MIAMIBEACH

Mayor Matti H. Bower and Members of the City Commission

City Manager Jorge M. Gonzalez

April 14, 2009

This shall serve as written notice that a meeting of the Finance and Citywide Projects Committee has been scheduled for April 14, 2009, at 2:30 P.M. in the City Manager's Large Conference Room.

The agenda is as follows:

OLD BUSINESS

1. **Discussion regarding status, design and budget for the New World Symphony parking garage and park.**

   Tim Hemstreet – Assistant City Manager

2. **Presentation of Flamingo Park Revised "Draft" Master Plan for Approval**

   Fred Beckmann – CIP Interim Director

NEW BUSINESS

3. **Presentation by TCBA Watson Rice LLP Regarding Building Department Organizational and Operational Review and Analysis**

   Alex Rey – Building Director

4. **Analysis of Fire Department unanticipated leave usage and overtime – 2nd Quarter FY 2008/09**

   Eric Yuhr - Fire Chief
   Kathie Brooks - Budget & Performance Improvement Director

5. **Drainage improvements on 44th and Royal**

   Robert Middaugh – Assistant City Manager

6. **Discussion regarding closing older liens imposed by the City of Miami Beach potential amnesty and or collection scenarios and certain procedural changes to improve the lien system.**

   Robert Middaugh – Assistant City Manager

7. **Discussion regarding a concession agreement with One Washington Avenue, Corp. for a concession in South Pointe Park adjacent to the Smith & Wollensky Restaurant to be used as an auxiliary dining area.**

   Hilda Fernandez – Assistant City Manager

8. **Little Stage Theater Complex Basis of Design Report**

   Fred Beckmann – CIP Interim Director

9. **Discussion regarding authorization of the neighborhood vote for the Palm and Hibiscus Island Undergrounding Projects.**

   Tim Hemstreet – Assistant City Manager
   Fred Beckmann – CIP Interim Director

Finance and Citywide Projects Committee Meetings for 2009:
April 14, 2009
May 5, 2009
June 18, 2009
July 21, 2009
August 13, 2009
September 24, 2009
October 29, 2009
November 17, 2009
December 15, 2009

JMG/PDW/rs/ns

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Cc. Mayor and Members of the City Commission
Management Team

ITEM NINE

MIAMIBEACH

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

MEMORANDUM

TO: Finance and Citywide Projects Committee

FROM: Jorge M. Gonzalez, City Manager

DATE: April 14, 2009

SUBJECT: **DISCUSSION ON ESTABLISHMENT OF A SPECIAL ASSESSMENT DISTRICT FOR PALM AND HIBISCUS ISLANDS**

The Palm-Hibiscus-Star Islands Association (HOA) has asked the City to establish Special Assessment Districts to fund the undergrounding of overhead utilities on Palm and Hibiscus Islands. These overhead utilities are electric (FPL), telephone (AT&T), and cable TV (Atlantic Broadband). Construction plans are complete, but binding estimates and funding are still needed.

Legal Process

Chapter 170 of the Florida Statutes allows a municipality to provide payment for the relocation of utilities by levying and collecting special assessments on abutting, contiguous, and specially benefited properties. A special benefit funded by a special assessment must be different in type or degree from benefits provided to the whole community.

Special Assessment formulas are determined by either front footage of the properties or by another method prescribed by the governing body. Preliminarily, the benefit has determined to be equal to all properties. Therefore, each folio will be assessed equally.

Chapter 170 also requires that the City adopt three separate resolutions in order to create special assessment districts. In addition, the City previously indicated that it would require a vote of the affected property owners. Therefore, the following outlines the process for creating these Special Assessment Districts.

1. The Commission adopts a resolution declaring its intent to create Special Assessment Districts. This resolution needs to include the nature of the improvements, the public areas to be improved, the portion to be paid by special assessment and the portion paid by the City, the manner in which the assessments will be made, the boundaries of the districts, and the total estimated cost of the improvements including soft costs.

   Upon passage of the resolution, the City:

   - Makes available for public inspection an assessment plat showing the areas to be assessed, plans and specifications of the proposed improvements, and cost estimates of the improvements,
   - Publishes the resolution in a newspaper of general circulation, and
   - Prepares a Preliminary Assessment Roll that shows the lots and lands assessed, the amount they are each proposed to be assessed, and the number of annual installments in which the assessment is divided.

