

**City of Coral Gables City Commission Meeting
Agenda Item I-2
January 11, 2022
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

Mayor Vince Lago

Vice Mayor Michael Mena

Commissioner Rhonda Anderson

Commissioner Jorge Fors

Commissioner Kirk Menendez

City Staff

City Manager, Peter Iglesias

City Attorney, Miriam Ramos

City Clerk, Billy Urquia

Public Speaker(s)

Ramon Castella

Agenda Item I-2 [3:52 p.m.]

Update and discussion on the status of the City's plans on underground utilities.

City Manager Iglesias: Mayor, could we do I-2 for the undergrounding?

Mayor Lago: Oh, of course, yes. Let's do it.

City Manager Iglesias: Thank you. Thank you, Mayor.

Mayor Lago: I-2.

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Agenda Item I-2 - Update and discussion on the status of the City's plans on underground utilities.

City Manager Iglesias: I believe Mr. Castella is outside.

Mayor Lago: Thank you for reminding me.

City Manager Iglesias: Thank you. Thank you, Mayor.

Mayor Lago: I-2.

Vice Mayor Mena: Mr. Manager, is somebody going to speak on this item, on I-2?

City Manager Iglesias: Yes. Ramon Castella is here, our consultant. He's outside.

Vice Mayor Mena: Okay.

City Manager Iglesias: He's coming right in.

Vice Mayor Mena: Great. And will somebody make sure to make Ms. -- Commissioner Anderson know? Oh, there she is.

Ramon Castella: Good afternoon. The Mayor said he'd be right back, but we can go ahead and get started. Ramon Castella with Stantec, your consultant for the undergrounding project. We have a brief PowerPoint update that we want to bring up. So the purpose of today's presentation - - and we'll be brief -- is to provide an update to you of where we're at in this process and to seek your guidance and policy input on moving forward. Just a brief reminder for the public and for the Commission of what this project is all about, and it's essentially about electrical reliability and specifically having to do with hurricane and tropical storm hardening. As we know, South Florida's in the bullseye of a lot of hurricane activity. You can see the underlying image of Florida crisscrossed by the paths of all hurricanes and tropical storms over the last 100 years, which is the

whole impetus for this project. Very brief summary of what got us to today. In the last three years, we've been studying for you the concept of undergrounding and what it would cost, how it would be done, and some preliminary engineering on how it would move forward. Some preliminary community stakeholder engagement, discussions with the three utilities -- that's Florida Power & Light, AT&T, and Comcast. We got ballpark construction estimates from all three. There's been legal, regulatory, and legislative issues that have been researched for you, and we've created a critical path timeline for how the project would move forward. As -- if you might remember, right at the outset of COVID, we were about to start a public information stakeholder engagement that was suspended. And just this last June, the Commission decided to kind of reinvigorate the process and start the -- get ready to start the public engagement again with a potential assessment vote later the following year. So why are we here today? There has been some legal -- I mean, some recent, very positive developments from FP&L. Essentially, the -- FP&L has changed the way they're looking at undergrounding projects. They call it the Storm Secure Underground Pilot Program, and we'll refer to it as SSUPP. And essentially, the Public Service Commission then gave -- on a pilot program basis that should become permanent -- the ability for FP&L to work with cities, such as Coral Gables, burying their underground lateral lines -- and by lateral lines, we meet the minor lines that lead to, let's say 30, 40, 50, 60 homes, not the major feeder lines. But to bury all those and not have -- the community would not have to bear the cost of doing that. So, in other words, all the rate payers pay for it in their base rate across the state -- and this isn't just Coral Gables. Any -- they want to underground, essentially, every community in Florida over the next 30 years. So, Florida Power & Light came to us with the proposition of, "Hey, we want to work with Coral Gables under this pilot program." They explained to us what the project entails, how they're going to do it. We asked a bunch of questions. We've been going back and forth and negotiating with them, but essentially, we think we have a very clear idea of how it would work. And it would be to underground all the laterals in the City that are not currently underground within the next 30 years. It would bring approximately 40 percent -- approximately 40 percent of the City would be buried within the first 10 years with the balance over the next 20 years after that.

Vice Mayor Mena: Can you --? I know you tried to clarify already.

Mr. Castella: It's a little confusing, yeah.

Vice Mayor Mena: No, but the...

Mr. Castella: The laterals and the feeders?

Vice Mayor Mena: Yeah. What exactly do you mean?

Mr. Castella: Yeah.

Vice Mayor Mena: I think by feeder you mean the big, you know...

Mr. Castella: Well, that's even -- I mean, the big, big ones are the transmission mains.

Vice Mayor Mena: Right.

Mr. Castella: Those come from Turkey Point to the substations. Then coming out from the substations into the community, there's a series of feeders. Those are imagine the arteries going out from the substations.

Vice Mayor Mena: Right.

