

CITY OF CORAL GABLES

Consideration of Citywide Undergrounding of Utilities

UPDATE TO CITY COMMISSION

August 25, 2020

Recent City Commission Actions

- **May 20, 2019:** City Commission workshop to preliminarily discuss City-wide undergrounding
- **May 28, 2019:** City Commission directs City Attorney and City Manager to (1) obtain non-binding ballpark estimates from the utilities (FPL, AT&T, and Comcast) and (2) report back to the City Commission in fall 2019 (*Resolution 2019-132*)
- **November 12, 2019:**
 - ✓ Report presented to City Commission regarding non-binding ballpark estimates.
 - ✓ City Commission directs City Attorney and City Manager to conduct (1) preliminary analysis and preparation, (2) community engagement, (3) project scoping, and (4) to schedule one or more workshops on or before early April (*Resolution 2019-346*)
- **December 10, 2019:** City Commission hears preliminary action plan timeline for analysis, project scoping, and community engagement, and potential timeline for workshops and further City Commission action

Project Lead Team Summary

- **December 2019 – March 2020:** Project Lead Team, led by the City Manager and City Attorney, work to develop working drafts of:
 - Overall project scoping (area, facilities, etc.)
 - Financial projections of project cost, including variables for City adoption and approval, project lead time, construction time, labor and materials, financing, etc.
 - How to phase the project
 - Options on how to pay for the project
 - Options on how to seek fair and equitable contributions from City property owners (contribution formula)
 - How to address unusual properties (e.g., government lands, open lands such as parks and others without utilities)

Project Lead Team Summary (cont.)

- **In order to begin engagement and community outreach, preliminary financial analyses, cost estimates, project scoping, mapping, and a timeline were developed.**
- **From these, community outreach materials, presentation decks/slides, and channels were prepared, including:**
 - presentation decks and materials with background, visuals, pros and cons, costs, project planning, etc.
 - Drawings, renderings, images, and maps
 - A dedicated website ready to go “live” with facts, frequently asked questions, community survey, and comments section
 - Mailing lists (electronic and USPS) for not only City residents and businesses but also neighborhood and business associations, health care facilities, places of worship, educational and other institutions, etc. in preparation for community outreach
 - Correspondence for electronic and USPS mailing to all City residents, businesses, associations, health care facilities, places of worship, educational and other institutions, etc.

Project Lead Team Summary (cont.)

- **Community Engagement Phase 1: Preliminary feedback and socialization**

- Before a general roll-out to City residents and businesses, and before large-scale community meetings and smaller neighborhood meetings, the team began socializing the draft communications materials to listen and gauge preliminary sentiments, the value and usefulness of presentation materials and slides, to gain feedback on frequently-asked questions. With these, we continued to revise and update our planned roll-out to be most effective.
- Preliminary anecdotal feedback was positive as to the desire for the undergrounding project overall, with a general sentiment that property owners being able to pay over a long period (e.g., 30 years) was suitable. Residents want to know the time period for when their own property would be converted.

