



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: December 10, 2008

SUBJECT: **STATUS REPORT ON THE PALM & HIBISCUS ISLANDS UNDERGROUND UTILITIES PROJECT**

This report provides a further update on the City's on-going activities in securing the binding cost estimates from Florida Power & Light (FPL) for electric, Atlantic Broadband (ABB) for cable television services and ATT (formerly BellSouth) for telecommunications that will be used in establishing the Special Assessment Districts to recover the capital costs associated with replacing above ground facilities with underground installations for the Palm and Hibiscus Islands neighborhoods.

Utility Coordination and Binding Cost Estimates

As previously reported, each utility will perform their own work and the City will perform other installations and aboveground finishes. Each party has certain responsibilities and obligations as described below. The activities have been updated to reflect the most current developments.

City CIP

Providing schedules to utilities.

Coordinating design and construction work among utilities

1. Ensuring all work is included in binding estimates.
2. Coordinating plan development/completion between FPL and other utilities.
3. Providing City details and requirements for work to all utilities.
4. Coordinating with the Homeowner Association of Palm and Hibiscus Islands.
5. Securing JOC Contractor Proposal - On October 24, 2008, a JOC contractor proposal was secured, in the un-negotiated amount of \$1,215,400 for related activities due to the underground project on Palm and Hibiscus Islands. These activities include: providing protective bollards and curbs for the transformer pads; removing landscaping encroachments and restoring sod where needed; installing new curbs and gutters; and roadway milling, resurfacing and striping within the project limits.
6. The City's CIP fees are based on four point eight (4.8%) percent of the total construction cost. A one point five (1.5%) percent fee would also need to be assessed to cover the JOC management fees. The total cost for the project

Agenda Item E

Date 12-10-08

management and JOC management fees are \$58,339 and \$18,231, respectively.

FPL

On October 27, 2008, FPL submitted via email the binding cost estimate, known as the Contribution in Aid of Construction (CIAC), and drawings for the underground installation of the existing aerial electrical system. The binding estimate amount, without any applicable Engineering Fees and Government Adjustment Factors (GAF), totals \$2,583,997. This estimate is for the total customer contribution as specified in Tariff 12.2.3 and does not include the twenty five (25%) percent waiver reduction. The binding estimate amount, after applying the twenty five (25%) percent waiver CIAC reduction required for converting the electrical facilities to an underground installation is \$1,937,997. This cost estimate includes the twenty five (25%) percent waiver which is composed of FPL's Government Adjustment Factor (GAF) and a credit for an equivalent overhead system designed at the current hardened standard as required in the CIAC formula, tariff Section 12.1. The cost breakdown for each island is \$698,123 for Palm Island and \$1,239,874 for Hibiscus Island.

The scope of work submitted by FPL includes the installation of a complete underground electrical backbone system utilizing rapid trench construction, providing backfill compaction with no temporary or permanent patching of the roadway and Maintenance of Traffic in accordance with City's Standard Design requirements. All work will be performed during the daylight hours, 8 A.M. to 5 P.M., Monday through Friday.

This binding cost estimate is valid for one hundred (100) days and a response must be submitted to FPL within that timeframe. After deducting the 25% waiver and the Engineering Deposit of \$17,315, from the residents, the original CIAC amount of \$2,583,997 is reduced to \$1,920,682. This balance must be paid to FPL before commencement of work. If the City chose to cancel the request or not respond in time, the engineering deposit will not be returned and the estimate will be withdrawn.

AT&T

On November 14, 2008, AT&T submitted, via email, the binding cost estimate in the amount of \$372,570 for Palm Island. Subsequently, on November 24, 2008, AT&T submitted, via email, the binding cost estimate in the amount of \$283,327 for Hibiscus Island. These costs do not considered implementation through a joint trench agreement with ABB and maintain the aerial facilities that feed 226, 222 & 220 Palm Island and 228, 224 & 222 South Coconut Lane due to no current easement available to route their lines. Currently, AT&T and ABB are finalizing the joint trench agreement which would result in a cost reduction to the binding estimate.

The scope of work submitted by AT&T includes the installation of a complete underground communication backbone system utilizing trench construction, providing backfill compaction and restoration of the roadway. Although not stated, there could be additional costs if there are significant changes from the preliminary design to the final design.