2. Palm and Hibiscus Island property owners vote for or against the creation of Special Assessment Districts. The method of this vote must still be determined.

3. The Commission adopts a second resolution setting a public hearing to hear comments on the propriety and advisability of creating the proposed Special Assessment Districts including the proposed improvements, proposed costs, manner of payments, and the amount to be assessed against each improved property.

   Upon passage of the resolution, the City:

   - Sends thirty (30) days notice of the hearing to the property owners within the proposed Districts, and
   - Publishes notice of the hearing two times in a newspaper of general circulation. These notices must be one week apart with the last one occurring at least one week prior to the date of the hearing.

4. At the public hearing, the Commission acts as an equalizing board that can adjust and equalize assessments. It considers complaints as to the special assessments and may adjust and equalize the assessments on a basis of justice and right.

   After the public hearing is closed, the Commission adopts a resolution that makes a final decision on whether to levy special assessments and approve the Final Assessment Roll, which reflects any adjustments and equalizations made by the Commission.

   The Final Assessments then stand confirmed and remain legal, valid, and binding first liens upon the properties until paid in full.

Costs

The total cost includes the estimates from the utility companies along with the fees for the City's JOC contractor and an FPL-certified private contractor along with project management, financial consultant, and the HOA reimbursable expenses. However, FPL must provide a new binding estimate to cover its changed scope. Further, the cost associated with the vote by the property owners is not included.

In December 2008, the HOA advised the City that the binding estimates from the utilities were much higher than anticipated. Responding to a request from the HOA, the City negotiated with FPL to move the trenching and conduit work from FPL to an FPL-certified private contractor and to test and inspect the work privately. FPL must still install the wiring and transformers. This reduced the FPL cost by $1,523,871, from $2,583,997 to an estimated $1,060,126, pending receipt of a new binding estimate. The City had to negotiate costs for the FPL-certified contractor and with a firm providing testing and inspection services. It also had to add a contingency to cover unforeseen conditions. These costs total $891,878. The total estimated savings is $631,993, a 24% savings.

The City is attempting to negotiate a similar arrangement with AT&T and Atlantic Broadband.

For each Island, the total estimated project cost and estimated cost per folio per year, based upon a 10-year and 4.75% rate for the assessment, are as follows:

- Palm Island $1,812,994 $2,408/folio/year
- Hibiscus Island $2,472,185 $1,771/folio/year

The detailed cost breakdown is as follows:

	Palm Island	Hibiscus Island	Both Islands
City JOC Contractor	$198,135	$158,607	$356,741
City Management Fee	$25,285	$31,275	$56,560
City JOC Fees	$2,972	$2,379	$5,351
City Contingency	$41,253	$44,771	$86,024
FPL-certified private Contractor	$281,115	$421,672	$702,787
Inspection and Testing Services	$47,525	$71,287	$118,812
Contingency Fee for Contractor's Proposal	28,112	42,167	70,279
Financial Consultant	$9,863	$9,863	$19,726
Pedestrian Lighting	$214,400	$289,100	$503,500
City Survey to FPL	12,500	12,500	25,000
FPL Labor/Vehicle Estimate	$108,000	$192,000	$300,000
FPL Materials Estimates	$91,965	$163,494	$255,459
FPL Engineering, Supervision, & Support	$169,932	$302,102	$472,034
FPL Net Book Value	$11,748	$20,885	$32,633
AT&T Cost Estimate	$372,570	$283,327	$655,897
ABB Cost Estimate	$177,619	$396,755	$574,375
HOA Administration Fees	$19,600	$30,000	$49,000
Estimated Total Cost	**$1,812,994**	**$2,472,185**	**$4,285,179**

The following descriptions more fully describe the above costs.

City

The City received a proposal from a JOC contractor for 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 FPL trenched areas, and striping within the project limits.

The City has management fees to cover staff costs for coordination and construction management related to the JOC contractor, private contractor, and CEI Firm.

The JOC fees are for the Gordian Group, which manages the City JOC program.

A contingency is added to cover unforeseen conditions during construction.

