

Memorandum



Date: April 29, 2013

To: Honorable Xavier L. Suarez
Commissioner, District 7

From: Carlos A. Gimenez
Mayor 

Subject: Response to Memorandum Regarding Issuance of Additional Water and Sewer Department Revenue Bonds

In your April 18, 2013 memorandum, you requested information regarding Water and Sewer Department (WASD) bonds; specifically, the issuance of an additional \$4.245 billion in revenue bonds. Below, please see the responses to your specific questions.

Question 1: "How does the \$4.245 billion in additional bonds relate to the total amount needed to repair the entire county water infrastructure system (I have heard estimates as high as \$12 billion)?"

Response: The Multi-Year Capital Improvement Plan (MYCIP), which includes future planned projects, details needs for both water and sewer infrastructure improvements that are required over the course of 15 fiscal years. The total projected cost is \$12.6 billion. This number includes inflation, along with the cost of issuing the bonds. In order to meet these substantial funding requirements, revenue bonds are projected to be sold over a six-year period, totaling \$3,570,972,000. Please refer to Exhibit A for a listing of all projects to be funded by the bond sales.

Question 2: My recollection is that a total of approximately \$1.2 billion is needed to meet the short term needs identified in the consent agreement with the EPA. In the item, \$879 million of the additional bonds are committed to capital replacements projects and upgrades to comply with a portion of the consent decree with the EPA. Can you confirm these figures and provide detailed information on the specific needs addressed by these funds?

Responses: The proposed EPA Consent Decree agreement details all of the projects, which are estimated to cost \$1.6 billion and adjusted for inflation as recommended by the Bond Engineer. The adjustment is the reason for the deviation from the original estimate of \$1.2 billion, along with more accurate numbers based on the proposed work. These projects are detailed in Exhibit B. These projects have been grouped together because they are all interrelated. Exhibit F-1 highlights these projects, which reflect the Department's proposed budget.

Question 3: I would like some clarification as to the difference between the amount needed to meet the consent agreement requirement and the additional \$4.2 billion in bonds?

Response: The difference between the amounts is due to the additional projects that are outside of those needed to meet the requirements of the Consent Decree agreement. WASD has an annual CIP, which is now added to the required Consent Decree agreement improvements.

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Response to Commissioner Suarez

Question 4: I understand that we have municipal customers as well as individual residential customers. In regards to the debt service of the bonds, what are the proposed increases in rates to the users?

Response: The proposed rate increase for retail users, which will be on a forthcoming BCC agenda, is eight percent. Municipal customers pay a wholesale rate which is cost based. Rates therefore fluctuate based on actual costs and are adjusted in arrears.

It is my hope that these responses assist you in clarifying this matter. However, if there is any additional information you require, please contact me directly or John W. Renfrow at 786-552-8086.

Attachment

c: Alina T. Hudak, Deputy Mayor
Edward Marquez, Deputy Mayor
Jennifer Moon, Director, Office of Management and Budget
John W. Renfrow, Director, Water and Sewer Department

EXHIBIT A
Miami-Dade Water and Sewer Department
Exhibit of Projects to be Funded from Future Bond Proceeds

Wastewater Projects

NORTH DISTRICT UPGRADES - WASTEWATER TREATMENT PLANT	\$122,641,381
CENTRAL DISTRICT UPGRADES - WASTEWATER TREATMENT PLANT	\$100,237,780
SOUTH DISTRICT WASTEWATER TREATMENT PLANT EXPANSION - PHASE 3	\$8,628,080
SOUTH DISTRICT UPGRADES - WASTEWATER TREATMENT PLANT	\$74,546,895
NORTH MIAMI-DADE WASTEWATER TRANSMISSION MAINS AND PUMP STATION IMPROVEMENTS	\$15,770,000
CENTRAL MIAMI-DADE WASTEWATER TRANSMISSION MAINS AND PUMP STATION IMPROVEMENTS	\$41,684,267
SOUTH DISTRICT WASTEWATER TRANSMISSION MAINS AND PUMP STATIONS IMPROVEMENTS	\$7,023,970
GRAVITY SEWER RENOVATIONS	\$37,782,204
SANITARY SEWER SYSTEM IMPROVEMENTS	\$4,489,715
WASTEWATER GENERAL MAINTENANCE AND OFFICE FACILITIES	\$62,057,672
CORROSION CONTROL FACILITIES IMPROVEMENTS	\$8,828,481
PUMP STATION IMPROVEMENTS PROGRAM	\$27,300,000
PEAK FLOW MANAGEMENT FACILITIES	\$527,731,257
SANITARY SEWER SYSTEM EXTENSION	\$13,433,035
WASTEWATER ENGINEERING STUDIES	\$373,714
PUMP STATION GENERATORS AND MISCELLANEOUS UPGRADES	\$57,719,000
WASTEWATER TELEMETERING SYSTEM	\$8,208,125
WASTEWATER SYSTEM MAINTENANCE AND UPGRADES	\$84,515,000
LIFT STATION UPGRADES AND STRUCTURAL MAINTENANCE IMPROVEMENTS	\$49,326,675
WASTEWATER EQUIPMENT AND VEHICLES	\$50,677,817
WASTEWATER TREATMENT PLANTS REPLACEMENT AND RENOVATION	\$57,744,452
WASTEWATER TREATMENT PLANT AUTOMATION ENHANCEMENTS	\$11,237,921
WASTEWATER TREATMENT PLANTS MISCELLANEOUS UPGRADES	\$15,218,000
WASTEWATER TREATMENT PLANTS EFFLUENT REUSE	\$73,814,628
MIAMI SPRINGS CONSTRUCTION FUND - WASTEWATER	\$1,006,503
OUTFALL LEGISLATION SUMMARY DESCRIPTION	\$157,584,297
WASTEWATER - PIPES AND INFRASTRUCTURE PROJECTS	\$6,134,685

