



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

Budget, Planning & Sustainability
Committee

January 12, 2010
2:00 P.M.
Commission Chamber

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Commission Auditor
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Miami, Florida 33128
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**Miami-Dade County Board of County Commissioners
Office of the Commission Auditor**

**Legislative Notes
Budget, Planning & Sustainability Committee
Meeting Agenda**

January 12, 2009

Written analyses and notes for the below listed items are attached for your consideration:

Item Number(s)

3(E)	3(I)
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If you require further analysis of these or any other agenda items, please contact Guillermo Cuadra, Chief Legislative Analyst, at (305) 375-5469.

Acknowledgements--Analyses prepared by:
Elizabeth N. Owens, Legislative Analyst
Lauren Young-Allen, Legislative Analyst

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 3E

File Number: 093323

Committee(s) of Reference: Budget, Planning & Sustainability

Date of Analysis: January 8, 2010

Type of Item: Issuance of \$600 Million Water & Sewer System Revenue Bonds

Sponsor/ Requester: Finance Department

Summary

This resolution authorizes the Finance Director, as the Mayor's designee, to issue fixed rate Water & Sewer System Revenue Bonds in multiple series, in an amount not to exceed \$600 million, nor to exceed 40 years in maturity (i.e., year 2039). It is anticipated that the bonds, if approved, will be issued in March 2010 as limited obligation bonds payable solely from and secured by pledged net operating revenues.

The series of bonds, referenced as Series 2010 Bonds, are to be issued for the following purposes:

- 1) financing the costs of acquiring and constructing water and wastewater improvements;
- 2) paying the outstanding principal and accrued interest on a \$100,000 line of credit (i.e., promissory note and loan agreement) to Regions Bank;
- 3) refinancing prior obligations;
- 4) funding a bond Reserve Account;
- 5) paying certain costs associated with the issuance of Series 2010 Bonds such as underwriters' commission, bond counsel fees, paying agent fees, rating agencies fees; and
- 6) paying capitalized interest (i.e., interest paid on the bonds) on the Series 2010 Bonds for 18 months.

This resolution also authorizes the Finance Director to:

- 1) determine the terms of the Bonds (including the amount, tax status, number of sub-series, interest payment dates, purchase price, maturity dates, denominations);
- 2) issue the bonds through a negotiated sale in lieu of a competitive bid;
- 3) designate a Paying Agent, Registrar and, as necessary, any other agents;
- 4) establish a reserve account, reserve facilities or debt service reserves account;
- 5) secure bond insurance;
- 6) negotiate and execute certain agreements, instruments and certificates in connection with the Bonds, including the Bond Purchase Agreement and Registrar and Paying Agent Agreement; and
- 7) take any other action necessary regarding the issuance and sale of the Bonds.

(Resolution, handwritten pp. 8, 29)

Lastly, this resolution, if approved, would authorize funding of a number of the following additional projects delineated in Exhibit A of the proposed resolution which were not listed in the Master (enabling) Water & Sewer Bond Ordinances 08-126 and 09-67:

Water Projects

South Miami Dade Water Transmission Main Improvements
Water Plant Replacements & Renovations
Water System Maintenance & Upgrades
Water Engineering Studies
Water treatment Plants Upgrades
Water Telemetering System Enhancements

Wastewater Projects

Sanitary Sewer System Improvements
Sanitary Sewer System Extension
Wastewater Engineering Studies
Wastewater Telemetering System
Lift Stations Upgrades & Structural Improvements
Wastewater Treatment Plant Replacement & Renovation
Ocean Outfall

(Exhibit A, handwritten p. 45)

Background and Relevant Legislation

In a series of bond enabling ordinances enacted by the Board of County Commissioners (BCC) from 1993 through 2009, the BCC authorized the issuance of Water & Sewer System Revenue Bonds for the purpose of financing capital improvements for County-owned and operated wastewater and water treatment plants and distribution systems, among other things. The pending resolution implements the authority conferred under the Enabling Bond Ordinances No.s 93-134, 08-126 and 09-67 (enacted in 1993, 2008 and 2009) for the completion of water and sewer projects, refunding lines of credit, paying interest to investors, funding the reserve account, and paying the cost of issuance, provided the issuance of the additional bonds does not exceed \$600 million.

