**

Variable	Source	Assumption(s)	Risk(s)
Term of consumptive use permit	South Florida Water Management District	20 years	Based on informal inquiries, there is minimal risk that the permit will not be granted for the West Park site. It is not a foregone conclusion that a consumptive use permit could be issued at either of the alternate sites.
Engineering costs	City of Hallandale Beach	\$600,000	The estimated engineering costs for the Pembroke Park and Hollywood are based on the estimated engineering cost for West Park. This charge for these alternatives could be considerably different.
Sunk Costs	City of Hallandale Beach	\$138,530	Minimal
Wellfield Construction Cost	Hazen & Sawyer	\$3,850,000	The estimated wellfield construction costs for the Pembroke Park and Hollywood are based on the estimated engineering cost for the West Park. This charge for these alternatives could be considerably different.
Public Works Fees	West Park and Pembroke Park fee information	West Park - \$2,192 Town of Pembroke Park - \$23,073	Minimal

**Listing of Water Access Charge Model
Assumptions and Risks**

Variable	Source	Assumption(s)	Risk(s)
Pipeline Installation	Hazen & Sawyer, as adjusted	\$3,000,000 for West Park, \$5,250,000 for Pembroke Park and \$3,750,000 for Hollywood – Washington Park and \$600,000 for the Hillcrest Golf club	The estimated pipeline installation costs for the Pembroke Park and Hollywood locations are based on the estimated pipeline cost for the West Park location as a basis, and has been adjusted due to the estimated required length of pipe. For both Hollywood sites, no discussions have been held with the City of Hollywood who is a public water provider. It is unknown if the City of Hollywood would permit either locations. This is a major risk.
Pipeline Length	Hazen & Sawyer, as adjusted	Length - West Park = 1 mile, Pembroke Park = 1.75 miles Length for Hollywood – Washington Park = 1.25 miles Length for Hillcrest Golf Club = 0.2 of a mile	Minimal

**Listing of Water Access Charge Model
Assumptions and Risks**

Variable	Source	Assumption(s)	Risk(s)
Raw Water Purchase Price from Broward County	City of Hallandale Beach	\$379,333	Costs will be saved with the relocation of the wells.
Annual Operating Costs	City of Hallandale Beach, as adjusted	Currently \$2,905,434 based on treating 6 mil. gal. per day. Projected to be \$3,873,912 based on treating 8 mil. gal. per day [8 mil. gal. per day is the average] production over the term of the project	Minimal risk in assuming there is a direct relationship between operating costs and level of production. Potentially <u>significant</u> risk in assuming that the other alternative sites have sufficient capacity to provide up to 10 mil. gal. per day as needed by the City of Hallandale Beach
Land Purchase Price	Random DMA survey	\$3,500,000 for two parcels in Pembroke Park (commercial properties that are vacant)	Minimal risk assuming the submitted purchase price quote provides for adequate return to the owner and the Town of Pembroke would approve the required re-zoning for the property. This estimate is the costs of the land. Since "Cash Funding is assumed, loss investment income has been adjusted accordingly.

**Listing of Water Access Charge Model
Assumptions and Risks**

Variable	Source	Assumption(s)	Risk(s)
Easements	Calculated	West Park and Hollywood – Hillcrest Golf club = \$74,760	Based on estimated price for purchase of commercial property, prorated for land requirements for easement.
Loss Investment Income	Calculated	Engineering, Capital Costs, Land and Easement costs will be cash funded. Assumed Loss Investment Income at rate of 5% annually West Park = \$376,348; Pembroke Park = \$688,080; Washington Park = \$416,927 Hillcrest Golf Club = \$263,165	The City of Hallandale Beach has indicated that this project will be cash funded. Normally capital requirements of this nature are funded through revenue bonds. Accordingly, the value of loss investment income has been calculated based on 5% return on U.S. Treasuries. The size of the capital investment, particularly for the Pembroke Park alternative presents a large risk.

