



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: October 7, 2008

SUBJECT: **Status Report On Undergrounding Of Utilities**

The City is coordinating the conversion of utilities, from overhead to underground in several neighborhoods in the City. These utilities are

- Electric – Florida Power & Light (FPL)
- Telephone – AT&T, formerly BellSouth
- Cable TV – Atlantic Broadband (ABB)

The neighborhoods that are involved in the underground conversion process are:

- Palm and Hibiscus Islands
- Sunset Islands III and IV
- Venetian Islands – Dilido and San Marino

FPL submitted the design for Palm Island on August 8, 2008 and Hibiscus Island on September 15, 2008. These were forwarded to AT&T and ABB for completion of their designs. Both AT&T and ABB are expected to have final drawings and binding estimates to the City by the week of October 27, 2008. FPL also indicated that its binding estimates would be ready by the week of October 27, 2008.

The Administration indicated that it would offer a resolution to the Commission indicating its intent to create a special assessment district in November or December 2008. The HOA members would then vote on creating a special assessment district. The Commission would then hold a public hearing on advisability of creating a special assessment district and decide whether or not to create it.

History

The Palm and Hibiscus Islands Home Owner Association (HOA) and the other neighborhood HOAs have been pursuing the conversion of utilities from overhead to underground for many years. In the past two years or so, this effort has gathered momentum. The City has met with the utilities and representatives of the HOAs on numerous occasions. These meetings have attempted to define a process, implement a schedule, coordinate the utility design and construction, and devise a construction methodology for this work. Several of the key dates follow:

FPL and the Palm and Hibiscus Islands HOA, which is the most advanced in the undergrounding process, agreed on transformer locations on Hibiscus Island in 2005 and on Palm Island in 2006.

Agenda Item F

Date 10-7-08

At the July 2006 City Commission Meeting, the City Commission expressed its desire for FPL to proceed with the Palm/Hibiscus project and to allow the City right-of-way to be used.

In November 2006, FPL advised that a new group of managers and designers would be assigned to the underground project and provided the City a new standard underground agreement with onerous one way indemnification language. This superseded the previously negotiated agreement of September 2003. City legal staff reviewed the new agreement and made modifications, which were rejected by FPL.

In June 2007, FPL verbally notified the City of its decision to remove the indemnity provision from its standard right-of-way underground agreement. This removed a major barrier for City approval and re-started the work effort.

In October 2007, the City conducted a study to determine the quickest implementation method to move the underground project forward. Three alternatives were reviewed and it was decided that the fastest alternative was to have each utility design and construct its own underground work. This alternative also eliminated the need for the City to front the design fees.

In November 2007, the City met with the HOA of Palm and Hibiscus Islands, Sunset Islands III & IV, and Dilido and San Marino Islands to report the progress made to date. The HOA were told that FPL had indicated that it had all the necessary information to complete its design and that drawings were expected by the summer of 2008 for Palm and Hibiscus Islands. FPL stated there would be no sharing of duct banks with other utilities and that the binding estimate would be good for only 180 days; therefore, the City must have a final design from AT&T and ABB within those 180 days.

In April 2008, the City met with the HOA to discuss project progress and Underground options. The City explained that the option to proceed with each utility performing its design and construction independently was best for the City. The City communicated to the Palm and Hibiscus Islands HOA that FPL was expected to have drawings and the binding estimate to the City by June 2008. The HOA requested the City to facilitate a meeting with AT&T and ABB to discuss waiving the engineering fees. The City also met with AT&T and ABB. They indicated that their designs could not start unless the fees were paid and approved drawings received. It would then take several weeks to complete the design. AT&T and ABB expressed a concern about having three separate trenches and how this would increase the construction costs. ABB indicated a separate trench could price them out of the market. As a consequence, the HOA requested a meeting with City Commissioners to discuss the preferred options and FPL schedule.

On April 30, 2008, a special Underground Workshop with the City Commission and the affected utility companies present took place to discuss the City's preferred Option. At this meeting, ABB indicated a separate trench would be too expensive and could make them uncompetitive with satellite television. A lengthy discussion took place, and it was decided this option was the most effective and quickest. AT&T and ABB agreed to the possibility of sharing the same trench to reduce the construction costs. The City was also receptive to having the work done at the same time by FPL and the other two utilities (AT&T and ABB) to minimize disruption to the residents.

On May 14, 2008, an item to discuss the City's preferred Option and FPL schedule was presented to the City Commission. The Administration explained the reasoning behind the preferred option. After a lengthy discussion, it was accepted by the Commission. FPL stated that it would not be able to provide drawings and binding estimates for Hibiscus Island by

June 2008. The City Commission requested FPL to consider providing additional resources to expedite the design of Hibiscus Island. FPL responded that it would consider this and notify the City. The Palm and Hibiscus HOA expressed its frustration about the time required to develop the drawings and on the fact that this project has been discussed for over ten (10) years. The HOA requested that the Commissioners take this matter to the Public Service Commission.

Schedule

The City has been working with the Utilities to develop a schedule for the construction of all improvements. In addition, as part of the project, we need to transition from the existing FPL poles where street lights are located to new poles which will solely be used for street lighting. This work may be part of the assessment costs. These dates are dependent upon the actions and responses of the Utilities, the HOAs, and the City and have been developed for general guidance and are based on the date the utilities have committed to provide documents and binding estimates.

Palm & Hibiscus Islands

- Oct 2008 City and FPL define how to provide street lighting to the Islands.
 FPL, AT&T and ABB provide to City final drawings and binding estimates.
- Nov/Dec 2008 City and HOA reviews and accept FPL, AT&T, and ABB final drawings and binding estimate for Palm & Hibiscus Islands.
 City passes a resolution declaring its intent to create a Special Assessment District.
- Dec 2008/
Jan 2009 Ballot for undergrounding to be held
- Jan 2009 City holds a public hearing on advisability of creating a Special Assessment District
 HOA or homeowners procure a private electrical contractor to perform connection at the electrical meter can and related electrical work. City urges Homeowner to be ready by April 2009.
- Feb 2009 City makes a final decision about creating the Special Assessment District
- Mar 2009 City executes all required agreements with Utilities for work on City ROW.
 City executes contract with JOC contractor.
- May 2009 Construction starts within two months of contract execution.

The steps being followed currently for Palm/Hibiscus will also be pursued with the Sunset and Venetian Islands upon the completion of the design for Palm & Hibiscus Islands. The City continues to work with FPL, ATT and ABB to develop specific time schedules for the Sunset Islands and the Venetian Islands undergrounding and will provide that information as the milestones are established.

Please do not hesitate to contact the City Manager's Office or the CIP Director for further information or clarification.

JMG/TH/TECH
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