Mr. Castella: FP&L plans to leave those overhead but harden them overhead...

Vice Mayor Mena: Are lines in people's backyards, for example...?

Mr. Castella: Those are the laterals.

Vice Mayor Mena: Those are laterals?

Mr. Castella: Yeah. So, those are the ones that FP&L wants to bury. So, you know, the little arteries coming out of the bigger arteries, those are the laterals. That's what the SSUPP will put underground. The ones that stay overhead will be hardened, which means increased reliability, but they're still overhead. So, what is not included within their program, the SSUPP? It buries the laterals, but again, it leaves the feeders up above. It does not include anything having to do with telephone and cable. Those will stay up. And of course, the poles that are there that hold all three utilities now will still hold two of them, but they'll still be up. So, that's -- you know, it's not a complete program, but it gives you an idea of what they're willing to essentially do without direct cost to the City. So we're looking at essentially three options for the City moving forward. Number one is, let's go with FP&L, let's go with the SSUPP project only. What are the advantages? Well, there's no direct cost to the City. Number two, it's a 30-year timeframe. So, initially, when we were looking at the undergrounding done completely by the City, it was a 10-year program. It's now a 30-year program. You do get some improvement -- I'm sorry. You do get some improvement in electrical reliability because all the laterals which are in people's backyards with all the vegetation, and everything are now going to be safely underground. But this is a hybrid system where you get some of the utilities down, but not all of them. So, this is option one. It's pretty straight forward. You sign on the dotted line with Florida Power & Light and they move ahead with it. Option two, we're calling it the SSUPP plus the feeders. So, this would be working out an arrangement with Florida Power & Light where they move forward with the program of burying the laterals, but also working with them and paying -- the City paying for FP&L to bury the feeders as well. So, we still don't have a cost on that. I mean, we have an idea and an order of magnitude, but we don't have any firm numbers from them yet. They've been overwhelmed by a lot of companies with people being out with COVID and the holidays and so forth, but they are working on it, and they've pledged to get it to us by the end of the month. So, there with this system, option two, which again, we're calling the SSUPP plus feeders, there is a cost to the City. We're not sure exactly how much, but it's a -- you get a much higher electrical reliability, the whole

system from the substations, even the parts that are outside the City, everything goes underground with FP&L.

City Manager Iglesias: If I may say, that's the delta on hardening versus underground.

Mr. Castella: Correct, correct. Yes, so -- and what the City Manager is saying is that the cost of undergrounding the feeders is you also get credited for what they would have spent to harden that system overhead. So, you're paying that delta not the full amount, so there is a credit back to the City. This is still a hybrid system. The Comcast and the AT&T would still be overhead. And the tree trimming requirements that they require would still be there. And then finally, the third option is bury everything, so bury -- go say, "FP&L, do your 30-year SSUPP." Pay them to do the feeders and work with AT&T and Comcast to get them underground as well. That's going to take a little more effort and negotiation with the other two utilities because that hasn't been really gone over with them in full detail, but that's a third option. So, what we're asking -- what we're recommending moving forward -- and this is the last slide -- would be to let us work with FP&L to finish getting the cost estimates for the feeder -- for burying the feeders, the delta on that, research and negotiate with AT&T and Comcast about what they would require, and then return to you in two months' time -- so we're talking about March -- with more fuller recommendations, fuller information, better information, more complete information on the options and exactly what they would cost and decide. So, then you can, having all the information, decide which way you want to move forward. So, those are the -- those are our recommendations. We also recommend that we proceed for now with the assumption that the City will not be bringing a bond issue to the voters. Because, you know, the cost of doing this -- even if the City's paying for all of the feeders and we're able to work out something with AT&T, you're not talking about the magnitude that we were talking before of 350, \$400 million. You're talking about a lot more. And if you spread it out over 10 years or 30 years, this is something the City might be able to absorb under the capital -- on the CapEx budget and not have to rely on, you know, assessment funding. So, you know, we think we should maybe hit the pause button on that and let us continue to explore federal and grant opportunities, and there are real ones out there now for some of this infrastructure funding that's

been passed to help pay for those two options should you decide to go that way, option two or option three. And we'll continue to negotiate with FP&L to -- and the other utilities to get you the best proposal and the best deal possible moving into this. So, with that, I'll conclude my presentation. I have some technical slides if somebody wants to get into more specific issues; for example, the laterals and the feeders and exactly what that is. But essentially, that's our presentation. And if you have any questions, we'll be more than happy to answer them, the City Manager, the...

Mayor Lago: Yep.

Mr. Castella: City Attorney and myself.

Mayor Lago: So, I don't have many questions, but this, as everybody knows, this has been a project that I've been pushing for the last three years, and you've talked about some significant, you know, numbers prior to COVID. Your efforts are much appreciated, and I appreciate the route that you've taken, along with your other members of the team. I would like to see us bring this in for landing. I'd like to know a schedule so that we can accomplish what's on the last slide there and really understand, okay, where are we headed over the next 10 years, and what's our CapEx number.

