

## PROJECT DEVELOPMENT AGREEMENT BETWEEN

City of Marco Island  
50 Bald Eagle Drive,  
Marco Island, FL 34145

AND

Johnson Controls, Inc.  
6450 Metro Plex DR,  
Fort Myers, FL 33966, USA

The purpose of this Project Development Agreement (“PDA” or “Agreement”) is to confirm the intent of Johnson Controls, Inc. (“JCI”) and City of Marco Island (“City”) to develop a Guaranteed Energy, Water, and Wastewater Performance Savings Contract, under Florida Statute 489.145, for the study and implementation of a water meter AMI upgrade consisting of a system evaluation and the generation of an Implementation Contract around the following goals:

- a. Comprehensive water meter improvements
- b. Installation of an Advanced Metering Infrastructure (AMI) solution
- c. Installation of automated leak detection system (if selected)
- d. Deployment of a customer engagement portal (if selected)

The PDA will outline JCI’s scope of work, the obligations of both parties to be met and the intended outcomes and timelines.

This contract agreement is in accordance with the Johnson Controls Equalis contract R10-1143C.

### 1. Scope of Services

It is the Parties’ mutual understanding this Project Development Agreement will:

- a. Conversion of existing potable and reclaimed water meters to Advanced Metering Infrastructure (AMI).
  1. Utility billing extract (provided by the City) will be used to both create a water model and to determine project benefits.
    - i. Data will be used to identify accounts that may be billed incorrectly for further investigation.
    - ii. Develop small and intermediate water meter test list in conjunction with the City.
    - iii. Identify possible meter typing candidates for review with the City.
    - iv. Generate project benefits utilizing test results and water model results.
  2. Development Workshops
    - i. Water Meter Technology & Advanced Metering Infrastructure (AMI)
    - ii. Automated Leak Detection Systems
    - iii. Customer Web Portals
  3. Develop an AMI system network that meets the JCI guaranteed performance requirements across the distribution service area.
    - i. Conduct AMI propagation study.
  4. Small & Intermediate Water Meter Testing

- i. Testing a statistically significant, random sample of small and intermediate water meters for potable water and for reclaimed water at a professional testing laboratory. All testing will be done according to AWWA M6 Manual guidelines. The process includes:
    - Develop a customer contact and scheduling process for meter changeouts.
    - Coordination of removal of water meters for the test population.
    - Purchase and installation of replacement water meters.
    - Packaging and shipment of removed water meters to the testing laboratory.
- 5. Large Water Meter Survey
  - i. Survey and audit large revenue water meters and settings (fire line meters are excluded from the survey). This is to determine which large water meters may be tested, which large water meters are correctly typed for the current application and which large meter settings need modifications.
  - ii. JCI will require that the City provide an escort during the large meter survey.
- 6. Large Water Meter Testing
  - i. In place testing of large water meters that have working inlet and outlet isolation valves and an accessible test port or backflow prevention device. Large water meter testing requires coordination with both the City and the end user.
  - ii. If a water meter isolation valve has failed, JCI may request the City to replace that valve.
  - iii. JCI requests that the City exercise the large water meter isolation valves prior to the start of large water meter testing.
- 7. Water Meter Sizing and Typing
  - i. Review large water meters to determine if the existing meter is appropriately sized and typed for the current application.
- 8. Develop Scope of Work for recommended AMI solution and water meter improvements.
- 9. Develop Guaranteed Maximum Price (GMP) and annual benefits for recommended project.

JCI will assist the City in obtaining grants, utility rebates, and other low-cost sources of funding for the project.

## 2. Development Schedule

It is the intent and commitment of all parties identified in this Agreement to work diligently, and cause others to work diligently under their direction to achieve the Milestone Schedule identified herein:

Milestones *	Dates
City Council Approval of PDA Contract	April 2024
PDA Kickoff Meeting – establish project goals	May 2024
Workshop - Water Meter Technology & Advanced Metering Infrastructure (AMI)	May 2024
Billing extract obtained from City	June 2024
Small & Intermediate Water Meter Test List – agreed upon by City & JCI	June 2024
Issue Material RFQ to Vendors	July 2024
Complete Small & Intermediate Water Meter Changeout & Testing	July 2024
Complete Large Water Meter Survey	July 2024
Complete Large Water Meter Testing	September 2024
50% Workshop, O&M Benefits and M&V	August 2024

Complete Large Water Typing	September 2024
Issue Labor RFQ to Vendors	August 2024
90% Workshop with City	September 2024
Finalize Project Development and Contract	October 2024
City Council Vote and Contract Approved	November 2024
Contract Executed	November 2024

\*These milestones may be modified by subsequent work plans mutually agreed upon by both parties.