West Park Water Access
Charge Calculations
Table 2

COST SUMMARY

	ALTERNATIVES				
	Hallandale Beach (today)	West Park (Mary Saunders Park)	Pembroke Park (Vacant Commercial Property)	Hollywood (Washington Park)	Hollywood (Hillcrest Golf Club)
Term of Consumptive Use Permit (yrs.):	20				
<u>One-Time Expenditures</u>					
Engineering Costs					
Sunk Cost	N/A	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Remaining Costs	N/A	138,530	-	-	-
Previously Expended Engineering:	N/A	461,470	600,000	138,530	138,530
	N/A	N/A	138,530		
Total Engineering Expenditures	N/A	<u>\$ 600,000</u>	<u>\$ 738,530</u>	<u>\$ 738,530</u>	<u>\$ 738,530</u>
<u>Capital Costs</u>					
Wellfield Construction	N/A	\$ 3,850,000	\$ 3,850,000	\$ 3,850,000	\$ 3,850,000
Pipeline	N/A	3,000,000	5,250,000	3,750,000	600,000
Public Works Fees	N/A	2,192	23,073	-	-
Total Capital Costs:	N/A	<u>\$ 6,852,192</u>	<u>\$ 9,123,073</u>	<u>\$ 7,600,000</u>	<u>\$ 4,450,000</u>
Total Engineering and Capital Costs:	N/A	<u>\$ 7,452,192</u>	<u>\$ 9,861,603</u>	<u>\$ 8,338,530</u>	<u>\$ 5,188,530</u>
Amortized Engineering and Capital Costs:	N/A	\$ 372,610	\$ 493,080	\$ 416,927	\$ 259,427
Raw Water Purchased From Broward County	\$ 379,333	\$ -	\$ -	\$ -	\$ -
Annual Operating Costs	\$2,905,434	\$ 3,494,579	\$ 3,494,579	\$ 3,494,579	\$ 3,494,579
Loss Investment Income (Cash Funded Project)		376,348	668,080	416,927	263,165
Total Annual Operating Expenditures	\$3,284,767	<u>\$ 3,870,927</u>	<u>\$ 4,162,659</u>	<u>\$ 3,911,506</u>	<u>\$ 3,757,744</u>
City of Hollywood - Access Charge	N/A	N/A	N/A	-	-
Total Annual Expenditures : (Before land purchase/easement)	N/A	<u>\$ 4,243,536</u>	<u>\$ 4,655,739</u>	<u>\$ 4,328,432</u>	<u>\$ 4,017,170</u>
Land Purchase / Easement	\$ 74,760	\$ 3,500,000	\$ -	\$ -	\$ 74,760
Amortized Land Purchase/Easement	3,738	175,000	-	-	3,738
Total Annual Project-Related Costs:		<u>\$ 4,247,274</u>	<u>\$ 4,830,739</u>	<u>\$ 4,328,432</u>	<u>\$ 4,020,908</u>
Differences Between West Park Annual Cost: \$ 583,465					
Present Value of Differences Between West Park Alternative: \$ 7,271,264					
Differences Between West Park Alternative: \$ 1,011,408					
Differences Between West Park Alternative: \$ 81,158					
Differences Between West Park Alternative: \$ (226,366)					
Differences Between West Park Alternative: \$ (2,821,021)					

SECTION 3 – Real Estate Appraisals for Easements

As a separate activity for the establishment of the potential compensation to West Park for allowing access to raw water in the Mary Saunders Park location, the City of Hallandale Beach attempted to obtain the services from real estate appraisals firms to determine the value of potential permanent easements. After no responses were received by the City of Hallandale Beach, the City of West Park requested that D. Moss & Associates, LLC attempt to obtain real estate appraisals services for this project. D. Moss & Associates, LLC was also unsuccessful in obtaining real estate appraisal services for this project. The real estate appraisal firms that were contacted by D. Moss & Associates, LLC decline to submit a bid due to the uniqueness of the services required and the bid specifications as established by the City of Hallandale Beach.

As result of the project update meeting, D. Moss & Associates, LLC was instructed to include as part of this report, a calculation to determine an estimate of the easement values based on the commercial land value included in the Pembroke Park alternative. Table #3 provides the calculation of the estimate for easement values.