Outstanding WASD Debt

The pending proposed bonds, if approved, will be issued on parity with a number of currently outstanding Water & Sewer System Revenue Bonds (i.e., Series 1995, Series 1999A, Series 2003, Series 2007, 2008A, Series 2008B, Series 2008C) with outstanding principal amounts ranging from \$65 million to \$374 million. To date, the principal amount of bonds authorized to be issued from 1993 through 2009 (and prior to the pending resolution) collectively total \$1.8 billion. Of this amount, the principal amount actually issued and outstanding is \$1.3 billion. (Handwritten pp. 91-92).

The County has also received various loans from the State Revolving Loan Fund Program for the construction of wastewater treatment facilities and drinking water construction projects. Draws against the loans total over \$236 million. (Handwritten p. 105).

Under Enabling Bond Ordinance 08-126, the BCC authorized the use of Lines of Credit as an additional financing mechanism to pay a portion of the capital improvement costs. A \$100 million Line of Credit has been issued by Regions Bank secured by a subordinate pledge of the Water & Sewer Department's (WASD) net operating revenues. The County is required to pay (on money drawn from the Line of Credit) a variable interest rate pegged to the one-month LIBOR rate. As of January 6, 2010, the one-month LIBOR rate is .23%. (Source: Bankrate.com). On or before August 3, 2011, the County will be obligated to repay all of the outstanding principal and interest owed on the Line of Credit or convert the outstanding principal into a 3-year term loan. (Handwritten p. 105; Resolution R-1040-09).

Budgetary Impact

Debt Service

Schedule A of the Resolution (which reflects a series of calculations calculated at December 2009 market conditions) discloses that the estimated average annual debt service payment, which may result from the issuance of the Series 2010 Bonds, is \$44.1 million per year at an interest cost of 5.15%. (Handwritten p.33). Schedule B (which reflects calculations calculated at the maximum, capped, interest cost of 6.75% if market conditions increase interest rates) discloses that the estimated average annual debt service payment resulting from the issuance of the Series 2010 Bonds will be \$53.2 million per year. (Handwritten p.40).

The total debt service on previously authorized outstanding Water & Sewer Revenue Bonds is computed to be \$114.6 million for FY ending 2010. The total debt service on outstanding Subordinate Obligations (consisting of the Regions Bank Line of Credit and the State Revolving Loan Fund) is \$13.4 million for FY ending 2010. (Handwritten p. 109).

The following chart recaps the above regarding the annual debt service.

Debt Service on Series 2010 Bonds, Outstanding WASD Bonds and Subordinate Obligations	
Debt	Annual Debt Service
Series 2010 computed at 5.15% (=Interest Rate Cost @ 12/09 market conditions compounded semi-annually)	\$44.1 million
Series 2010 computed at 6.75% (=Maximum Interest Rate Cost compounded semi-annually)	\$53.2 million
Outstanding WASD Revenue Bonds	\$114. 6 million (for FYE 2010)
Outstanding WASD Subordinate Obligations	\$13.4 million (for FYE 2010)

<u>Use of Bond Proceeds (Calculated at →)</u>	<u>Dec.'09 Market Inter. Rate</u>	<u>Max'm True Inter. Cost</u>
Project Funds	\$432.0 million	\$419.0 million
Repay Line of Credit	\$100.0 million	\$100.0 million
Capitalized Interest (interest paid to investors)	\$ 23.5 million	\$ 34.3 million
Reserve Fund Deposit	\$ 53.8 million	\$ 41.8 million
Cost of Issuance	\$ 1.5 million	\$ 1.5 million
Underwriter's Discount (purchase price discount)	\$ 3.3 million	\$ 3.3 million

Policy Change and Implication

The proposed resolution is consistent with the prior enacted revenue bond resolutions. The BCC has previously authorized under enabling ordinances No.s 94-134, 08-126 and 09-67 (enacted in 1993, 2008 and 2009) the issuance of Water & Sewer System Revenue Bonds in which the bonds are to be secured by the pledge of operating revenues. Therefore, the proposed resolution does not constitute a new policy.

Prepared by: Lauren Young-Allen

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 093388
File Number: 3(I)
Committee(s) of Reference: Budget, Planning and Sustainability
Date of Analysis: January 8, 2010
Type of Item: Competitive Contract Package

Summary

This Competitive Contracts Package includes a total of eleven (11) procurement actions.

