

Memorandum



Date: July 24, 2007

Supplement to
Agenda Item No. 8(R)1a

To: Honorable Chairman Bruno A. Barreiro and
Members, Board of County Commissioners

From: George W. Burgess
County Manager

Subject: Report on the Joint Participation Agreement for the Reverse Osmosis Water Treatment Plant with the City of Hialeah and Clarification of Code Requirement Waivers as Requested by the City of Hialeah

On April 25, 2006, the Board of County Commissioners (Board) adopted Resolution R-449-06 authorizing the execution of an Interim Consumptive Use Authorization and Agreement (Agreement) with the South Florida Water Management District (District). The Agreement requires Miami-Dade County to meet a number of requirements to obtain a 20-Year Consumptive Use Permit authorizing withdrawal allocations from the Biscayne Aquifer. Since the effective date of the Agreement, the County has been working diligently to meet the milestones specified in the Agreement. On May 4, 2007, MDWASD submitted the required "Alternative Water Supply Plan" including an implementation schedule related to the improvements required to obtain the 20-year consumptive use permit from the District. This alternative water supply plan includes the construction of three water reclamation facilities at the County's wastewater treatment plants which will be used for irrigation purposes in the north and central portions of the County and for ground water replenishment in the south, which were approved by the Board on June 26, 2007. Other projects include a 20 million gallons per day (MGD) membrane softening plant in South Miami Heights and a 10 MGD reverse osmosis plant in north Miami-Dade. The "Request to Advertise" for the design and construction management services of the 10 MGD reverse osmosis plant in north Miami-Dade, whose estimated project costs totals \$93 million is on today's agenda as Item 8R3A. These projects will be followed by an ultraviolet disinfection project for Aquifer Storage & Recovery Wells that store water in the wet season in order to recover it in the dry season, the construction of 2 wells to withdraw water from the Floridan Aquifer to blend with the Biscayne Aquifer water, and 2 pilot projects: the first pilot project will test the treatment techniques for recharging highly treated reclaimed water into the aquifer and the second pilot project will investigate the applicability of using highly treated effluent to replace freshwater flows into the coastal wetlands of Biscayne Bay.

Concurrently, in June of 2006, the City of Hialeah and the County entered into an interlocal agreement to provide water supply for the portion of the City of Hialeah's annexation area that was approved as part of the Comprehensive Development Master Plan (CDMP) applications in the April 2005 application cycle. The inter-local agreement called for a subsequent agreement to specify construction arrangements. As the Miami-Dade Water and Sewer Department (MDWASD) continued to work with the District to develop an alternative water supply plan, it became apparent that the construction of a single facility to meet future water supply needs in northern Miami-Dade County would be more efficient than constructing a separate facility just to serve the City of Hialeah's annexation area, as such the District agreed to incorporate this change into the Agreement, which is included on handwritten page 16 of Item 8R1B and on handwritten page 11 of Item 8R1B Supplement on today's agenda. The City proposed a partnership under which the City of Hialeah would take the lead in procuring a contractor who will design, build and operate a phased 10 to 17.5 MGD reverse osmosis facility to treat Floridan

aquifer water to meet the needs of the City's annexation area as well as growth in MDWASD's service area and wholesale customer needs.

These demands are expected to total 17.5 MGD by the year 2029, and a three-phase development program is contemplated. The first phase would include 10 MGD of capacity estimated to cost \$116.5 million which would be completed by the end of 2011. An additional 5 MGD estimated to cost \$31.3 million would be added by 2019, and the final phase of 2.5 MGD estimated to cost \$12.2 million would be completed in 2029. The total cost of design and construction is expected to be \$160 million, with each partner providing half the cost. The County's share of these costs is currently estimated to be \$80 million. Of this amount, \$10 million will come from General Obligation Bonds and the balance will come from revenue bonds. Grants that may be received to support the project will decrease equally the revenues to be contributed by both parties. Operational costs will come from operating revenues based upon fees generated from the plant's customers.

The advantage of building a plant under a design/build/operate contract with the City of Hialeah is that it will be faster to construct. The building of a single plant versus two will be less expensive both in terms of capital and operational and maintenance costs. Secondly, the County is financing less of the debt since the financing is being shared by the County and the City of Hialeah. Furthermore, the District may be more supportive to cost share since both the City of Hialeah and the County are cooperating on the project.

A Joint Participation Agreement (JPA) between the County and the City of Hialeah was prepared and placed on today's agenda as Item 8R1A. The JPA specifies the respective obligations of the County and the City as equal partners to design, construct and operate a 17.5 MGD reverse osmosis water treatment plant to serve future water supply needs in the City of Hialeah's annexation area and MDWASD's service area, including future needs of wholesale customers. The project is now a part of the alternative water supply plan submitted to the District and has already been included in the Capital Improvements Element of the CDMP. The importance of the Hialeah reverse osmosis plant can not be over-emphasized as an element of our consumptive use permit application.

The City of Hialeah has requested that the County waive the code requirements listed below which govern County contracts.

1. Ordinance 2-8.2.10 - Procurement Policy as to Contracts Related to Projects Funded in Whole or in Part by Building Better Communities General Obligation Bond (GOB) Program Funds. This ordinance currently requires that projects funded, in whole or in part, by GOB funds to utilize the County's Community Small Business Enterprise Program (CSBE Program) or to have a CSBE Program of their own.
2. Ordinance 2-10.4.01 - Community Business Enterprise Program for Architectural, Landscape Architectural, Engineering, and Surveying and Mapping Professional Services. This ordinance requires consideration of the use of CSBE firms to provide engineering, architectural and other design services.

- 3. Ordinance 2-11.15 - Works of Art In Public Places. This ordinance requires Miami-Dade and each municipality in Miami-Dade County to provide for the acquisition of art equivalent in value not less than 1.5 percent of the construction cost of the project. This ordinance can be waived by resolution by the Board.
- 4. Ordinance 2-11.16 - County Construction Contracts. This ordinance requires contractors on county construction contracts to provide, in whole or in part, a responsible wage to their employees.
- 5. Ordinance 10-33.02 - Community Small Business Enterprise Program. This ordinance requires the use of CSBE firms to provide, in whole or in part, construction services.

Specifically, Paragraph 26 on handwritten page 15 of the JPA provides a 90 day period in which the County will prepare an ordinance exempting the City from the code requirements stated above enabling the City to void this JPA if such waivers are not approved by the Board. In such a case, the City of Hialeah may elect to accept the code requirements and proceed under the JPA, may elect to void the JPA and pursue the construction of separate facilities to meet their growth needs, or may agree to include all of its future needs in a new wholesale water purchase contract whereby the County would construct and operate the facility.

If the Board does not approve the ordinance waiving the code requirements, as noted herein, the Board's approval of Item 8R3A "Request to Advertise" for the design and construction management services of the 10 MGD reverse osmosis plant in north Miami-Dade, will replace the JPA element in the District's Agreement to be able to obtain the 20-Year Consumptive Use Permit. In the event this occurs, the County will work with the District to amend the Agreement as required, as it is of paramount importance to obtain the consumptive use permit to provide an alternate water supply source in the northern part of the County.

The term of this JPA is the later date of either the expiration of City project bonds or County project bonds, but no earlier than February 1, 2029, when the final phase of construction is to be complete.


Assistant County Manager