

City of Coral Gables City Commission Meeting
Agenda Items H-3 and H-4 are related
August 25, 2020
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Raul Valdes-Fauli
Vice Mayor Vince Lago
Commissioner Pat Keon
Commissioner Michael Mena
Commissioner Jorge Fors

City Staff

City Manager, Peter Iglesias
Assistant City Manager, Ed Santamaria
City Attorney, Miriam Ramos
City Clerk, Billy Urquia

Public Speaker(s)

Ramon Castella

Agenda Items H-3 and H-4 are related [11:32 a.m.]

Update and discussion regarding status of City's plans related to the effort to underground utilities.

A Resolution approving staff's recommendation to adjust the expected timeline for community engagement and the City Commission's consideration of whether to place a ballot question before voters relating to the undergrounding of utilities citywide.

Mayor Valdes-Fauli: H-3 and H-4, they are related, undergrounding. Mr. City Manager.

City Attorney Ramos: Mr. Castella. Is he on?

City Manager Iglesias: Mayor, we are -- we have been working quite diligently on the undergrounding issue. As you know, it's quite a undertaking. And after the presentation by Mr. Castella, we would like to review H-4 and some adjusted timeframes for the undergrounding work. So with that, I'll turn it over to Mr. Castella.

Ramon Castella: Thank you, Mr. Manager. As far as the presentation slide deck, is that going to be up or should I put it up and share my screen? Great, thank you. Good morning, Mr. Mayor, Commissioners.

Mayor Valdes-Fauli: Good morning.

Mr. Castella: We're here before you to give you enough data on where we're at as far as the undergrounding and for the benefit of the public. Next slide, please. Just a brief reminder of the work that was done last year. The City Commission ordered a study of the preliminary study of what it would take to underground the City as a whole. There were nonbinding, ballpark estimates received from the utilities, and there was a report presented to the City Commission then in November of the findings. The Commission directed the lead team, the Manager, and the City Attorney, to conduct further analysis, develop a program of community engagement, scope out the project more fully and go ahead and schedule workshops that could be done this year, in 2020. In December, the City heard what the plan was and directed it to move forward. There was an expectation at the time that it would start -- public engagement would start around March this year, and eventually lead to perhaps a referendum in the August ballot of this year, or as a backup, the November ballot. Next slide, please. So, there was a lot of work done, a lot of good work done last year, starting in December really, through March of this year. The overall project was scoped much more in finer detail. There were fine-tuned financial projections done of what it would take to get the project done. The phasing was fully developed; how to pay for the project and looking

at a fair and equitable distribution of the cost, and there was also a lot of looking at unusual properties and how they would be paying for their fair share. Next slide, please. So, as far as the community outreach, a lot of materials and collateral material was developed. Presentation decks were fully developed, drawings, renderings. It was a dedicated website that was prepared and ready to be put up; full mailing list and correspondence for electronic mail was all developed. Next slide, please. In what we called the phase one of the community engagement, it was really kind of a preliminary feedback and socialization of the program. There were some small, smaller neighborhood meetings and meetings with the Chamber of Commerce where we gained some real valuable feedback. There was a lot of interest in the project by the public and by the associations that we spoke with. There was a lot of not just support of it, but you know, also there was a lot of questions about how it would we paid for and so on and so forth. So that gave us a lot of feedback to then answer some of the questions through the collateral material that was being put forth in the large -- was going to be put forward in the larger-scale community meetings, which were to start -- they were scheduled to start in May -- in March of 2020, of this year. Next slide, please. Two days before starting that plan and having already starting the -- actually scheduled the first meeting, of course, the COVID-19 shut down caused us to basically suspend any community engagement meetings until we had the ability to fully do that. So, everything that flowed downstream of that is basically put on hold. Next slide, please. Just a reminder of why this is even been looked at. That's -- you can't even see the State of Florida down there, but it's crisscrossed by numerous tropical storms and hurricanes over the last 100 years, which is really the big interest behind this whole project and this whole program. Next slide, please. A brief reminder of some of the cities and communities across South Florida that have or are considering undergrounding. You can see some of your neighbors are -- Key Biscayne is now one that has it under consideration. City of Palm Beach -- Town of Palm Beach is actually underway. Next slide, please. There are some of your neighbors that are looking at -- next slide, please -- partial undergrounding; the Village of Pinecrest, the City of Miami Springs. They're looking at burying some of their main feeder lines, as opposed to what Coral Gables was looking at, which is a full undergrounding of the city, providing, you know, much better storm resilience. Next slide, please. Just going over the -- a little bit on what was developed. The assessment methodology for the parcels was fully vetted