ABB

On November 5, 2008, ABB submitted, via email, the binding cost estimate in the amount of \$560,612 for both Islands. Subsequently, the City requested the cost be divided by island. On November 25, 2008, ABB submitted, via email, the binding cost estimate for each island. The cost for Palm Island is in the amount of \$177,619, and the cost for Hibiscus Island is in the amount of \$396,755. These costs did not consider implementation through a joint trench

agreement. Currently, AT&T and ABB are finalizing the joint trench agreement which would result in a cost reduction to the binding estimate.

The scope of work submitted by ABB includes the installation of a complete underground cable backbone system utilizing trench construction, providing backfill compaction and restoration of the roadway. Although not stated, there could be additional costs if there are significant changes from the preliminary design to the final design.

Special Assessment Districts and Project Financing issues

The City's present estimates without 25% waiver reduction - including soft costs and fees - are as follows:

- Palm Island: \$1,988,261
- Hibiscus Island: \$3,137,704
- Combined: \$5,125,965

The above estimates exclude CIAC and GAF Waiver Reductions (25% waiver reduction), as well as any costs associated with the scope of work for the FPL vault structure. The HOA determined that at this time they will not demolish or refurbish the vault structure. The attached table (Attachment A) provides the detailed cost breakdown for the cost ranges listed above.

Burton & Associates, the potential financial consultant, provided the City with a proposal of \$19,726 for the Underground Utilities Assessment Study for Palm and Hibiscus. The scope of the proposal includes the development of non-ad valorem assessments for the two subject neighborhoods to collect the capital costs of a project to remove the current above ground utilities (electric, phone and cable) and replace them with underground utilities (See attachment B).

Under the original timetable, the plan would be to bring the first Resolution, establishing the Palm and Hibiscus Island Special Assessment Districts, to the City Commission at the January, 2009 meeting. However, in recent weeks, the financial and credit markets have been in a constant state of flux with great uncertainty. Consequently, this has greatly limited the City's, as well as most governments, access to financing for projects.

The majority of the institutions with whom the City does business have recommended that the City wait until the new calendar year to seek financing. Assuming that the City follows this advice, it is anticipated that the projected schedule will be delayed due to this issue. If one hundred and eighty (180) days pass from the day of the receipt of the binding estimates, then the City would be subject to additional costs to renew the estimates with the utilities. Staff has had preliminary discussions with FPL regarding the possible extension of the 180-day period and FPL has indicated that they will work with the City. However, should material or other costs rise beyond the one hundred and eighty (180) day period, FPL would submit a revised binding estimate. It is assumed that similar conditions will be imposed by the other utilities.

Schedule

The City has been working with the utility companies to develop the following anticipated schedule for the construction of these improvements:

- Oct. 2008 FPL, AT&T and ABB provide to City final drawings and binding estimates.
- Nov. 2008 City/Public Works Department defines how to provide street lighting

to the Islands.

AT&T and ABB provide to City final drawings and binding estimates.

Dec. 2008 Finance and Citywide Committee presentation

Jan. 2009 City and HOA reviews and accept FPL, AT&T and ABB final drawings and binding estimate for Palm & Hibiscus Islands.

City initiates Special Assessment District creation pursuant to Chapter 170, Florida Statutes. (First reading)

Feb. 2009 City to assist and oversee resident elections on accepting the assessment

Mar. 2009 City to finalize creation of Special Assessment District (Second reading)

Apr.-May 2009 City executes all required agreements with utility companies for work on City ROW.

City executes contract with JOC contractor.

Jun. 2009 FPL starts Construction at Palm Island.

Oct. 2009 FPL completes the Construction at Palm Island.

AT&T and ABB start construction at Palm Island.

Oct. 2009 FPL starts Construction at Hibiscus Island.

Feb. 2010 FPL completes the Construction at Hibiscus Island.

AT&T and ABB complete construction at Palm Island.

Feb. 2010 AT&T and ABB start construction at Hibiscus Island.

Jun. 2010 AT&T and ABB complete construction at Hibiscus Island.