**WEST PARK WATER ACCESS
CALCULATION OF ESTIMATED EASEMENT VALUES
Table 3**

Town of Pembroke Park Location:			
Commercial Property identified in Pembroke Park to provide adequate spacing for the placement of five raw water wells.	Parcel 1	<u>Land</u> 2 Acres	<u>Price Quote</u> \$ 2,000,000
Parcel 1-Southwest corner of SW 52 Ave and W. Hallandale Beach Blvd.	Parcel 2	2.3 acres	1,500,000
Parcel 2-Southeast corner of SW 48 Ave. and W. Hallandale Beach Blvd.	Total Sq. Ft.	187,308	<u>\$ 3,500,000</u>
	Price/Sq. Ft.		<u>\$ 18.69</u>
West Park (Mary Saunders Park Location):			
Land needed for placement of wells at the Mary Saunders Park Location			
Five (5) wells - Each 20x40 ft land space required	Total Sq. Ft.	4,000	
Note: 2 wells are projected to be located in the Park	Sq. Ft.	1,600	\$ 29,904
1 well to be located in or near parking lot area	Sq. Ft.	800	14,952
2 wells are to be located in the 48th Ave. Right-of-Way	Sq. Ft.	1,600	29,904
Estimated Value for Easements			<u>\$ 74,760</u>
Hollywood (Hillcrest Golf Club):			
Five (5) wells - Each 20x40 ft land space required	Total Sq. Ft.	4,000	
Estimated Value for Easements			<u>\$ 74,760</u>

SECTION 4 – Conclusion of Value

Based on the alternatives, the calculated range of annual values determined by utilizing the agreed upon procedures are reflected below:

Range of annual differences:

Differences between West Park and the alternatives \$(226,366) - \$583,465

Present value of the differences \$(2,821,021) - \$7,271,264

It is important to understand that in the analysis of the alternatives, the Hollywood (Hillcrest Golf Club) option produces a reduction in the estimated annual costs compared to the West Park-Mary Saunders Park location in the amount of \$226,366 annually, or present value of \$2,821,021. This difference is subject to the major risk of cooperation from the City of Hollywood. The City of Hollywood is a public water utility provider and may not be receptive to allowing the City of Hallandale Beach to re-locate its raw water wells within the City of Hollywood's corporate limits. Additionally, in the calculations for both Hollywood options, no estimate of any potential city-imposed fees has been included.

Our contingent and limiting conditions and professional qualifications have been attached to the report, and are an integral part of it.

Very truly yours,

D. Moss & Associates, LLC

Dana M. Moss, Sr., C.P.A.

Attachments

CONTINGENT AND LIMITING CONDITIONS

This Calculation Engagement is subject to the following contingent and limiting conditions:

1. The calculation of value arrived at herein is valid only for the stated purpose as of the effective date of the calculations.
2. The financial and other related information provided by the City of West Park and the City of Hallandale Beach in the course of this engagement, have been accepted without any verification as fully and correctly reflecting the conditions, except as specifically noted herein. D. Moss & Associates, LLC has not audited, reviewed, or compiled the financial information provided to us and, accordingly, we express no audit opinion or any other form of assurance on this information.
3. Public information and industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information, except as stated herein.
4. We do not provide assurance on the achievability of the results forecasted by or for the subject interest because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
5. The calculation of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the stated objectives from the City of West Park and the City of Hallandale Beach would not be materially or significantly changed.
6. This report and the calculation of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. They may not be used for any other purpose or by any other party of any purpose. The calculation of value represents the considered opinion of D. Moss & Associates, LLC, based on limited information furnished to them by the City of West Park and City of Hallandale Beach and other sources.
7. Future services regarding the subject matter of this report, including, but not limited to testimony or attendance in court, shall not be required of D. Moss and Associates, LLC as a result of this engagement.

8. No change of any item in this Calculation Report shall be made by anyone other than D. Moss & Associates, and we shall have no responsibility for any such unauthorized change.
9. We have conducted limited interviews by telephone, met with representatives of the City of West Park and City of Hallandale Beach, and relied on the representations of these individuals.

VALUATION ANALYST'S REPRESENTATION

Calculation Engagement for determining the value of access to groundwater in the City of West Park's Mary Saunders' Park location for the City of Hallandale Beach

We represent that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited on by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the subject matter of this report, and we have no personal interest with respect to the parties involved.
- We have no bias with respect to the subject matter of this report or the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the *Statement of Standards for Valuation Services No 1*, promulgated by the American Institute of Certified Public Accountants.

**PROFESSIONAL QUALIFICATIONS
DANA M. MOSS, SR., C.P.A., M.B.A.**

Experience

D. Moss & Associates, LLC is a certified public accounting practice that provides contracted C.F.O services to local governmental entities, small businesses, not-for-profit organizations and private clients. D. Moss & Associates, LLC practice also provides services in the areas of strategic planning and execution solutions; management consulting; water and sewer rate analyses; accounting, financial and tax consulting; and information technology solutions. Dana M. Moss, Sr., C.P.A., M.B.A., is the Managing member of D. Moss & Associates, LLC, has the following demonstrated level of experience:

- More than 20 years of senior financial accounting and reporting experience in local government water and sewer utility operations.
- Assist in the development of Reclaimed Water Rates for a local municipality.