Total Wastewater Projects **\$1,625,715,554**

EXHIBIT A
 Miami-Dade Water and Sewer Department
 Exhibit of Projects to be Funded from Future Bond Proceeds

Water Projects

WATER TREATMENT PLANT - HIALEAH / PRESTON IMPROVEMENTS	\$59,223,369
WATER TREATMENT PLANT - ALEXANDER ORR, JR EXPANSION	\$95,070,543
WELLFIELD IMPROVEMENTS	\$500,000
NORTH MIAMI-DADE WATER TRANSMISSION MAINS IMPROVEMENTS	\$11,349,572
CENTRAL MIAMI-DADE WATER TRANSMISSION MAINS IMPROVEMENTS	\$6,691,712
SOUTH MIAMI-DADE WATER TRANSMISSION MAINS IMPROVEMENTS	\$13,500,000
WATER MAINS EXTENSION	\$7,569,800
WATER GENERAL MAINTENANCE AND OFFICE FACILITIES	\$31,927,905
WATER DISTRIBUTION SYSTEM EXTENSION ENHANCEMENTS	\$936,940,210
WATER SYSTEM FIRE HYDRANT INSTALLATION	\$29,800,000
WATER EQUIPMENT AND VEHICLES	\$43,676,781
WATER TREATMENT PLANTS REPLACEMENT AND RENOVATIONS	\$25,844,335
WATER SYSTEM MAINTENANCE AND UPGRADES	\$115,990,000
WATER ENGINEERING STUDIES	\$25,000
AUTOMATION OF WATER TREATMENT PLANTS	\$2,650,000
WATER TREATMENT PLANTS MISCELLANEOUS UPGRADES	\$24,490,197
SAFE DRINKING WATER ACT MODIFICATIONS - SWT RULE AND D-DBP	\$371,681,674
SOUTH MIAMI HEIGHTS WATER TREATMENT PLANT AND WELLFIELD	\$112,309,852
WATER TELEMETERING SYSTEM ENHANCEMENTS	\$2,165,336
WATER TREATMENT PLANT - FLORIDAN REVERSE OSMOSIS	\$47,481,286
MIAMI SPRINGS CONSTRUCTION FUND - WATER	\$234,064
WATER - PIPES AND INFRASTRUCTURE PROJECTS	\$6,134,685
Total Water Projects	<u>\$1,945,256,321</u>

RECAP

TOTAL WASTEWATER PROJECTS	\$1,625,715,554
TOTAL WATER PROJECTS	<u>\$1,945,256,321</u>

TOTAL WATER & WASTEWATER PROJECTS TO BE FUNDED FROM FUTURE BOND PROCEEDS	<u>\$3,570,971,875</u>
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Miami-Dade Water and Sewer Department
 Consent Decree Projects Summary
 Project Cost by timeline
 Exhibit B

Project Number	Project Name	FY 20-27		Project Total
		FY 13 - 19 Expenditures	Expenditures	
964120	Wastewater Treatment Plants - Consent Decree Projects	\$419,861,462	\$599,778,803	\$1,019,640,265
968150	Wastewater Collection and Transmission Lines - Consent Decree Projects	\$353,705,256	\$79,173,913	\$432,879,169
964440	Sewer Pump Station systems - Consent Decree Projects	\$105,762,443	\$0	\$105,762,443
Totals		\$879,329,161	\$678,952,716	\$1,558,281,877



MEMORANDUM
COMMISSIONER XAVIER L. SUAREZ

111 NW First Street, Suite 220 Miami, Florida 33128 Tel. (305) 375-5680 Fax (305) 372-6103

TO: Alina Hudak
Deputy Mayor

DATE: April 18, 2013

FROM: Xavier L. Suarez
Commissioner, District 7

RE: Issuance of Additional WASD
Revenue Bonds

Please disregard my prior memo dated April 17th, 2013.

In regards to the issuance of an additional \$4.245billion in Water and Sewer Department revenue bonds, I respectfully request clarification on the following issues:

1. How does the \$4.245billion in additional bonds relate to the total amount needed to repair the entire county water infrastructure system (I have heard estimates as high as \$12billion)?
2. My recollection is that a total of approximately \$1.2billion is needed to meet the short term needs identified in the consent agreement with the EPA. In the Item, \$879million of the additional bonds are committed to capital replacements projects and upgrades to comply with a *portion* of the consent decree with the EPA. Can you confirm these figures and provide detailed information on the specific needs addressed by these funds?
3. I would like some clarification as to the difference between the amount needed to meet the consent agreement requirement and the additional \$4.2billion in bonds.
4. I understand that we have municipal customers as well as individual residential customers. In regards to the debt service of the bonds, what are the projected increases in rates to the users?