### 3. Deliverables

Upon completion of the project development, JCI shall deliver to the City:

- a. A written description of each improvement measure proposed to be implemented;
- b. A financial pro forma cash flow documenting the proposed project. The pro forma will include applicable annual costs and savings that affect the project outcome such as financing, energy, water, sewer, labor and maintenance;
- c. A preliminary schedule for implementation of the project;
- d. A summary of the Measurement & Verification plan, including proposed IPMV protocols, such as Option A, B, C, or D that will be used for each improvement measure;
- e. A firm offer by JCI to implement the project;
- g. JCI agrees to undertake a detailed evaluation of a representative sample of the City’s utility potable and reclaimed water meters and meter data acquisition system (collectively “the System”) to determine the operational expenditures and characteristics of the System and to identify improvements and operational efficiency measures, procedures and other services that could be provided by JCI in order to improve the System’s infrastructure, to reduce the System’s operating costs, and to provide real-time utility consumption and revenue data to the City. JCI will analyze a proportionately representative sample of residential, commercial, and utility account meters. This evaluation will be coordinated with the City’s staff to encompass a certain number of routes in the meter reading system and to determine the amount of data needed for each utility listed below.
  - a. A list of the specific improvements and operational efficiency measures that JCI proposes;
  - b. A complete description of the operating and maintenance procedures that JCI believes can reduce operating costs of the System;
  - c. A projection of the operating cost savings;
  - d. An estimate of the improved system accuracy and resulting increased billable revenues; (for purposes of this study, we will use an agreed upon baseline and tier structure);
  - e. A summary of the cost required to realize the proposed improvements;

### 4. Records and Data

During the project development, the City will furnish to JCI upon its request, accurate and complete data concerning current: equipment performance data if available; costs; budgets; facilities requirements; future projected loads; facility operating requirements; collective bargaining agreements; etc. JCI will provide a separate document with a formal request for the required shortly after touring the City facilities. The City shall make every effort to provide that information within 5 days of request.

## 5. Preparation of Implementation Contract

JCI will develop the framework of the subsequent Implementation Agreement (the “Contract”) and the Financing Agreement if applicable. JCI and City shall work diligently during the project development to complete and populate contract documents. The form of the documents will vary depending on City requirements, state statute where applicable and JCI requirements, but where prudent shall utilize JCI standard documents.

## 6. Project Development Cost and Payment Terms

The City agrees to the sum of \$309,811 for JCI to provide project development services identified herein and is payable within 90 days after JCI provides the Deliverables identified herein. However, if JCI and the City enter into the Implementation Agreement (outlined in Paragraph 5) within 90 days after JCI provides the Deliverables, costs for project development will be transferred to the total cost of the Implementation Contract and be subject to the payment terms outlined in the Implementation Contract. Summary of activities and cost for the Project Development Agreement are Appendix A.

## 7. Indemnity

JCI and the City agree that JCI shall be responsible only for such injury, loss, or damage caused by the intentional misconduct or the negligent act or omission of JCI. To the extent permitted by law, JCI and the City agree to indemnify and to hold each other, including their officers, agents, directors, and employees, harmless from all claims, demands, or suits of any kind, including all legal costs and attorney's fees, resulting from the intentional misconduct of their employees or any negligent act or omission by their employees or agents. Neither JCI nor the City will be responsible to the other for any special, indirect, or consequential damages.

## 8. Disputes

If a dispute arises under this Agreement, the parties shall promptly attempt in good faith to resolve the dispute by negotiation. All disputes not resolved by negotiation shall be resolved in accordance with the Commercial Rules of the American Arbitration Association in effect at the time, except as modified herein. All disputes shall be decided by a single arbitrator. A decision shall be rendered by the arbitrator no later than nine months after the demand for arbitration is filed, and the arbitrator shall state in writing the factual and legal basis for the award. No discovery shall be permitted. The arbitrator shall issue a scheduling order that shall not be modified except by the mutual agreement of the parties. Judgment may be entered upon the award in the highest State or Federal court having jurisdiction over the matter. The prevailing party shall recover all costs, including attorney’s fees, incurred as a result of this dispute.