Professional Designation

- C.P.A.: Licensed in Florida since 1982

Education

- Master of Business Administration – University of Miami (1980)
- Bachelor of Science in Accounting - Florida A & M University (1973)
- Associates of Arts in Business - Miami Dade College (1971)

Faculty

- *Florida Memorial University, School of Business, Miami Gardens, Florida since 2007*

Organizations

- Member, American Institute of Certified Public Accountants
- Member, Florida Institute of Certified Public Accountants
- National Forum for Black Public Administrators – South Florida Chapter, Treasurer

**PROFESSIONAL QUALIFICATIONS
RODERICK HARVEY, CPA, CVA**

Experience

Roderick Harvey is Founder and Managing Member of Harvey, Covington & Thomas, a Certified Public Accounting firm. He serves as the primary contact for the firm's audit and consulting division, which includes government, non-profit, and private clients. Roderick's responsibilities include obtaining and presenting proposals for new clients, pricing for all contracts, providing additional services, negotiating professional fees, hiring, monitoring and evaluating all staff members, and reviewing workpapers and other documents prepared by staff members.

Professional Designations

- CPA: Florida since 1997
- Certified Valuation Analyst, (CVA) (2003)

Education

- Master in Professional Accounting – University of Texas at Austin (1996)
- Bachelor of Arts in Accounting – Florida State University (1995)
- Associates of Arts, Business Administration, – Broward Community College (1993)

Governmental Clients

A partial list of audit clients served as follows:

- City of Coral Springs CRA
- City of Lauderdale Lakes, Florida
- City of Lauderdale Water & Sewer Revenue Bonds
- City of Miami Gardens, Florida
- City of Opa-locka, Florida
- City of Riviera Beach, Florida
- City of Miami CRA

**PROFESSIONAL QUALIFICATIONS
RODERICK HARVEY, CPA, CVA**

(Continued)

- Village of El Portal
- Town of Palm Beach, Florida

Organizations

- Member, Florida Institute of Certified Public Accountant
- Member, American Institute of Certified Public Accountants
- Member, Florida government finance Officers Associations
- Former Member, Audit Committee, City of Miami

PROFESSIONAL QUALIFICATIONS
ABBASS ENTESSARI, PH. D

Experience

Abbass Entessari, Ph. D., Dean, School of Business, Florida Memorial University is a full tenured Professor of Economics at the University. Since 2006, he has served as the Dean of the School of Business and prior to his appointment as Dean, he served as Interim Dean from 2005-2006, and Chair of the Division of Business from 1989 to 2004 at the University. Dr. Entessari area of expertise is Urban Economics, with an emphasis on minority economic development issues, Quantitative Economics, and Economic Theory. He has served as the Association of Collegiate Business Schools and Programs (ACBSP) Reaffirmation Director from 2008-2010 for the School of Business at Florida Memorial University.

Education

- Doctorate of Philosophy in Economics – Howard University (1990)
- Masters of Arts in Economics – University of Arizona (1979)
- Bachelor of Science in Economics – Tehran University (1974)

Faculty

- *Dean, School of Business, Florida Memorial University, since 2006, Full Professor of Economics, Florida Memorial University since 1989*
- *Lecturer, Howard University, 1986-1988*
- *Research Fellow, Howard University, 1983-1986*

Research and Publications

- *“Using Benchmarks in the Assessment of an MBA Program,” American Society of Business and Behavioral Science (ASBBS), April 26, 2010*
- *The NASA/Florida Minority Institution Entrepreneurial Partnership: An infrastructure to Enable Technology Transfer to Small Businesses. Journal of Technology Transfer, 25 pages 193-203, 2000*
- *“Integrating Technology and Human Decision: Global Bridges into the 21st Century.” Proceedings of the 5th International Conference of Decision Sciences Institute, July 1999.*

**PROFESSIONAL QUALIFICATIONS
ABBASS ENTESSARI, PH. D**

(Continued)

Organizations

- Member, American Economics Association
- Economics Professors Association of the State of Florida

REFERENCES

Hazen & Sawyer, Technical Memorandum, June 2010, page 2 of 12

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