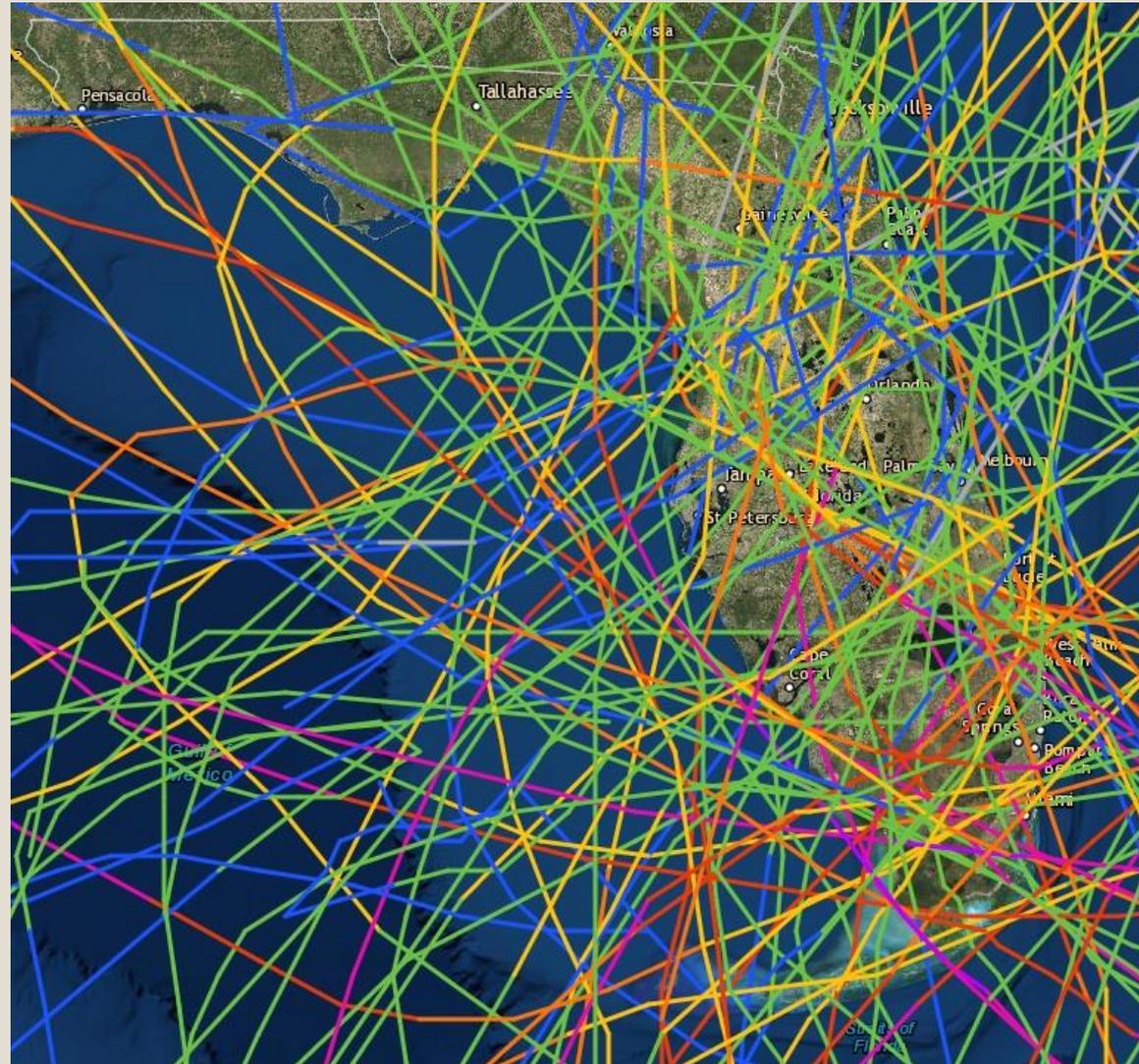
- **Community Engagement Phase 2: Large-scale, City-wide engagement meetings**

- Large-scale City-wide community engagement meetings were scheduled for the end of March 2020 at Coral Gables High School. The first correspondence to all City residents and businesses formally introducing the project's consideration was prepared and approved, and residents and property owners throughout the City were to be invited to any of five large meetings. The City website www.coralgablesundergrounding.com was to go live at the same time.

Project Lead Team Summary (cont.)

- Two (2) days before executing the plan, the local community was shut down due to COVID. A decision was made to suspend community engagement pending the ability to do so fully.
- Plans for **Community Engagement Phase 3 (Neighborhood association, individual company/institution, and business association meetings)** were also suspended.
- Plans for a **City Commission workshop** in April 2020 to discuss project cost, scoping, payment options, and a potential timeline for further discussion were suspended.
- Preliminary plans to placehold a **City Commission agenda item** for June 2020 to hear a report on feedback and sentiment through the community engagement and outreach activity, obtain public comment, and to consider whether to present the matter for a vote by City electors in November 2020 were suspended.