Mr. Castella: Yeah.

Vice Mayor Mena: This is big news though on the...

Mayor Lago: Oh, it's huge, huge.

Vice Mayor Mena: Program. I mean...

Mr. Castella: Yeah.

Vice Mayor Mena: You have a back of the napkin idea like when -- because I remember we were talking about that 350 to \$400 million figure at first.

Mr. Castella: Yeah.

Vice Mayor Mena: You know, the SSU...

Mr. Castella: Of what the City would need to...

Vice Mayor Mena: No, but the SSUP...

Mr. Castella: Oh, the SSUPP? Oh, that's...

Vice Mayor Mena: I mean, that's got to be a huge number, right?

Mr. Castella: A big chunk of it, yeah.

Vice Mayor Mena: Right.

Mr. Castella: Also, AT&T in particular had a very high number, which we're still working on some negotiations with them and some legal tactics and so forth about how to address that. But I don't have a number for you right now, and I don't want to mislead you so...

Vice Mayor Mena: Right.

Mr. Castella: But in two months, we will.

Vice Mayor Mena: Great.

Mayor Lago: So you think in two months we will?

City Manager Iglesias: Mayor, we have a number of issues to look at, and we have legal issues with AT&T and Comcast and the poles. We're looking at the delta for the feeders. So, we need to get all this information done. And as Mr. Cejas (sic) said, it'll be about two months where we'd get back to be able to wrap this up and give the Commission exactly where we would be at.

Vice Mayor Mena: If they -- if we went the route of undergrounding the other utilities, would the cost at that point of getting rid of the poles basically -- I'm assuming that would be extraneous to the SSUPP.

Mr. Castella: Right. Under the SSUPP, remember, the poles stay up.

Vice Mayor Mena: Right.

Mr. Castella: Because the other two are up there.

Vice Mayor Mena: Yes.

Mr. Castella: It's only when you make the other two come down that the poles go away.

Vice Mayor Mena: But they would handle that?

Mr. Castella: Then they will handle it.

Vice Mayor Mena: Right.

Commissioner Anderson: Okay.

Mayor Lago: That's -- I mean, that would be...

City Manager Iglesias: But we are working on that.

Mayor Lago: That would be a no-brainer.

Vice Mayor Mena: That to me is almost -- I mean, that aspect of it to me, I need to learn more, obviously, about the particulars, but it's almost more important than the feeders.

City Manager Iglesias: Vice Mayor, I think there's a number of things that we are working on that for that cost that are very important, but we're not ready for that right now.

Vice Mayor Mena: Sure.

Mayor Lago: So, what I would like to do, Mr. Clerk, I would like to have -- through the Manager's office -- I'd like to have a date for March for you to come to the Commission. So, please provide my office and my colleagues with a date so that we can, you know, bring this in for a landing to get an idea where we're at. I think we've made a lot of progress. It's incredible how -- I mean, we've made a 180 in regards to what we were discussing. And it makes me happy to see the progress that we've made. And congratulations. I have to mention that again. You've done a lot of legwork with the Manager's office and your team and the Finance Department and your other consultant so...

Vice Mayor Mena: Is there any concern about --? Just again, so as we -- we want to move forward relatively expeditiously.

Mayor Lago: Yeah.

Vice Mayor Mena: There's no concern about that -- like a window closing on the SSUPP, right?
Is that like a...?

Mr. Castella: Well, they've never mentioned a hard deadline.

Mayor Lago: Just want to take advantage of it right now.

Vice Mayor Mena: No, it's a major -- yeah.

Mayor Lago: If you tell me you need two months, I don't want to squeeze it and say do it in a month. But I mean, if you need two months, okay, well, let's go.

Vice Mayor Mena: Or is that just...

City Manager Iglesias: No, but...

Vice Mayor Mena: Kind of going forward what they're looking to do across the board?

Mr. Castella: But remember, they came to the City...

Vice Mayor Mena: Right.

Mr. Castella: So, you know, they're looking for a partnership, if you will. This would be the biggest city they've ever undergrounded so they see it as -- there's a big value for them too.

Vice Mayor Mena: Right.

Commissioner Anderson: Yeah.

City Manager Iglesias: Let me just clarify that. I think that is a given. The issue that we have to resolve is the feeder issue, the underground versus that delta, and also the pole and other non-utility removals.

Mayor Lago: Perfect. Alright, so we'll have you back in March.

Mr. Castella: Okay.

Mayor Lago: Thank you, sir.

Mr. Castella: Thank you.

Mayor Lago: Thank you for your efforts.

City Manager Iglesias: Thank you.

Mr. Castella: Thank you.