



Approved

MEETING MINUTES
CITY OF FORT LAUDERDALE
INFRASTRUCTURE TASK FORCE ADVISORY COMMITTEE
MONDAY, SEPTEMBER 12, 2022 – 2:00 P.M. TO 5:00 P.M.

CITY OF FORT LAUDERDALE

January-December 2022

Attendance

Marilyn Mammano, Chair	P	6	0
Peter Partington, Vice Chair	P	4	2
Gerald Angeli (dep. 4:13)	P	5	1
Shane Grabski	A	3	3
James LaBrie	P	6	0
Michael Marshall	A	4	2
Roosevelt Walters	P	4	2
Ralph Zeltman	P	6	0

As of this date, there are 8 appointed members to the Committee, which means 5 would constitute a quorum.

Staff

- Alan Dodd, Director of Public Works
- Chris Bennett, Assistant Director of Public Works
- Omar Castellon, Assistant Director of Public Works – Engineering
- Patricia Jolly, Senior Administrative Assistant
- Susan Grant, Finance Director
- Laura Reese, Director, Office of Management and Budget
- Michael Dudley, Principal Management Analyst
- Keith Farrell, Senior Management Analyst
- Lieutenant Adam Solomon, Fort Lauderdale Police Department
- Jamie Opperee, Recording Secretary, Prototype, Inc.

Communication to the City Commission

Motion made by Vice Chair Partington, seconded by Mr. Angeli, that the Infrastructure Task Force will be reviewing the public record draft comprehensive agreement at its meeting on October 3, and anticipate providing the Commission with comments as a result of that discussion prior to a Commission vote on the P3 agreement. In a voice vote, the **motion** passed unanimously.

1. Call to Order

i. Roll Call

Chair Mammano called the meeting to order at 2:03 p.m. Roll was called and it was noted a quorum was present.

Chair Mammano noted that former member Charlie Ladd had resigned from the Committee.

ii. Approval of Agenda

Motion made by Mr. Walters, seconded by Vice Chair Partington, to approve.

Chair Mammano requested that a discussion of the new water treatment plant be added to today's Agenda. She had also wanted the Committee to discuss the comprehensive agreement related to the water treatment plant. It was clarified that there is currently no final document to review, although the agreement will be presented at the October 18, 2022 Commission meeting for approval.

Mr. Walters pointed out that while the Committee may amend the Agenda to include these discussions, there will have been no public notice of these plans. Chair Mammano agreed that the Agenda Item addressing the Stantec presentation on water rates did not indicate a full discussion of the proposed water treatment plant. She concluded that she would raise this issue under General Comments rather than adding it to the Agenda.

In a voice vote, the **motion** passed unanimously.

iii. Approval of Previous Meeting Minutes – August 1, 2022

Motion made by Mr. Walters, seconded by Mr. LaBrie, to approve the minutes, with or without corrections.

Vice Chair Partington requested clarification of whether the contractor referred to on p.4, paragraph 4 was the same entity with whom the City planned to enter into a public-private partnership (P3). Public Works Director Alan Dodd advised that the construction entity working for the P3 partner conducted an exploration of the proposed site to determine how it could be connected to the wellfields.

No changes were made to the document.

In a voice vote, the **motion** passed unanimously.

2. Old Business

i. Public Works Projects – Funding Request Priorities

Mr. Dodd reported that the Public Works Department's budget previously presented to the Committee passed upon first reading before the City Commission, including both Capital Improvement Program (CIP) and operational funding requests. The second

reading is scheduled to go before the Commission at tonight's meeting. There were no significant changes between first and second readings.

ii. Federal and State Funding Presentation

Mr. Dodd advised that Public Works has submitted a number of grant applications over the past four to six weeks, requesting the following:

- \$4.8 million in State of Florida Local Support grants
- \$28.9 million in Resilient Florida grants
- \$23.2 million in Federal Bridge Investment Program grants

He clarified that there may be a lengthy process before the City is informed of whether or not its grant applications were successful. They are working aggressively to identify grant opportunities and link them with priority projects.

