



**Town of Surfside
Town Commission Meeting
AGENDA**

**August 15, 2012
7 p.m.**

Town Hall Commission Chambers - 9293 Harding Ave, 2nd Floor
Surfside, FL 33154

1. Opening

- A. Call to Order**
- B. Roll Call of Members**
- C. Pledge of Allegiance**
- D. Mayor and Commission Remarks – Mayor Daniel Dietch**
- E. Agenda and Order of Business Additions, deletions and linkages**
- F. Community Notes – Mayor Daniel Dietch**
- G. Presentation of Florida League of Cities, Inc. Certificate to Commissioner Michelle Kligman for Completion of the 2012 Institute for Elected Municipal Officials – Mayor Daniel Dietch Page 1 - 3**

2. Quasi-Judicial Hearings (None)

3. Consent Agenda (Set for approximately 7:30 p.m.)

All items on the consent agenda are considered routine or status reports by the Town Commission and will be approved by one motion. Any Commission member may request, during item 1E Agenda and Order of Business, that an item be removed from the Consent Agenda and discussed separately.

Recommended Motion: To approve all consent agenda items as presented below.

**** Denotes agenda items as “must haves” which means there will be significant impacts if the item is not addressed tonight. If these items have not been heard by 10 p.m., the order of the agenda will be changed to allow them to be heard.***

- *A. Minutes - July 10, 2012 – Special Commission Meeting **Page 4 - 8**
July 17, 2012 – Regular Commission Meeting **Page 9 - 19**
- B. Budget to Actual Summary as of May 31, 2012 – Donald Nelson, Finance Director
Page 20 - 21
- *C. Town Manager's Report (Points of Light) – Roger M. Carlton, Town Manager
Page 22 - 33
- *D. Town Attorney's Report – Lynn M. Dannheisser, Town Attorney **(Item deferred to September 19, 2012 Town Commission Meeting)**
- *E. Projects Progress Report – Calvin, Giordano and Associates, Inc. **Page 34 - 36**

4. Ordinances

(Set for approximately 9:35 p.m.) (Note: Good and Welfare must begin at 8:15)

A. Second Readings (Ordinances and Public Hearing)

1. Amended Legislation to Planning & Zoning/Design Review Board Requirements – Lynn Dannheisser, Town Attorney **(Item deferred to September 19, 2012 Town Commission Meeting)** **Page 37 - 41**

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90-15 "MEMBERSHIP/QUORUM, MINIMUM QUALIFICATIONS, OFFICERS, TERMS OF OFFICERS, VACANCIES, GENERAL REGULATIONS, RECOMMENDATIONS, EXPENDITURES, INDEBTEDNESS"; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE.

- *2. Fence Ordinance – Roger M. Carlton, Town Manager **Page 42 - 48**

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90 "ZONING" AND SPECIFICALLY AMENDING SECTION 90-56.1-4 "FENCES, WALLS, AND HEDGES" OF THE TOWN OF SURFSIDE CODE OF ORDINANCES PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERewith; AND PROVIDING FOR AN EFFECTIVE DATE.

***3. Adopt an Ordinance Governing Height of Ceiling and other Requirements in Parking Facilities with Elevator Lifts – Roger M. Carlton, Town Manager
Page 49 - 53**

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90-77 “OFF STREET PARKING REQUIREMENTS” TO PERMIT MECHANICAL PARKING LIFTS TO BE COUNTED AS REQUIRED PARKING SPACES SUBJECT TO CERTAIN CONDITIONS; PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

(Set for approximately N/A p.m.) (Note: Good and Welfare must begin at 8:15)

B. First Readings Ordinances

5. Resolutions and Proclamations

(Set for approximately 9:50 p.m.) (Note: Depends upon length of Good and Welfare)

***A. Memorandum of Understanding for the Island Community Initiative Automatic License Plate Reader Project – David Allen, Chief of Police Page 54 - 79**

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA (“TOWN”) APPROVING A MEMORANDUM OF UNDERSTANDING FOR THE ISLAND COMMUNITY INITIATIVE ALPR PROJECT INVOLVING BAL HARBOUR, BAY HARBOR ISLANDS, GOLDEN BEACH, SUNNY ISLES BEACH, AND SURFSIDE POLICE DEPARTMENTS TO MONITOR ALL INGRESS AND EGRESS INTO THE FIVE ISLAND TOWNS WITH AUTOMATIC LICENSE PLATE READER (ALPR) CAMERAS AND PROVIDING FOR AN EFFECTIVE DATE.