Attachment

JMG/JECH

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Palm & Hibiscus Underground Project Cost Estimates - No CIAC and GAF Waiver Reductions

	Palm Island	Avg Cost / Home	Hibiscus Island	Avg Cost / Home	Both Islands	Avg Cost / Home
Underground Costs						
CIP JOC Cost Estimate	\$467,900.00		\$747,500.00		\$1,215,400.00	
CIP Management Fee	\$22,459.20		\$35,880.00		\$58,339.20	
CIP JOC Fees	\$7,018.50		\$11,212.50		\$18,231.00	
FPL Underground Cost Estimate	\$930,831.00		\$1,653,166.00		\$2,583,997.00	
AT&T Underground Cost Estimate	\$372,570.00		\$283,327.00		\$655,897.00	
ABB Underground Cost Estimate	\$177,619.41		\$396,755.12		\$574,374.53	
Financial Consultant	\$9,863.00		\$9,863.00		\$19,726.00	
HOA Administration Fees						
Estimated Total Cost	\$1,988,261.11	\$21,151.71	\$3,137,703.62	\$21,058.41	\$5,125,964.73	\$21,094.51
Number of Homes	94		149		243	

Palm & Hibiscus Underground Project Cost Estimates - With CIAC and GAF Waiver Reductions

	Palm Island	Avg Cost / Home	Hibiscus Island	Avg Cost / Home	Both Islands	Avg Cost / Home
Underground Costs						
CIP JOC Cost Estimate	\$467,900.00		\$747,500.00		\$1,215,400.00	
CIP Management Fee	\$22,459.20		\$35,880.00		\$58,339.20	
CIP JOC Fees	\$7,018.50		\$11,212.50		\$18,231.00	
FPL Underground Cost Estimate	\$698,123.00		\$1,239,874.00		\$1,937,997.75	
AT&T Underground Cost Estimate	\$372,570.00		\$283,327.00		\$655,897.00	
ABB Underground Cost Estimate	\$177,619.41		\$396,755.12		\$574,374.53	
Financial Consultant	\$9,863.00		\$9,863.00		\$19,726.00	
HOA Administration Fees						
Estimated Underground Total Cost	\$1,755,553.11	\$18,676.10	\$2,724,411.62	\$18,284.64	\$4,479,965.48	\$18,436.07
Number of Homes	94		149		243	

Notes:
 Advanced design fees included in construction costs
 Construction costs are not based on joint trench construction by AT&T and ABB

BURTON & ASSOCIATES

September 26, 2008

Ms. Patricia Walker
Chief Financial Officer
City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

Re: FY 2009 Proposal to Conduct an Underground Utilities Assessment Study for
Palm/Hibiscus Islands

Dear Ms. Walker:

It was a pleasure meeting you and Ms. Echert by telephone yesterday. We appreciate your considering us for the development of non-ad valorem Underground Utilities Assessments that we discussed for the Palm and Hibiscus Islands neighborhoods.

As we discussed, this letter is to present our proposal to assist the City in the development of the aforementioned assessments. The following paragraphs present our proposed scope of services and cost proposal.

Scope of Services

This proposal includes the development of non-ad valorem assessments for the two subject neighborhoods to collect the capital costs of a project to remove the current above ground utilities (electric, phone and cable) and replace them with underground utilities.

It is our understanding and assumption that the capital costs of the project(s) will be provided to us by the City. It is also our understanding that the cost of the project will include the annual debt service associated with bond financing which will be provided by the City's Financial Advisor. We will obtain the necessary parcel data from the Miami-Dade County Property Appraiser. We will evaluate the project and determine the appropriate benefit criteria for apportionment of the cost of the project to parcels based upon the benefit conferred. We will then develop a cost apportionment algorithm and model to apportion the project costs to benefiting parcels based upon the benefit conferred. We will prepare a preliminary assessment roll for each neighborhood, review the rolls with City staff, make adjustments as required and prepare final assessment rolls for each neighborhood. We will prepare a report of the results of the Study, including a

description of the benefit criteria, cost apportionment methodology and assessment rolls and we will present the results of the Study to the City Commission.

We will review the Ordinance, that we understand will be prepared by the City Attorney, we will provide input to the City Attorney regarding assessment rates and schedules as required, and we will attend a public hearing for adoption of the assessments.