Laura Reese, Director of the Office of Management and Budget (OMB), explained that the City's federal and state lobbyists share grant opportunities with the Department as they arise. They also provide advocacy for the City once grants have been applied for.

Vice Chair Partington commented that significant federal funding is available as a result of the recent Inflation Reduction Act, which he characterized as a once-in-a-lifetime opportunity for the City. Chair Mammano agreed, asking if the City planned to pursue infrastructure funding for the construction of the proposed water treatment plant.

Ms. Reese briefly reviewed the City's centralized grants management process, in which state and federal lobbyists post notices of funding opportunities from those sources. The City reviews these opportunities to determine whether or not they should apply for the available funds. Grant applications are then drafted by the Public Works Department's grant administrators and City matching funds are identified. CIP funds may be leveraged to apply for grants for which CIP projects qualify, as these are the City's highest-priority projects. The City's Government and Economic Development Manager, Daphnee Sainvil, works closely with state and federal lobbyists to identify appropriate grant opportunities.

Mr. Dodd noted that several grants require projects to be "shovel-ready" and to meet other specific criteria. These requirements act as constraints on when the City may apply for grant funds for specific projects: grant applications that do not meet the government's criteria would be a waste of Staff time.

Vice Chair Partington noted that one funding opportunity included in a presentation made to the City Commission was for the proposed New River tunnel. He asked if any Staff members are actively seeking funds for this project. Ms. Reese confirmed this, stating that one grant the City plans to pursue is a Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant, with the opportunity to pursue other grant funding in the future as notices arise.

Chair Mammano requested clarification of what the state and federal grant request amounts cited earlier in the discussion would include.

3. New Business

i. Presentation by Office of Management and Budget (OMB)

Ms. Reese showed a PowerPoint presentation on the budget process and funding for the Public Works Department. This Department began developing the City's operating budget for fiscal year (FY) 2023 in January 2022. The second public budget hearing is scheduled to come before the City Commission tonight. Once approved, the budget will be implemented on October 1, 2022.

The OMB first builds a current service level budget, which determines how much funding would be necessary to provide the same level of services as in 2022. This may include inflating the budget for costs, as the cost of the same level of some services may have increased.

For 2023, new initiatives or enhanced service levels in the General Fund for Public Works include the following:

- A road map to zero carbon emissions for \$150,000
- A Sidewalk Master Plan Gap Assessment for \$180,000
- Pavement Condition Assessment for \$510,000
- Additional staffing, including five full-time equivalents (FTEs) for roadway maintenance, for \$500,000

Mr. LaBrie requested additional information on the road map to zero carbon emissions. Mr. Dodd advised that this assessment is based on transportation, buildings, facilities, and a number of smaller categories. The amount of emissions from each of these items is determined, and the road map considers the incremental improvements necessary to reduce these emissions and move toward a goal of net zero over the established time frame. A consultant will be hired to develop this plan.

Ms. Reese continued that the Sanitation Fund has been relatively consistent over recent years, even as most costs rise year-over-year. The current budget of \$18 million for 2023 includes maintaining the current level of expense related to the contractor, which may result in the need for a mid-year rate adjustment.

The Water/Sewer Fund is supported by rates paid on water/sewer bills, including agreements with large users such as Oakland Park, Wilton Manors, and others. This budget has grown from \$79 million to \$80 million. The Public Works Department includes 352 FTEs, with additional positions funded in the Finance Department to operate utility billing. Ms. Reese noted that the operating budget also includes some

one-time expenses such as studies or improvements that are not considered capital in nature. These will show as an increase one year and will not appear the next.

Some of the major new initiatives in the Water/Sewer Fund include a leak detection program, waterway quality monitoring, and professional services provided by consultant Hazen and Sawyer for the new water treatment plant. She clarified that this last item was considered a one-time expense that will not appear in next year's budget.

