

# MIAMI BEACH

## COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Jimmy L. Morales, City Manager

DATE: February 28, 2020

SUBJECT: **DISCUSSION REGARDING A FINANCIAL PLAN FOR THE WATER AND SEWER SYSTEM MASTER PLAN**

### **HISTORY:**

Public infrastructure serves as the backbone of a well-run municipality. Typically, as infrastructure ages and the needs of a growing city expand, existing infrastructure requires rehabilitation and upgrades. Such is the case with the City's water and sewer utility.

Recognizing the increasing need to strategically invest in the water and sewer utility, the Public Works Department tasked Hazen and Sawyer with developing a Water and Sewer Master Plan that prioritizes projects over 25 years.

At its October 23, 2019 Sustainability and Resiliency Committee (SRC) meeting, Public Works staff provided the members of the Committee a progress update on the Water and Sewer Master Plan. The Administration stated it has reviewed the plan and is ready for the Finance and Economic Resiliency Committee (FERC) (formerly the Finance and Citywide Projects Committee) for review and to further discuss a financing plan.

The SRC Committee made a motion to refer the Water and Sewer System Master Plan to the FERC to identify funding sources.

### **ANALYSIS:**

The proposed five year critical needs capital plan for the City's water and wastewater system is summarized below.

Capital Project PROJECT TITLE	FY20 Est. Cost	FY21 Est. Cost	FY22 Est. Cost	FY23 Est. Cost	FY24 Est. Cost	Total
Water & Wastewater Mains and Rehab	\$ 16,093,000	\$ 10,277,855	\$ 14,214,469	\$ 15,441,872	\$ 15,268,653	\$ 71,295,848
Water Pump Station Improvements		\$ 5,592,900	\$ 4,710,396			\$ 10,303,296
Wastewater Stations Rehab.		\$ 11,103,400	\$ 5,209,019			\$ 16,312,419
Valve Assessment & Replacement Program	\$ 900,000	\$ 927,000	\$ 954,810			\$ 2,781,810
Sewer Pump Station Odor Control	\$ 850,600					\$ 850,600
SCADA & PLC (W&S only)	\$ 1,625,250					\$ 1,625,250
Wastewater Manhole Rehab.	\$ 1,500,000	\$ 1,545,000	\$ 1,591,350	\$ 1,639,091	\$ 1,688,263	\$ 7,963,704
Water Meter Replacement	\$ 11,104,893					\$ 11,104,893
						<b>TOTAL \$ 122,237,819</b>

This plan reflects the utility's needs as defined by the Water and Sewer Master Plans and internal renewal and replacement plans. As seen above, the plan accounts for an investment of \$122.3 Million, of which approximately \$37.5 Million is funded. An additional \$24 Million of unencumbered water and sewer bond funds have been identified. If these funds were appropriated toward the proposed five year critical needs capital plan, there would remain a funding gap of approximately \$61 Million.

When planning the sequencing of projects, staff often takes into account work within the projects' proximity and, when beneficial, projects are grouped into larger neighborhood jobs. Approximately \$37 Million of the overall \$122.3 Million plan have been identified as independent projects. Independent projects generally include aerial pipe crossings, subaqueous pipelines, or other work that lies outside neighborhood boundaries. Thus, some projects within the Water and Sewer Critical Needs Five Year Capital Plan may fall within the boundaries of possible neighborhood jobs. However, due to the criticality of these projects, the Administration may proceed with their design and/or construction prior to the start of a neighborhood job.

It is important to note that this plan only includes the critical needs defined in the Water and Sewer Master Plans and does not encompass general water and sewer work, which may occur as part of the City's neighborhood jobs. The cost and scope of water and sewer work within neighborhood jobs will be quantified upon completion of the Jacobs Engineering Neighborhood Priority List.

In order to facilitate further discussion, the Water and Sewer Five Year Priority Lists are attached herein. Within the lists, a column

identifies which projects are independent from larger neighborhood jobs.

The estimates presented herein are for planning and budgeting purposes; the actual costs will be determined when the projects are fully designed and bid.

Regionally there is a growing need to reinvest in utility infrastructure. The failure to reinvest in utility infrastructure has resulted in neighboring communities having had numerous water main breaks and sewerage spills resulting in one community being fined \$1.8 million by state regulators. These projects are needed to reduce the risk of similar events happening in the City of Miami Beach.

**CONCLUSION:**

The Administration recommends approval of the five-year critical needs capital plan for the City’s water and wastewater system, and approval of the \$24 Million available from bond proceeds. Additionally, the Administration recommends commencing a rate study of the water and wastewater utility to determine financial capacity for the water and wastewater work associated with the Jacobs Engineering neighborhood prioritization and the remaining \$61 Million dollars of critical needs.

**Applicable Area**

Citywide

**Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?**

Yes

**Does this item utilize G.O. Bond Funds?**

No

**ATTACHMENTS:**

Description	Type
<div><div><div></div></div><div><a href="#">Water and Sewer System priority lists</a></div></div>	Other