Proposed Project Work Plan and Cost

We have developed a Project Work Plan and Cost Estimate Schedule (Schedule) that is enclosed. This Schedule presents the tasks that will be accomplished to complete the Scope of Services described in the previous section. The Schedule also presents estimates of man-hours required by consultant by task and presents a cost estimate for completion of each task and the total project.

Based upon this Schedule, successful completion of the project will require approximately 129 man-hours for an estimated fee of \$18,265, plus estimated out-of-pocket expenses of \$1,461 for a total estimated project cost of \$19,726.

We are prepared to begin work on this project immediately upon receipt of a notice-to-proceed and estimate that initial assessment rolls can be completed within approximately 60 days, depending upon the availability of the required cost and property data. The timeframe for the final assessment rolls will be dependent upon the implementation date of the assessment and any property information updates prepared by the Miami Dade County Property Appraiser that would need to be reflected in the final assessment rolls prior to implementation.

We appreciate the opportunity to present this proposal and look forward to the possibility of being of service to the City on this project. If you have any questions, or would like to discuss this proposal, please do not hesitate to call Andy Burnham or me at (904) 247-0787.

Very truly yours,



Michael E. Burton
President

Enclosure

City of Miami Beach
 UNDERGROUND UTILITIES ASSESSMENT STUDY
 PROJECT WORK PLAN & COST ESTIMATE SCHEDULE
Prepared by Burton & Associates

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PROJECT TASKS	ESTIMATED MAN-HOURS				Total Project
	Project Principal	Project Manager	Project Consultant	Clerical	
<i>Hourly rate-></i>	\$195	\$175	\$95	\$40	
<u>TASK 1 INITIATE THE PROJECT</u>					
1.1 Conduct project kick-off meeting to validate project objectives, determine project schedule milestones, project responsibilities and data requirements.	2	2	0	0	4
TOTAL ESTIMATED MAN-HOURS - TASK 1	2	2	0	0	4
TOTAL ESTIMATED CONSULTING FEE - TASK 1	\$390	\$350	\$0	\$0	\$740
ESTIMATED EXPENSES - TASK 1					\$59
TOTAL ESTIMATED CHARGES - TASK 1					\$799
<u>TASK 2 DEVELOP UNDERGROUND UTILITY ASSESSMENTS</u>					
2.1 <u>COLLECT AND COMPILE REQUIRED DATA TO CALCULATE THE UNDERGROUND UTILITIES ASSESSMENTS FOR THE TWO SUBJECT NEIGHBORHOODS</u>					
a. Determine current and proposed utility services configuration for each neighborhood.	1	1	1	0	3
b. Collect and review required property data from the Miami-Dade County Property Appraiser.	0	2	4	0	6
c. Compile property data into a form usable for the development of the Underground Utilities Assessments.	1	4	8	0	13
d. Receive capital cost information from the City for each neighborhood and review.	0	2	4	0	6
g. Compile capital cost data into a form usable for the development of the Underground Utilities Assessments including annual debt service for bond funding.	1	2	4	0	7
2.2 <u>DETERMINE BENEFIT CRITERIA AND APPORTION COSTS TO BENEFITING PARCELS</u>					
a. Evaluate current and proposed utilities system configurations for each neighborhood and identify benefit criteria such as safety benefit, reliability of service benefit, aesthetics benefit,	2	2	4	0	8
b. Develop cost apportionment methodology relative to the benefit criteria identified in Task 2.2.a and the benefit conferred upon benefited parcels.	2	2	2	0	6
c. Construct a cost apportionment algorithm and model to apportion the capital costs to parcels based upon the benefit conferred by the underground utilities project.	0	1	8	0	9
2.3 <u>PREPARE UNDERGROUND UTILITIES ASSESSMENT ROLLS FOR EACH NEIGHBORHOOD</u>					
a. Prepare an initial draft of the preliminary Underground Utilities Assessment rolls for the two subject neighborhoods based upon property data from the Miami-Dade County Property Appraiser and the results of the cost apportionment.	1	4	8	0	13

734

City of Miami Beach
UNDERGROUND UTILITIES ASSESSMENT STUDY
PROJECT WORK PLAN & COST ESTIMATE SCHEDULE
Prepared by Burton & Associates