New programs in the 2023 budget include:

- Valve maintenance services at \$500,000
- Cooperative study with Broward County for the variable density model
- Additional water distribution maintenance costs

Mr. Dodd clarified that the variable density model study will map the saltwater intrusion line to determine how far this line is from impacting the City's wells. The County is performing this study with all its cities.

The City also partners with neighboring entities, including Oakland Park, to treat wastewater. Repairs are funded primarily through the City, but are also funded in part by these entities.

The Stormwater Fund has increased staffing over the past five years from 37 to 42 FTEs. New initiatives to be funded in 2023 include:

- Addition of a new supervisor
- Maintenance activities in the Melrose area for \$280,000
- River Oaks Stormwater Preserve maintenance for \$112,000
- Annual funding enhancements for stormwater infrastructure

Ms. Reese noted other funds associated with Public Works, including funds for the replacement and maintenance of City vehicles, including Police vehicles. It was noted that these are not ongoing funds: the first-year costs of purchases are higher, and the amounts for ongoing maintenance decrease afterward.

Mr. LaBrie asked if it is typical for the Public Works Department to maintain vehicles for the entire City. Mr. Dodd replied that Public Works carries out several different functions, which vary from one municipality to the next. Because there are environmental and regulatory elements to vehicle maintenance, for example, this function falls under the Public Works category of Sustainability. Centralized maintenance allows for better control over costs.

Ms. Reese next addressed the CIP, which is a five-year plan for capital projects. She reviewed the schedule of these expenses, which includes \$549 million approved for unspent projects in 2023. Of this amount, a balance of \$425 million is available. The schedule also reflects \$514 million in new monies to be appropriated in 2023. In addition, a \$200 million bond is expected to be issued for stormwater; however, this

debt has not yet been issued. The City has secured a short-term line of credit for \$70 million thus far, which is reflected under the stormwater balance. A number of projects in this category have been approved by the City Commission and are underway.

Vice Chair Partington recalled that a previous iteration of the Infrastructure Task Force Advisory Committee (ITFAC) had recommended that 7% to 10% of the General Fund be spent on capital projects. He noted that \$27 million is listed as coming from the General Fund for capital projects, and the total of the General Fund is approximately \$400 million, which is close to 7%.

Ms. Reese noted that funds from debt issuances may not be appropriated until the debt has been secured. Voter approval is secured for the maximum amount of debt; as individual projects approach, the City issues debt for them. She reviewed a number of projects in the CIP, including:

- Fire Station 13 for \$4.1 million
- Fire Station 88/new EMS station for \$3.1 million
- Seawall restoration and replacement for \$3.6 million
- Bridge repairs and replacement for \$3.6 million
- Roadways and sidewalks for \$3.5 million
- Las Olas Mobility Plan for \$3.1 million
- Galt Ocean Mile Beautification Project for \$2.5 million

Ms. Reese noted that there is no appropriation for the Police Headquarters in the proposed CIP. While a maximum of \$100 million was issued in voter-approved debt for this project, no additional General Fund dollars have been set aside for it in the CIP. The General Fund also includes monies from smaller funds such as the gas tax and Community Development Block Grant (CDBG) funding.

Ms. Reese advised that Public Works has applied for grant funds for some of the specific projects mentioned above, including bridge replacement funds. If these grant applications are successful, it will free up funding to address additional bridges.

ii. Update on the Police Station

Lieutenant Adam Solomon of the Fort Lauderdale Police Department provided an update on the progress of the new Police Department building. The building's design has gone through several value engineering exercises in an attempt to bring down costs. The design is for a three-story building, of which the Police Headquarters occupies roughly 185,000 sq. ft., with a Community Center of just over 5000 sq. ft. There is also a three-story parking garage with 360 parking spaces.

Attempts to lower design costs have not been successful due to inflation. The final guaranteed maximum price (GMP) for this phase came in high and is being worked through. The GMP for the final construction agreement is being reviewed by the Department's legal team. All information required for permitting has been submitted and

is awaiting formal approval, and all regulatory approvals have been secured. The project is currently awaiting the completion of the Development Review Committee (DRC) process.