out, and it basically came down to the cost being proportioned based on the property's adjusted square footage, lot size and use and actual use. There was a significant discount that would be given to areas that were already undergrounded, where they were not receiving that benefit over again; that was already there. But those properties were gaining the benefit of the whole city being undergrounded and everything kept going after storms. So, there was a -- just as a ballpark estimate, over a 30-year payment works out to about 50 cents per adjusted square foot of building area. So, that was what the assessment methodology that was come up with. Next slide, please. There were, you know, much better cost estimates that this was all based on, way beyond the ballparks that were given earlier last year. There would be the idea of three payment options; one is annual installments over 30 years, one is the owner prepaying the full amount upfront and not having to pay the interest, and the ability to pay off that remaining balance any time during the 30 years, if they choose the multiyear option without having to pay, you know, the future interest. Next slide, please. The project cost overall came in at an estimated between 320 and 380 million. We think there is significant opportunities for knocking that number way down. Number one, there's near record low interest rates for the really foreseeable future with the economic conditions, low inflation rates. There's a 25 percent discount on a part that FP&L pays. There's also -- now FP&L does not make the City and the property owners pay for the removal of the overhead once the underground is installed. FP&L is now with the new State legislature statute that was passed last year, paying for some of the hardening in certain parts of their electrical system, so that would be a factor. There's also the fact that we are converting the whole -- we would be converting the whole City. Some of the utilities, AT&T for sure, has looked at an all fiber optic and wanting to make this kind of a signature project, and they would be willing to give financial consideration towards that. And there's a lot of funding opportunities through -- infrastructure hardening. These are both State and Federal, but it would also be maybe economic stimulus dollars that would be flowing from the Federal government. Next slide, please. So, if this were to be approved by the voters ultimately -- and I'll get to schedule in a minute -- there would be, of course, the full engineering of the system, the robust communication process that I outlined a little bit before. The project will be fully executed and managed, and it would be, you know, working hand-in-hand with the residents and the property owners, you know, during that process. And we estimate --

just as a reminder -- the process would take probably around ten years to complete. Next slide, please. Next steps -- and this is really the final slide. The project lead team, headed by your City Manager and City Attorney, recommend that any community engagement be kept on hold until in-person meetings can take place safely. We feel that's very important. We think the digital platform is good, but you're not going to really get as good participation and a read on what the public's desire is on this and their concerns. So, being placed on hold, we don't see that this would go to the voters on any referendum any earlier than 2022. That would assume that the community engagement would recommence in the second half of this year -- of 2021, once, you know, it safely can be done in person. So, with that, I'd like to thank you for allowing us to present today, and if there are any questions, the whole project lead team is on the line and we'd be happy to answer any questions.

City Manager Iglesias: And if I...

Mayor Valdes-Fauli: Thank you. Thank you very much, Mr. Castella.

City Manager Iglesias: If I may say, Mayor. We had an excellent presentation by Mr. Castella, but we feel that to market this project, to properly inform the residents digitally completely, we don't feel that it's appropriate for a referendum of this size, and so what we're looking at is we're looking at the second half of 2021 as being available -- as being the time that we can provide the proper outreach to the residents and then come back with a special election vote for that referendum and -- at the beginning of 2022. It's quite an endeavor, cost and endeavor -- a new endeavor. And I think we should make the residents completely understand what we're doing and how we're doing it so that when this goes -- when it goes to referendum, we will have really residents that fully understand the entire concept of what we're trying to do. So, we are basically saying, move it up a year is what we're saying from the prior schedule. A lot of work has been done, a lot of very good work has been done, so nothing has truly been wasted up to now. We just are looking for a one-year move on the project.

Mayor Valdes-Fauli: Very good.

Vice Mayor Lago: Mr...

Mayor Valdes-Fauli: Thank you very much, Peter. And I think it is the prudent thing to do based on the six-month delay that this epidemic has cost us. And it is such an important project for our residents that I think this is very much the wise thing to do. And we will be very criticized if we don't take this measure.

Vice Mayor Lago: Mayor, I agree with your comments. It pains me to see us, you know, delay this project, but I think it's the right thing to do. I sponsored a discussion item in August 4, 2014 with then-Vice Mayor Quesada, and September 26, 2017, also with Vice Mayor Quesada, discussing this issue. This has been an issue that's, you know, gone around multiple times, and we were making such great progress. I wanted to commend Ramon and Jeff, along with all our team, the ACM, City Manager, all their efforts to get where we are today. But I think it's the appropriate thing to do as a result, obviously, of COVID-19 and some of the financial issues that we're having, and financial issues that a lot of our residents and business owners are having. And I think it's -- I think the best thing too is to make sure that we offer these residents who are going to make a very important decision, that they have the ability to meet face-to-face, like we've done with traffic calming...

Mayor Valdes-Fauli: Right.

Vice Mayor Lago: And it's just important. There's a lot of questions, a lot of people who may be confused. You know, there's an opportunity to attend multiple meetings and really flush out any questions or concerns. So, you know, I think the prudent thing, like you said, and the most sensitive thing to do is to defer this to the second quarter of 2021.

Mayor Valdes-Fauli: You want to make a motion?

Vice Mayor Lago: Yes, sir. So moved.

Mayor Valdes-Fauli: This is on F-4, which requires a resolution.

Commissioner Mena: Second.

Mayor Valdes-Fauli: It's been moved. Is there a second?

Commissioner Mena: I -- Vince -- Vice Mayor moved it; I seconded.

Mayor Valdes-Fauli: Oh, okay. Will you call the roll, Billy?

Commissioner Keon: Yes.

Vice Mayor Lago: Yes.

Commissioner Mena: Yes.

Commissioner Fors: Yes.

Mayor Valdes-Fauli: Yes.

(Vote: 5-0)

Mayor Valdes-Fauli: Now thank you very much, and Mr. Castella, a very good presentation.

Mr. Castella: Thank you, Mr. Mayor. Have a good day, everybody.