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PROJECT TASKS	ESTIMATED MAN-HOURS				Total Project
	Project Principal	Project Manager	Project Consultant	Clerical	
	Hourly rate-> \$195	\$175	\$95	\$40	
b. Review draft of the preliminary Underground Utilities Assessment rolls with City staff in an interactive work session.	0	2	2	0	4
c. Make adjustments to the preliminary Underground Utilities Assessment rolls based upon input from City staff.	1	2	4	0	7
d. Produce modified Underground Utilities Assessment rolls.	0	1	2	0	3
2.4 <u>PREPARE AND PRESENT A REPORT OF THE RESULTS OF THE UNDERGROUND UTILITIES ASSESSMENT STUDY</u>					
a. Prepare a Draft Report	2	8	2	0	12
b. Review the Draft Report with City staff.	1	1	0	0	2
c. Prepare the Final Report.	1	4	1	2	8
d. Present the Final Report to the City Commission.	2	2	0	0	4
TOTAL ESTIMATED MAN-HOURS - TASK 2	15	40	54	2	111
TOTAL ESTIMATED CONSULTING FEE - TASK 2	\$2,925	\$7,000	\$5,130	\$80	\$15,135
ESTIMATED EXPENSES - TASK 2					\$1,211
TOTAL ESTIMATED CHARGES - TASK 2					\$16,346
TASK 3 <u>PROVIDE IMPLEMENTATION ASSISTANCE</u>					
3.1 <u>PREPARE FINAL ASSESSMENT ROLLS & ASSIST IN THE PREPARATION OF AN ORDINANCE FOR ADOPTION OF THE PROPOSED UNDERGROUND UTILITIES ASSESSMENTS</u>					
a. Prepare final assessment rolls based upon updated Miami Dade County property information as provided by Property Appraiser.	0	1	2	0	3
b. Conduct a conference call with the City staff and the City Attorney to discuss the ordinance and to provide the City Attorney with the required information and schedules of Underground Utilities Assessments for inclusion in the ordinance.	0.5	0.5	0	0	1
c. City Attorney to prepare draft ordinance.	NA	NA	NA	NA	NA
d. Review draft ordinance and prepare comments.	0.5	1	0	0	1.5
e. Review comments regarding the draft ordinance via a conference call with City staff and the City Attorney.	0.5	0.5	0	0	1
f. City Attorney to prepare final ordinance.	NA	NA	NA	NA	NA
g. Review final ordinance.	0.5	1	0	0	1.5

735

City of Miami Beach
UNDERGROUND UTILITIES ASSESSMENT STUDY
PROJECT WORK PLAN & COST ESTIMATE SCHEDULE
*Prepared by **Burton & Associates***

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BURTON & ASSOCIATES

PROJECT TASKS	ESTIMATED MAN-HOURS				Total Project
	Project Principal	Project Manager	Project Consultant	Clerical	
<i>Hourly rate-></i>	\$195	\$175	\$95	\$40	
3.2 <u>ATTEND ONE (1) PUBLIC HEARING FOR ADOPTION OF THE UNDERGROUND UTILITIES ASSESSMENTS</u>					
a. Prepare for the public hearings.	1	1	0	0	2
b. Attend one (1) public hearing for adoption of the proposed Underground Utilities Assessments.	2	2	0	0	4
3.3 <u>PREPARE FOR AND ATTEND ADDITIONAL MEETINGS OR PROVIDE ADDITIONAL ASSISTANCE AT THE REQUEST OF THE CITY</u>					
	--- At Standard Hourly Rates ---				
TOTAL ESTIMATED MAN-HOURS - TASK 3	5	7	2	0	14
TOTAL ESTIMATED CONSULTING FEE - TASK 3	\$975	\$1,225	\$190	\$0	\$2,390
ESTIMATED EXPENSES - TASK 3					\$191
TOTAL ESTIMATED CHARGES - TASK 3					\$2,581
TOTAL ESTIMATED MAN-HOURS - TOTAL PROJECT	22	49	56	2	129
TOTAL ESTIMATED CONSULTING FEE - TOTAL PROJECT	\$4,290	\$8,575	\$5,320	\$80	\$18,265
ESTIMATED EXPENSES - TOTAL PROJECT 8.00%					\$1,461
TOTAL ESTIMATED CHARGES - TOTAL PROJECT					\$19,726