***B. FY 11/12 Proposed Mid-Year Budget Amendment Resolution– Roger M. Carlton, Town Manager Page 80 - 91**

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AMENDING THE ANNUAL APPROPRIATIONS RESOLUTIONS ADOPTED FOR THE FISCAL YEAR OCTOBER 1, 2011 TO SEPTEMBER 30, 2012; FOR THE PURPOSE OF AMENDING THE CURRENT YEAR’S GENERAL FUND BUDGET, RESORT TAX FUND

BUDGET, TRANSPORTATION FUND BUDGET, WATER & SEWER FUND BUDGET, STORMWATER FUND BUDGET, PARKING FUND BUDGET, AND SOLID WASTE FUND BUDGET UPWARD; AND OTHER BUDGETARY ADJUSTMENTS REQUIRED TO THE FISCAL YEAR ENDED SEPTEMBER 30, 2012 BUDGET; PROVIDING FOR AN EFFECTIVE DATE.

- *C. Seawall Inspection Condition Report and Florida Inland Navigation District (FIND) Grant Funding Opportunities – Roger M. Carlton, Town Manager (SET FOR TIME CERTAIN 7:35 PM) Page 92 - 135**

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA ("TOWN") APPROVING ASSISTANCE UNDER THE FLORIDA INLAND NAVIGATION DISTRICT WATERWAYS ASSISTANCE PROGRAM, AUTHORIZING CALVIN GIORDANO ASSOCIATES TO PREPARE GRANT APPLICATIONS AND TO DESIGN THE PROJECT, AND PROVIDING FOR AN EFFECTIVE DATE.

- D. Comprehensive Everglades Restoration Plan Support – Mayor Daniel Dietch
Page 136 - 138**

RESOLUTION OF THE COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA SUPPORTING THE CENTRAL EVERGLADES PLANNING PROJECT FOR THE RESTORATION OF THE CENTRAL EVERGLADES, PROVIDING FOR AN EFFECTIVE DATE.

6. Good and Welfare (Set for approximately 8:15 p.m.)

Public comments for subjects or items not on the agenda. Public comment on agenda items will be allowed when agenda item is discussed by the Commission.

7. Town Manager and Town Attorney Reports

Town Manager and Town Attorney Reports have been moved to the Consent Agenda – Item 3.

All items on the Consent Agenda are considered routine or status reports by the Town Commission and will be approved by one motion. Any Commission member may request, during item 1E Agenda and Order of Business, that an item be removed from the consent agenda and discussed separately.

8. Unfinished Business and New Business

9. Mayor, Commission and Staff Communications

- *A. Deferral of Certain Items if a Commissioner is Absent – Commissioner Olchyk
Page 139 - 141**

- B. Update from Miami Dade League of Cities (Verbal) – Commissioner Kligman**
- *C. Selection of Design for 95th Street Project: Collins Avenue to Hardpack – Roger M. Carlton, Town Manager (SET FOR TIME CERTAIN 9:30 PM) Page 142 - 150**
- D. Miami-Dade Library System and Surfside Resident Library Card Reimbursement – Duncan Tavares, TEDACS Director Page 151 - 153**
- *E. Discussion Regarding Zero-Tolerance Policy for Bullying in Town and Community Facilities (Verbal) – Commissioner Kligman**
- *F. Report on Candidate Forum (Verbal) – Roger M. Carlton**
- *G. Public Information Campaign for Charter Amendment Election – Roger M. Carlton, Town Manager (SET FOR TIME CERTAIN 9:00 PM) Page 154 - 157**
- *H. Water/Sewer/ Storm Drainage Project History and Status – Roger M. Carlton, Town Manager (SET FOR TIME CERTAIN 8:30 PM) Page 158 - 659**
- *I. Northbound Street Closure for Byron Avenue (Verbal) – Roger M. Carlton, Town Manager (SET FOR TIME CERTAIN 9:15 PM)**

10. Adjournment

Respectfully submitted,



Roger M. Carlton
Town Manager

THIS MEETING IS OPEN TO THE PUBLIC. IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT OF 1990, ALL PERSONS ARE DISABLED; WHO NEED SPECIAL ACCOMMODATIONS TO PARTICIPATE IN THIS MEETING BECAUSE OF THAT DISABILITY SHOULD CONTACT THE OFFICE OF THE TOWN CLERK AT 305-893-6511 EXT. 226 NO LATER THAN FOUR DAYS PRIOR TO SUCH PROCEEDING. HEARING IMPAIRED PERSONS MAY CONTACT THE TDD LINE AT 305-893-7936.

IN ACCORDANCE WITH THE PROVISIONS OF SECTION 286.0105, FLORIDA STATUTES, ANYONE WISHING TO APPEAL ANY DECISION MADE BY THE TOWN OF SURFSIDE COMMISSION, WITH RESPECT TO ANY MATTER CONSIDERED AT THIS MEETING OR HEARING, WILL NEED A RECORD OF THE PROCEEDINGS AND FOR SUCH PURPOSE, MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDINGS IS MADE WHICH RECORD SHALL INCLUDE THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED.