Funding remains the greatest challenge for this project due to the rising costs of materials and labor, as well as supply chain and shipping issues. Despite multiple value engineering exercises, it has not been possible to bring the project within costs. The Department has received approval to use an additional site to address parking, and has had to work through the acquisition process for an adjacent piece of property.

Mr. Walters requested additional information about the Community Center, which will be part of the new building. Lt. Solomon replied that this space will be able to accommodate homeowners' association and other types of civic meetings. The language necessary for this part of the project is still in development.

Mr. Walters also asked for the difference between estimated and actual total costs. Lt. Solomon stated that the project is approximately \$42 million over estimates at this point. This includes both hard and soft costs, from actual construction to permitting, acquisition, and other requirements. Soft costs alone total over \$23 million.

Mr. Zeltman expressed concern with the health of individuals currently working within the existing structure, recalling that in 2019, he had identified a number of issues with that building, from ground settlement to mold and water infiltration. Lt. Solomon acknowledged that this has been a challenge, and noted that during the upcoming fiscal year 2023, the Department will need to look at how long personnel may realistically continue to work in the existing building.

Vice Chair Partington requested clarification of the project's contractor, as well as whether or not there is a design/build contract. Lt. Solomon replied that AECOM and other entities have participated in the design process and assisted in attempts to bring the project within costs. The Department is currently under a pre-construction contract with these entities, including Moss, which is expected to be the builder.

Chair Mammano asked if the project went through the request for proposal (RFP) process or is being developed in individual pieces. Lt. Solomon confirmed that the procurement process was followed with a request for qualifications (RFQ) rather than an RFP. City entities from outside the Police Department also participated in the procurement phase. There is no public-private partnership (P3) involved with the project.

Mr. LaBrie asked if aspects of the project, such as the proposed Community Center, could be postponed until the end of the project in order to save on costs. Lt. Solomon explained that much of the Police Department's infrastructure will be connected to the Community Center: removing this portion of the project and bringing it back at a later date would not provide value.

Lt. Solomon continued that the project is keeping a Leadership in Energy and Environmental Design (LEED) scorecard. This is not the same as seeking LEED certification, which would require significant additional costs.

Mr. Walters asked if the Police Department fleet will be kept on- or off-site. Lt. Solomon advised that the plan is to maintain the fleet on-site, although this is not considered part of the project.

Ms. Reese of OMB concluded that financing of the project will be discussed further at the next City Commission Conference Agenda meeting.

iii. Stantec Presentation / Fiscal Year Increase on Water Rates

The Committee briefly discussed water rates, noting that these rates would increase even if construction of a new water treatment plant was not necessary. Chair Mammano stated that she had believed the City was looking at a 5% increase each year for the next five years; however, Mr. Zeltman estimated this increase at closer to 7.6% in FY 2023, based on discussions with the City's Finance Department.

Mr. Dodd explained that a consultant had analyzed the proposals from each of the four entities submitting unsolicited P3 proposals; however, because they were unsolicited, these proposals were made with no input from the City. Once one of the proposals was selected, the City Commission instructed Staff to begin negotiating toward a comprehensive agreement, which has been underway for roughly six months. Since that original analysis, pricing has changed, and the current financial analysis will be different from the original analysis that occurred earlier in the year.

Chair Mammano recalled that the original submission of the selected P3 had proposed that the private entity would provide 100% of the project's financing; however, this has changed so the City will be responsible for some of the financing. In addition, the City will also pay for the treatment of water. She expressed concern with the effect these changes will have on water rates.

Mr. Dodd continued that consultant Stantec is working to determine how much more money would be needed toward the project, as well as when certain amounts would need to be paid and when water rate increases might occur.

It was determined that the Committee would move on to General Discussion and Comments for further discussion of the P3.

4. Public Works Update

i. August Water and Wastewater Break Report

ii. Financial Report

These Items were not discussed.

5. General Discussion and Comments

i. Committee Members

Chair Mammano stated that when the new water treatment plant is built, there will be an effect on the City's water rates in order to help fund the project. She asked if there will be additional rate increases for purposes other than funding the new plant, such as maintenance costs.