Policy Change and Implication / Budgetary Impact

- **Three (3) Competitive Contracts:**

Item 1.1 – Water & Waste Water Liquid-Solid Separation and Agitation Equipment, Parts and Services

This contract is to purchase equipment and parts used in the water and wastewater treatment process for the Miami-Dade Water and Sewer Department (WASD). The pre-qualified pool of vendors includes Brentwood Industries, Inc., Alfa Laval, Inc., B & P Process Equipment, and Florida Bearings, Inc. The cumulative contract total, including subsequent options to renew (OTR) is \$32,312,000.

Questions / Comments

The proposed contract is \$1,216,200 more per year than the previous contract. In addition, the proposed term and OTR periods are twice as long as the previous contract.

The Department of Procurement Management (DPM) provides the following justifications for the increases:

- Modernization of the aging treatment plant’s infrastructure requires the upgrading or replacement of existing equipment;
- Adherence to the 20-year Water Use Permit mandates; and
- Support of the High Level Disinfectant Capital Expansion Program.

Item No.	Contract Term & Amount	Amount per year	Previous Contract Term & Amount	Previous Contract Amount per year
1.1	\$16,156,000 for 5 years with 5, one-year OTRs.	\$3,231,200	\$4,030,000 for 2 years with 3, one-year OTRs.	\$2,015,000

Item 1.2 – Extended Use and Limited Use Contactless Smart Cards

This contract is to establish a contract for purchase of the contactless smart cards that will be used for the Miami-Dade Transit automated fare collection system (AFCS). The vendors include ASK IntTag, LLC, Pasa Services, Inc. *d/b/a* Flamingo Graphics, Electronic Data Magnetics, Inc. and Confidex, Inc. The cumulative contract total, including subsequent OTRs is \$8,625,000.

Questions / Comments

History of legislative actions for the AFCS contract:

May 6, 2008	Resolution No. 498-08	AFCS contract awarded to Cubic Transportation Systems, Inc.
Sept. 2, 2008	Resolution No. 924-08	Modified the fare schedule by increasing rates by \$.50 and establishing an automatic fare increase every three years based on the Consumer Price Index.
March 3, 2009	Resolution No. 179-09	Amended the Schedule of Transit Fares, Rates and Charges including but not limited to the elimination of tokens and certain promotional programs, and the addition of transfer fees and EASY Card/EASY Ticket fees.
Dec. 1, 2009	Resolution No. 1367-09	Authorized additional spending authority in the amount of \$459,000 to purchase additional equipment and services to support the AFCS and to provide MDT an allocation funded by MDT Operating Fund.

DPM and Transit provided the following information in response to questions posed.

The following is a breakdown of the number of cards per group and cost per card per type proposed under this item:

Smart Cards	Original Contract	Proposed Contract
EASY Cards - Extended Use	Quantity: 1,000,000 Unit Price: \$2.41 Total Price: \$2,410,000	Quantity: 1,000,000 (estimated) Unit Price: \$1.316 Total Price: \$1,316,000
EASY Tickets – Limited Use	Quantity: 1,000,000 Unit Price: \$0.49 Total Price: \$490,000	Quantity: 11,500,000 (estimated) Unit Price: \$0.179 Total Price: \$2,058,500

The unit price for both the EASY Card and the EASY Ticket under this proposed contract is less than what the County paid under the original contract.

As of December 2009, approximately 700,000 EASY Cards and 900,000 EASY Tickets have been used under the original contract.

Item No.	Contract Term & Amount	Amount per year	Previous Contract Term & Amount	Previous Contract Amount per year
1.2	\$3,450,000 for 2 years with 3, one-year OTRs.	\$1,725,000	n/a	n/a

Item 1.3 – Ultrasonic Rail Testing Services

This item awards a contract to Sperry Rail Inc., to provide Ultrasonic Rail Testing Services for the Miami-Dade Transit (MDT) Department as required by the American Public Transportation Association and MDT Track Safety standards. The cumulative contract total is \$100,000. The request does not include any subsequent OTRs.

Questions / Comments

Item No.	Contract Term & Amount	Amount per year	Previous Contract Term & Amount	Previous Contract Amount per year
1.3	\$100,000 for 5 years.	\$20,000	\$99,000 for 12 months with 3, one-year OTRs.	\$99,000. From 11/1/06 to 10/31/07, \$24,740 was utilized.