AGENDA ITEMS MAY BE VIEWED AT THE OFFICE OF THE TOWN CLERK, TOWN OF SURFSIDE TOWN HALL, 9293 HARDING AVENUE. ANYONE WISHING TO OBTAIN A COPY OF ANY AGENDA ITEM SHOULD CONTACT THE TOWN CLERK AT 305-861-4863. A COMPLETE AGENDA PACKET IS ALSO AVAILABLE ON THE TOWN WEBSITE AT www.townofsurfsidefl.gov

TWO OR MORE MEMBERS OF OTHER TOWN BOARDS MAY ATTEND THIS MEETING.

THESE MEETINGS MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATIONS MEDIA TECHNOLOGY, SPECIFICALLY, A TELEPHONE CONFERENCE CALL. THE LOCATION 9293 HARDING AVENUE, SURFSIDE, FL 33154, WHICH IS OPEN TO THE PUBLIC, SHALL SERVE AS AN ACCESS POINT FOR SUCH COMMUNICATION.



301 South Bronough Street, Suite 300 ♦ Post Office Box 1757 ♦ Tallahassee, FL 32302-1757
(850) 222-9684 ♦ Fax (850) 222-3806 ♦ Web site: www.flcities.com

July 17, 2012

Ms. Sandra Novoa
Town Clerk, Town of Surfside
9293 Harding Avenue
Surfside, FL 33154

Dear Ms. Novoa:

Enclosed is a Certificate or Certificates of Completion to be awarded to the elected officials of the Town of Surfside for completion of the 2012 Institute for Elected Municipal Officials held June 22-24 in Tampa, Florida.

We ask that the Certificate be presented as an agenda item for your next council meeting and be formally recorded in the minutes. We believe the importance of completing the Institute for Elected Municipal Officials training should be known to key officials and your community.

Thank you so much for your cooperation on this. If you have any questions, please don't hesitate to call me at (850) 701-3619.

Sincerely,

Gail Dennard
Membership Development
Florida League of Cities

Enclosure



301 South Bronough Street, Suite 300 ♦ Post Office Box 1757 ♦ Tallahassee, FL 32302-1757
(850) 222-9684 ♦ Fax (850) 222-3806 ♦ Web site: www.flcities.com

July 17, 2012

The Honorable Michelle Kligman
Commissioner, Town of Surfside
9293 Harding Avenue
Surfside, FL 33154

Dear Commissioner Kligman:

On behalf of the John Scott Dailey Florida Institute of Government and the Florida League of Cities, I am pleased to award this certificate to you for the completion of eighteen hours of instruction at the Institute for Elected Municipal Officials in Tampa, Florida on June 22-24, 2012.

It is our sincere hope that you found the program challenging, informative, and rewarding. Now that you have taken the basic IEMO, we encourage you to attend the Advanced Institute as well as other FLC and IOG programs. You can find the dates and locations on both the IOG and FLC websites at www.iog-fsu.edu and www.flcities.com.

We strongly believe that your willingness to complete this program of study is indicative of your commitment to improving the quality of municipal government in Florida. We commend you for this and sincerely thank you.

We hope to see you at future IOG and FLC events!

Sincerely,

Lynn S. Tipton
Director of Membership Development

Enclosure



Institute
for Elected
Municipal
Officials

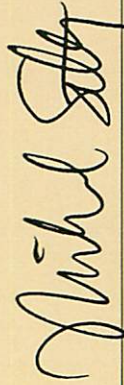
Certificate of Completion

June 22-24, 2012 • Tampa, Florida

Awarded to

Commissioner Michelle Kligman
Town of Surfside

Sponsored by


Executive Director
Florida League of Cities


Executive Director
Florida Institute of Government



**Town of Surfside
Special Town Commission Meeting
MINUTES
July 10, 2012
4 p.m.**

Town Hall Commission Chambers - 9293 Harding Ave, 2nd Floor
Surfside, FL 33154

1. Opening

A. Call to Order

Mayor Dietch called the meeting to order at 4:06 P.M.

B. Roll Call of Members

Town Clerk Sandra Novoa called the roll with the following members present: Mayor Dietch, Vice Mayor Karukin, Commissioner Kligman and Commissioner Olchyk.

C. Pledge of Allegiance

Chief of Police David Allen led the Pledge of Allegiance.

2. Introduction – General Preview of Special Meeting – Roger M. Carlton, Town Manager

Roger M. Carlton spoke about the different Power Point presentations that were going to be presented to the Town Commission.

3. Citizen Survey–Vice Mayor Michael Karukin

Vice Mayor Karukin spoke about the items that he included in a survey that went out electronically to more than 400 people and had a response of nearly 25 percent. He spoke about the results of the survey that he put through survey Monkey.

Commissioner Olchyk suggested that next time Vice Mayor should get the Mayor's email addresses and try to reach more Town residents.