## 9. Other Agencies

The City and JCI mutually agree that this Agreement may be utilized by the City or any other “Agency”, as defined by F.S. 489.145 or F.S. 1013.23, to enter their own Project Development Agreement with JCI. Other agencies electing to utilize this Agreement shall negotiate their specific scope, terms, conditions, and additional schedules, directly with JCI in all respects. The City will in no way be liable for the other agency’s agreement.

**10. Confidentiality**

This agreement creates a confidential relationship between JCI and City. Both parties acknowledge that while performing this Agreement, each will have access to confidential information, including but not limited to systems, services or planned services, suppliers, data, financial information, computer software, processes, methods, knowledge, ideas, marketing promotions, current or planned activities, research, development, and other information relating to the other party (“Proprietary Information”). Except as authorized in writing both parties agree to keep all Proprietary Information confidential. JCI may only make copies of Proprietary Information necessary for performing its services. Upon cessation of services, termination, or expiration of this Agreement, or upon either party’s request, whichever is earlier, both parties will return all such information and all documents, data and other materials in their control that contain or relate to such Proprietary Information.

JCI and City understand that this is a confidential project and agree to keep and maintain confidentiality regarding its undertaking of this project. JCI shall coordinate its services only through the designated City representative and shall provide information regarding this project to only those persons approved by City. JCI will be notified in writing of any changes in the designated City representative.

**11. Miscellaneous Provisions**

This Agreement cannot be assigned by either party without the prior written consent of the other party. This Agreement is the entire Agreement between JCI and the City and supersedes any prior oral understandings, written agreements, proposals, or other communications between JCI and the City. Any change or modification to this Agreement will not be effective unless made in writing. This written instrument must specifically indicate that it is an amendment, change, or modification to this Agreement.

This Agreement represents the business intent of both parties and should be executed by the parties who would ultimately be signatory to a final Contract.

<b>JOHNSON CONTROLS, INC.</b>	<b>CITY OF MARCO ISLAND</b>
<b>By</b>	<b>By</b>
<b>Signature</b>	<b>Signature</b>
<b>Title</b>	<b>Title</b>
<b>Date</b>	<b>Date</b>

**Appendix A: Summary of Activities and Cost for the Project Development Agreement**

<b>Activities</b>	<b>Cost</b>
<u>Historical Data Review/Project Benefit Analysis</u> <ul style="list-style-type: none"> <li>- Evaluation of Existing Utility Database</li> <li>- Identification and Analysis of Potential Benefit Initiatives</li> <li>- Determination of funding available for system improvements</li> <li>- Prepare detailed plan for ongoing measurement and verification of benefits</li> </ul>	\$20,750
<u>Testing of Small &amp; Intermediate Water Meters (2" and smaller)</u> <ul style="list-style-type: none"> <li>- Field removal and laboratory testing of 123 existing water meters</li> <li>- Furnish and install 123 new water meters</li> <li>- Coordination with customers, utility billing, and public works</li> </ul>	\$73,970
<u>Survey and Testing of Large Water Meters (3" and greater)</u> <ul style="list-style-type: none"> <li>- On site survey of 265 large water meters - including 21 reclaim/irrigation meters</li> <li>- In-situ testing for all large <i>potable</i> meters that can be tested</li> <li>- Coordination with customers, utility billing, and public works</li> </ul>	\$151,083
<u>System Engineering, Analysis, and Implementation Plan Development</u> <ul style="list-style-type: none"> <li>- Engineering analysis of new system including new static water meters, new Advanced Metering Infrastructure (AMI) system, and database/asset management</li> <li>- Customer collaboration sessions: Technology/Finance/Construction</li> <li>- Field evaluation of proposed water meter and meter reading technologies</li> <li>- Analysis of potential Distribution Leak Detection system</li> <li>- Analysis of Remote Disconnect solution</li> <li>- Prepare detailed performance assurance plan for system upgrades</li> <li>- Prepare customer communication plan for project implementation/construction</li> </ul>	\$64,008
<b>Total Audit Fee:</b>	<b>\$309,811</b>