Every Named Storm (Tropical Storm or Hurricane) That Has Hit Florida in the Past 100 Years



Source: NOAA 2020

Citywide Undergrounding Conversion Projects Elsewhere in FPL's Service Area

- Jupiter Island
- Jupiter Inlet Colony
- Gulf Stream
- Town of Golden Beach
- Town of Palm Beach (entire citywide conversion now underway)
- Village of Key Biscayne (under consideration)

Other localities in Miami-Dade County Undergoing or Considering Partial Undergrounding Conversion Projects

These projects would not provide municipality-wide resilience for residents. Most residents are not included. In addition, properties “upstream” of these small projects do not benefit.

- Village of Pinecrest (some main/feeder lines only)
- City of Miami Springs (some main/feeder lines only)

Assessments and Property Owner Contributions

- **Assessment Methodology for Parcels**

- ✓ The actual assessment will vary by property based on a number of factors related to reliability, safety, and aesthetics, and the formula would take into consideration each **property's adjusted square footage, lot size, and actual use**
- ✓ Those properties already served by underground utilities will be assessed at a significant discount given their specific property has already been converted

- **Estimated Assessment Amount**

- ✓ Annual installments for 30 years for most parcels would equal about **50 cents per adjusted square foot of building area**
- ✓ At the earliest, the first year of payment would be on the November 2023 tax bill (with payment due by March 2024 to the Miami-Dade Tax Collector)

Final Assessment Amount and Financing Options

- **Final Assessment Amount**

- ✓ If the project is approved by the City, binding estimates would be obtained from the utilities to determine total project cost, and we would conduct a property-by-property inventory of every parcel to determine the **exact assessment amount**, which would be communicated to every property owner

- **Financing Options**

- ✓ Property owners would have **three payment options**:
 - Pay equal annual installments -- shown as a line item on your property tax bill -- for 30 years
 - Pre-pay the full amount upfront at the beginning of the project (by March 2023)
 - Pay, at any time during the 30-year payment period, the remaining balance

Project Cost and Opportunities for Savings by the City

- **Total project cost is likely \$320-380 million, which is based on solid cost, construction and engineering approach**
- Opportunities for savings:
 - The timing of **near record-low interest rates** for bond financing
 - The timing of **low inflation rates** for costs of labor and materials
 - By regulation/tariff, FPL will provide a **25% discount** to the total cost of its portion of the project
 - By regulation/tariff, the City/property owners will **not pay for the removal of existing** FPL facilities
 - SB 796 (Public Utility Storm Protection Plans) passed and adopted by the Florida Legislature in 2019 allows **FPL to harden some portions of its electrical system** while the utility recovers the costs from FPL's customers system-wide
 - Building the most advanced and robust electric and communications system including many new facilities and an all-fiber-optic AT&T infrastructure
 - Ability to serve as a **model “signature” conversion project** for the three utilities (FPL, AT&T, Comcast)
 - Federal appropriations for local infrastructure hardening

How the project would be executed if approved by voters

- **Engineer the project** from substation “downstream” to the last customer
- Establish a **robust communications process** and platform for City residents/property owners through meetings, letters, and electronic communication channels
 - Website that addresses issues of cost (include a cost calculator), responses to queries (RTQs), process, expectations, etc.
 - Hotline for resident and business issues and concerns
- **Execute and manage** the project from an engineering and financial perspective, not a political, perspective
- **Work directly with residents/property owners** to ensure robust communication, interface, and handle issues before, during, and after the conversion work is done in a neighborhood
- The project will take approximately ten years to complete

The next steps for the City

- The Project Lead Team recommends that community engagement phase 2 (City-wide project introduction, website going live, and large-scale community meetings) and phase 3 (neighborhood association, individual company/institution, and business association meetings) not take place until in-person meetings can take place safely. Informal discussions and input from City stakeholders continues, as does revision and updating of financials, project planning, public policy, funding sources, and utility discussions.
- **The Project Lead Team recommends that, if the City Commission wishes to plan for the possibility of placing the matter before City electors, the City place the matter before voters no earlier than 2022. This assumes community engagement and community outreach can recommence in the second half 2021—once it is safe to engage City constituents in-person. Having sufficient time and opportunity for robust and strong community input and engagement are invaluable and necessary to the project.**

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