Mr. Dodd explained that the proposed rate increase, according to the Stantec presentation, is a 139% increase over the next 10 years. This is based on a model that includes the \$200 million bond, anticipated annual rate increases of 2% to 4%, and existing debt payments for other requirements. He further clarified that this increase will only affect the water rates: wastewater is not included in this calculation, as that is a different rate that is added to water rates in customers' water/sewer bills.

Mr. LaBrie requested clarification of what the combined water and sewer rate increases would be. Mr. Dodd advised that water and wastewater were separated for the purposes of the rate calculation to show the impact of the proposed new water treatment plant over the next 10 years. The wastewater rate increase is expected to be less than the water rate increase.

Vice Chair Partington asked if the City has determined what the typical bill might be for a water/wastewater customer. Mr. Dodd replied that in 10 years, the average single-family water/wastewater bill is estimated at \$167, which reflects the 139% increase in water rates only. Additional calculations estimated that a single-family home using 4000 gallons per month would increase by \$60 over the next 10 years.

Mr. Bennett emphasized that the comprehensive agreement for the P3 is still in negotiations, and pointed out that these proposed rate increases would be presented as part of this agreement, along with how much and when the City would pay its partner entity, as well as operational costs. If the City Commission does not approve the costs, the comprehensive agreement will not pass.

Mr. Walters asked how the P3 would affect the other municipalities to which Fort Lauderdale provides water, as well as whether or not these municipalities will have any input on the comprehensive agreement. Mr. Bennett replied that the cities' agreements with Fort Lauderdale include caveats that permit them to terminate the agreement and purchase water elsewhere. If they want Fort Lauderdale to continue providing them with water, they will need to pay the increased rates as well as any required surcharges.

Vice Chair Partington asked if the Committee will have an opportunity to see the comprehensive P3 agreement. Mr. Dodd reiterated that he has just received the first draft of the agreement, which has not yet been reviewed by the City Attorney's or City Manager's Offices. He estimated that it may be at least two weeks before a draft of the document can be shared with the Committee, although he cautioned that because he has not yet seen the document, he could not assure the members of this timeline.

Chair Mammano asked which entity was responsible for drafting the comprehensive agreement. Mr. Dodd explained that outside counsel representing the City has helped to create the document, and a number of City working groups have addressed its financial, labor, legal, and other requirements. Public Works has seen some of the technical specifications to be included in the agreement, as they meet regularly with consultant Hazen and Sawyer to review this information.

Chair Mammano asked which risks will be transferred to the private entity of the P3, pointing out that they have assumed little risk thus far. Mr. Castellon explained that this entity participated in the design and technological phases of the plan. He estimated that the design of the proposed plant is approximately 50% complete.

Chair Mammano continued that the City Commission will vote on the comprehensive agreement on October 18, 2022. She expressed concern that although the Committee meets once more prior to this date, they may not have sufficient time to provide input on the document before it goes to the Commission for a vote. Mr. LaBrie also asserted that the ITFAC should be weighing in on this issue.

Vice Chair Partington stated that he felt the following questions should be answered before the agreement goes before the City Commission:

- Why City funds would be used toward the project
- Whether or not the City will retain complete control over water rates
- Whether the agreement will include a commitment "to take a certain minimum amount of water," as increasing costs may decrease demand and spur conservation
- What recourse will be available to the City if the construction entity decides that cost overruns are too great and stops work

Mr. Dodd explained that the comprehensive agreement will include performance requirements: if the construction entity defaults on its responsibilities, there are penalties associated with this action. He added that the City will pay for the staffing and operations of the proposed facility, as it is less expensive for them to pay directly for electricity and chemicals used at the plant during its operation. The agreement will include a requirement that the private partner must reimburse the City if the costs of these chemicals reach a certain level.

