




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: January 28, 2009

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

This report provides a further update on the City's on-going activities to underground the Florida Power & Light (FPL) electric, Atlantic Broadband (ABB) cable television, and ATT (formerly BellSouth) telecommunications installations on Palm and Hibiscus Islands.

At this time, the Homeowner Association (HOA) has requested the City assist with activities to lower the total project cost and understands that this exercise may not be completed before the expiration of the 180-day binding estimate from FPL. The HOA is willing to let the estimate expire and pay a fee for obtaining a new one in an attempt to obtain better pricing.

The HOA advised the City that the latest binding estimates from the utilities are much higher than anticipated. As a result, the HOA asked the City to obtain independent quotes for trenching and installing conduit. Several contractors, certified by the utilities, have been contacted. They are expected to provide quotes for this work in early February 2009.

The next meeting with the HOA will also be in February 2009, once the City receives these quotes for the work. At that meeting, it is hoped that enough information will be available to make a decision to either go forward with the utility companies' cost estimates or to use the City to contract the trenching and conduit installation.

Costs

The combined present estimate from utility companies (including soft costs and fees, but without 25% FPL waiver reduction) as well as the fees associated with the City's contractor, project management fees, streetlighting, and financial consultant component, is as follows:

- Palm Island: \$1,982,562
- Hibiscus Island: \$2,903,570
- Combined: \$4,886,132

The above estimate also excludes any costs associated with the demolition or refurbishment of the FPL vault and the homeowner administrative costs to the project. The HOA determined that it would not alter the vault structure at this time.

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 with the

Agenda Item F

Date 1-28-09

cost of Palm Island at \$930,831 and Hibiscus Island at \$1,653,166. This estimate is for the total customer contribution as specified in Tariff 12.2.3. If all residences convert to the underground system, the binding estimate would be reduced by the 25% CIAC waiver to \$1,937,997. The cost breakdown for each island would be \$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. This binding cost estimate is valid for 180 days, expiring on April 25, 2009.

ATT

On November 14, 2008, ATT submitted, via email, the binding cost estimate in the amount of \$372,570 for Palm Island. Subsequently, on November 24, 2008, ATT submitted, via email, the binding cost estimate for \$283,327 for Hibiscus Island. The scope of work submitted by ATT 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.

These costs do not consider 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. Currently, ATT and ABB are finalizing the joint trench agreement, which would result in a cost reduction to the binding estimate.

ABB

On November 25, 2008, ABB submitted, via email, the binding cost estimate for Palm Island is in the amount of \$177,619 and for Hibiscus Island in the amount of \$396,755. The scope of work submitted by ABB includes the installation of a complete underground cable backbone system utilizing trench construction, 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.

These costs do not consider implementation through a joint trench agreement. Currently, ATT and ABB are finalizing the joint trench agreement, which would result in a cost reduction to the binding estimate.

City

On December 11, 2008, a JOC contractor submitted a proposal in the amount of \$356,741 with \$198,135 for Palm Island and \$158,607 for Hibiscus Island. These activities include providing protective bollards, new raised curbs and fill for the transformer pads on Palm Island, removing landscaping encroachments and restoring sod where needed, replacing damaged curb by utility trenching, using roadway cold patch over the trenched areas, and striping within the project limits.

The City also has an estimate for the streetlights that need to be installed on the islands once the existing poles are removed. These cost estimates are \$260,000 for Palm Island and \$375,000 for Hibiscus Island. The City is evaluating the use of GO Bond money, that was slated for lighting on these islands, to offset these costs.

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 Islands. The scope of the proposal includes the development of non-ad valorem assessments for the two subject neighborhoods with the cost divided evenly.

The City's CIP fees, to cover staff costs for coordination and construction management, are 4.8% of the total construction cost. A 1.5% fee is also assessed to cover the JOC management fees. The total cost for the project management and JOC management fees are \$17,124 and \$5,351, respectively. Finally, a 10% contingency is added to cover unforeseen conditions during construction. This amounts to \$21,062 on Palm Island and \$16,860 on Hibiscus Island for a total of \$37,922.


JMG/TA/FHB/JC

T:\AGENDA\2009\January 28\Regular\Status Report Underground PH Islands 2008-1-8.doc

De Pinedo, Naima

From: Tim Rose [tim.rose@phsislands.org]
Sent: Thursday, January 22, 2009 8:51 AM
To: Carmenates, Aurelio
Subject: PHS Undergrounding Project
Importance: High

Aurelio—

Thanks for your help with the many details involving the Undergrounding Project on Palm and Hibiscus Islands. As a follow up to our meeting in the City Manager's Office last week, we wish ask the City to obtain independent quotes for the FPL trenching and conduit installation portion of the work previously quoted by FPL. As you know we are working on getting the best possible project cost from each entity (FPL, AT&T, ABB and CMB) in order to present the most favorable price available to present to our residents and to the City Commission. The FPL portion has increased dramatically from the previous quote, thus this request.

Based upon the results of those quotes, we would ask the City of Miami Beach to approach the Public Service Commission for input. Thanks again for your help.

Tim

Tim W. Rose, Jr.
Executive Director
Palm-Hibiscus-Star Islands Association
152 Palm Avenue
Miami Beach, FL 33139
305-299-2617