The City received a proposal from a private contractor certified by FPL for trenching, conduit installation, and backfilling per the scope of work and drawings provided by FPL.

The City received a third proposal from a firm qualified to conduct Construction Engineering and Inspection Services to supervise the work submitted by the private contractor.

The City hired Burton & Associates to develop the methodology for determining the assessments and to calculate the assessments.

The City also has an estimate for the streetlights that need to be installed on the Islands once the existing poles are removed. The City is providing a $95,000 credit from the GO Bond money, that was slated for lighting on these islands, to offset these costs.

Finally, FPL requires a survey from the City. The cost of this work is estimated at $25,000.

FPL

FPL submitted 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) totaled $2,583,997 with the cost of Palm Island at $930,831 and Hibiscus Island at $1,653,166. This estimate was for the total customer contribution as specified in Tariff 12.2.3. The scope of work submitted by FPL included 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 was valid for 180 days, expiring on April 25, 2009. However, as requested by the HOA, FPL agreed to eliminate the trenching, installation of conduits and junction boxes and backfilling from their labor/Vehicle item in the amount of $1,523,871. FPL must now provide a revised binding estimate which could potentially lower the total amount from $2,583,997 to $1,060,126. If all residences convert to the underground system, the binding estimate would be reduced by the 25% CIAC waiver to $795,095.

ATT

ATT submitted a scope of work that includes the installation of a complete underground communication backbone system utilizing trench construction, providing backfill compaction and restoration of the roadway.

The HOA is now requesting the removal of the trenching, conduits, junction boxes, and backfilling in order to obtain quotes from private contractors to reduce the cost of the project.

ABB

ABB submitted a scope of work that includes the installation of a complete underground cable backbone system utilizing trench construction, backfill compaction, and restoration of the roadway.

The HOA is now requesting the removal of trenching, conduits, junction boxes, and backfilling in order to obtain quotes from private contractors to reduce the cost of the project.

HOA

The HOA indicated that it had expenses related to its effort to underground these utilities. It requested inclusion of these expenses in the Special Assessments.

Schedule

The City has been working with the HOA, utility companies, and financial consultant to develop the following anticipated schedule for the construction of these improvements. These dates have slipped one month from the last memorandum due to the difficulty in

obtaining financing for the project. These dates are predicated on the supposition that financing will be available in May 2009. Otherwise, these dates could slip further.

Apr 2009	Presentation to the Finance and Citywide Committee
May 2009	City initiates Special Assessment District creation pursuant to Chapter 170, Florida Statutes and creates a Preliminary Assessment Roll (First resolution)
Jun 2009	City to assist and oversee resident elections on accepting the assessment
Jul 2009	City passes a resolution and advertises for a public hearing to discuss the special assessment districts (Second Resolution)
Sep 2009	City holds a Public Hearing and then votes to finalize creation of the special assessment districts (Third Resolution)
Oct 2009	City executes all required agreements with utility companies for work on City ROW
	City executes contracts with JOC contractor and FPL-certified private contractor
Nov. 2009	JOC and FPL-certified private contractors begin construction at Palm Island
Jan 2010	FPL starts pulling wire and installing transformers at Palm Island
	Homeowners begin installations on private property at Palm Island
Apr 2010	JOC contractor, FPL-certified private contractor, and FPL complete construction at Palm Island
	AT&T and ABB start construction at Palm Island
May 2010	JOC and FPL-certified private contractors begin construction at Hibiscus Island
Jul 2010	FPL starts pulling wire and installing transformers at Hibiscus Island
	Homeowners begin installations on private property at Palm Island
Aug 2010	JOC Contractor & FPL complete construction at Hibiscus Island
	AT&T and ABB complete construction at Palm Island
Sep 2010	AT&T and ABB start construction at Hibiscus Island
Nov 2010	AT&T and ABB complete construction at Hibiscus Island

Recommendation

The HOA is prepared to establish Special Assessment Districts to fund the undergrounding of overhead utilities on the Islands for the amount of $4,285,179. It is recommended that the Finance and Citywide Projects Committee refer this item to the City Commission to adopt the first resolution upon securing financing for this project.

JMG\TR\RA\PW\FHB\JCC\RWS

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