Vice Chair Partington also described the private entity's original proposal as "front-loaded" with regard to the costs the City will be expected to bear: these costs accelerate

more quickly near the beginning of the project and decline after a few years. He felt this should be captured in the comprehensive agreement. Mr. Dodd replied that the private entity had originally proposed a rate of \$3.30, with a 1% increase per year; however, this financial model has been changed to an initial rate of \$1.61, with a 5% annual increase for the first five years and a 2.5% annual increase afterward.

Chair Mammano asked how this proposed increase would add up to the 139% increase estimated by Stantec. She also asked how the private entity would manage the members of City Staff who will operate the facility, and what might happen in the event that work issues arise. Mr. Dodd clarified that these will continue to be City employees who fall under the City's collective bargaining agreement. There will be a separate labor services agreement, developed by the City's Human Resources Department, addressing how these employees are managed. The private entity must also meet the City's regulatory requirements for the operation of a water system.

Mr. Walters asked how the proposed facility would be maintained. Mr. Dodd replied that City employees will operate the plant, while the private partner will be responsible for any major repairs. This will be in effect for the entire 30-year duration of the agreement.

Vice Chair Partington suggested that the Committee formally request the opportunity to review the document before it goes to the Commission; however, he noted that this request would be unlikely to reach the Commission earlier than September 20, 2022, and was not certain this would provide sufficient time to place the request on the Commission's Agenda for that meeting. Mr. Dodd explained that this motion would need to go to the City Clerk's Office as a communication to the City Commission. He also explained that it is unlikely the Commission will require a presentation on the agreement at that meeting: they typically accept the document and ask questions about it.

Chair Mammano asked if it would be possible for the Committee members to review the document and provide comments on it. Susan Grant, Finance Director, advised that the document is part of public record, although it is in draft form. Chair Mammano requested that the Committee members be provided with copies of the draft. Mr. Dodd confirmed that the draft agreement would be shared with the members.

Chair Mammano concluded that the draft agreement would be read by the Committee members prior to their October 3, 2022 meeting and discussed at that meeting. She suggested that they send a communication to the City Commission stating that they will provide the Commission with comments prior to their vote on October 18. It was noted that one member of the Committee will need to be present at the October 18 meeting to speak on the document before the Commission if necessary.

Motion made by Vice Chair Partington, seconded by Mr. Angeli, that the Infrastructure Task Force will be reviewing the public record draft comprehensive agreement at its meeting on October 3, and anticipate providing the Commission with comments as a

result of that discussion prior to a Commission vote on the P3 agreement. In a voice vote, the **motion** passed unanimously.

It was determined that this would be sent as a communication to the City Commission.

Mr. Angeli left the meeting at 4:13 p.m.

Vice Chair Partington requested additional information regarding the financial structure of the proposed P3, asking why the City must now provide additional funding. Ms. Grant replied that when the project's estimated costs increased by \$100 million, Staff considered ways that the impact on customers could be lessened. Because the City's cost of capital is less, they agreed to finance more of the project rather than pass this cost on to customers. In addition, they also carved out the chemical budget so the City will make direct purchases of chemicals and realize economies of scale due to ongoing purchases at the existing plant.

Mr. LaBrie requested clarification of the value of a P3. Ms. Grant explained that this allows the project to be completed more quickly, as the private partner is already further along in the design phase than the City would have been. There is no significant downside for the City, as the Water/Sewer Fund will issue debt and rates will be increased to support the project.

Mr. Zeltman expressed concern with the results of other P3s throughout the country, particularly with respect to design and water quality. Mr. Castellon confirmed that Staff has thoroughly reviewed these considerations with input from Hazen and Sawyer.

Vice Chair Partington requested clarification of how much money would be saved by the City's assumption of responsibility for financing the project. Ms. Grant replied that she would bring this information back to the Committee, but pointed out that debt will not be issued until at least six months after the comprehensive agreement, by which time financing costs may have changed.

ii. Public Comments

None.

6. Adjournment

There being no further business to come before the Committee at this time, the meeting was adjourned at 4:22 p.m.

Any written public comments made 48 hours prior to the meeting regarding items discussed during the proceedings have been attached hereto.