• **Eight (8) Contract Modifications:**

Item No.	Contract Title and Modification Reason	Initial Contract Term & Amount	Modified / Extended Term	Increased Allocation	Record of Vendors' Performance
3.1	A/C Chillers and Related Equipment, Maintenance and Repairs <u>Reason:</u> Additional spending authority to establish a full maintenance and repair agreement for A/C Chillers	\$3,273,000 for 3 years.	No change.	\$330,000	No Compliance / Performance Issues reported for A&M Mechanical Contractors, Trane US, Inc. and Weathertrol Maintenance Corp.

	and related auxiliary equipment for MDCR ¹ and MDPD ² . This equipment is no longer covered by the original manufacturer's warranty.				Johnson Controls, Inc.'s performance on Contract No. MDAD-01-07 was the cause of a train crash in Terminal E-Satellite. The County is considering litigation in order to recover damages. No work orders will be issued to this firm until the investigation is finalized.
3.2	Elevator Maintenance Services <u>Reason:</u> No additional time or spending authority is requested. This modification is to obtain approval for the use of MDT Operating funds ³ to continue to purchase elevator maintenance services.	\$241,000 for 2 years.	No change.	No change.	No Compliance / Performance Issues reported for Thyssenkrupp Elevator Corporation.
3.3	Oil/Water Separation Equipment and Water Drainage Filtering Systems (Maintenance and/or Repair) <u>Reason:</u> No additional time or spending authority is requested. This modification is to obtain approval for use of MDT Operating funds ⁴ to continue to purchase maintenance and repair services.	\$560,000 for 1 year.	No change.	No change.	No Compliance / Performance Issues reported for Sorbant Environmental Corp.
3.4	Dry Cleaning & Repair Services for Metrorail Seat Covers <u>Reason:</u> No additional time	\$88,000 for 1 year.	No change.	No change.	No Compliance / Performance Issues reported for ACM Home Medical Equipment Inc.

¹ Miami-Dade Corrections and Rehabilitation Department

² Miami-Dade Police Department

³ PTP funds are utilized as part of MDT's Operating Funds.

⁴ Ibid

	or spending authority is requested. This modification is to obtain approval for use of MDT Operating funds ⁵ to continue to purchase dry cleaning and repair services.				
3.5	<p>Floor Machine Parts and Services</p> <p><u>Reason:</u> No additional time or spending authority is requested. This modification is to obtain approval for use of MDT Operating funds⁶ to continue to purchase floor machine parts and repair services.</p>	\$74,000 for 1 year.	No change.	No change.	No Compliance / Performance Issues reported for Raymond Pourbaix Enterprises, Inc., Rex Chemical Corp., and Wholesale Vacuum Connection, Inc.
3.6	<p>High Security Banking Supplies</p> <p><u>Reason:</u> No additional time or spending authority is requested. This modification is to obtain approval for use of MDT Operating funds⁷ to continue to purchase customized banking supplies.</p>	\$33,000 for 1 year.	No change.	No change.	No Compliance / Performance Issues reported for Hanna Marketing Inc., and A Rifkin Co.
3.7	<p>Metal Form Trash Containers</p> <p><u>Reason:</u> No additional time or spending authority is requested. This modification is to obtain approval for use of MDT Operating funds⁸ to continue to purchase metal form trash containers, parts and accessories.</p>	\$39,000 for 3 years.	No change.	No change.	No Compliance / Performance Issues reported for Wausau Tile Inc.
3.8	<p>Furnish and Deliver Evaporator Filters</p>	\$43,000 for 2 years.	No change.	No change.	No Compliance / Performance Issues

⁵ PTP funds are utilized as part of MDT's Operating Funds.

⁶ Ibid

⁷ Ibid

⁸ Ibid

	<p><u>Reason:</u> No additional time or spending authority is requested. This modification is to obtain approval for use of MDT Operating funds⁹ to continue to purchase evaporator filters for Metrorail vehicles.</p>				<p>reported for WACO Associates, Inc.</p>
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Prepared by: Elizabeth N. Owens

⁹*PTP funds are utilized as part of MDT's Operating Funds.*