Commissioner Kligman thanked the Vice Mayor for taking the time to put the survey together.

4. Information Resultant from the June 19, 2012 Budget Workshop:

A. Recommended Summer Studies and Other Actions

The Mayor stated that a vote on each recommended summer study and other actions would be taken.

- **Five-Year Financial Plan Update**

Commissioner Kligman spoke about her interest in enhancing financial planning and best practices and as an elected official, she would like the Town to have a financial plan.

Vice Mayor Karukin stated that he is in favor of having a financial plan and setting benchmarks.

Vice Mayor Karukin made a motion to direct the Administration to update the 5 Year Financial Plan with benchmarks. The motion received a second from Commissioner Olchyk and all voted in favor.

- **Organizational Location of IT Function to Finance Department**

Vice Mayor Karukin made a motion to move the IT function to the Finance Department. The motion received a second from Commissioner Kligman and all voted in favor.

- **Solid Waste Rate Study for Multiple Commercial Small Tenant Buildings Downtown**

Mayor Dietch made a motion to direct the Administration to prepare a summer study on this issue. The motion received a second from Commissioner Kligman and all voted in favor.

- **Alternate Collection Process for Solid Waste**

Town Manager Roger M. Carlton provided a brief explanation.

Commissioner Kligman spoke about the level of service that Surfside residents are used to and what they want their tax monies to be spent on.

Vice Mayor Karukin expressed his opposition to this summer study.

The Mayor made a motion to proceed with an analysis for Solid Waste collection alternate procedures in the single family neighborhood. The motion received a second from Commissioner Kligman. The motion passed 3-1 with Vice Mayor Karukin voting in opposition.

- **Cost Recovery from Developers for Legal and Planning and Zoning Costs**

Commissioner Olchyk made a motion to direct the Administration to study this issue. The motion received a second from Commissioner Kligman and all voted in favor.

- **Outside Legal Costs Computation**

Vice Mayor Karukin stated that there is no need to do this study as the Town Commission has already agreed to adjust the budget to meet increased demands on the Town Attorney's Office.

Everyone agreed with the Vice Mayor.

No summer study will be conducted on this item

- **Calvin, Giordano & Associates review of Contractual Required Scope of Work Services in Relation to Town Provided Services**

Town Manager, Roger M. Carlton explained that a question came up during the June 19, 2012 Commission Workshop as to whether or not any of the CGA's work budgeted is duplicative work done by Staff. After reviewing the contract, the Manager stated that there is no duplication of work. His conclusion is that the Town is getting excellent value.

Vice Mayor Karukin spoke about items that he thought were under the 2007 CGA agreement. He realized that the master agreement he was looking at was an old version.

Sarah Sinatra, Town Planner from CGA stated that certain services were originally in the contract but as the Vice Mayor stated there was never a work order authorizing CGA to do Code Compliance.

After some discussion, no summer study will be conducted on this item.

- **Employee Educational Assistance Program**

Commissioner Olchyk stated that there is no reason to spend additional money on this and that this year some of the employees received salary increases.

Commissioner Kligman agreed.

Vice Mayor Karukin stated that the Town should not move forward on this item.

No summer study will be conducted on this item.

- **Executive Department Additional Support**

Commissioner Olchyk opposed this item.

Commissioner Kligman opposed this item.

Vice Mayor Karukin stated there is nothing to study.

No summer study will be conducted on this item

- **Customer Response Management System**

Mayor Dietch spoke in favor of this item which would keep a record of citizens requests and how these requests are handled.

Vice Mayor Karukin asked Duncan Tavares TEDACS Director if this item was a component to the e-City services contract. The response was affirmative. He also asked if in one year the Town didn't want the services any more, if they could opt-out. The answer was negative.

Vice Mayor Karukin made a motion to keep this item in the budget.

Commissioner Kligman stated that they will be looking at millage rate different scenarios and even the need for cut backs. She thought it was premature to vote to keep this item on the budget at this time when they will be looking at different scenarios.

Vice Mayor Karukin asked if the charge will be a one-time fee or an annual fee.

Duncan Tavares TEDACS Director will find out and get back to the Commission with a response.

This item will come back during the August 15, 2012 meeting.

- **Dog Park Study**

Commissioner Kligman stated that she is not against the Dog Park but her concerns are more towards the neighbors and how they feel about the Park.

Ann Finley spoke in favor of the Dog Park and expressed her wish to be able to have a park where neighbors could take their dogs while having a sense of community.

The Manager explained some of the things that would be analyzed during the summer study.

Vice Mayor Karukin explained his concerns, but he will support the study component of this item.

A Biscaya Avenue resident (name unknown) spoke in favor of the Dog Park

Joseph Corderi spoke in favor of the Dog Park.

Commissioner Kligman made a motion to move forward with the study. The motion received a second from Vice Mayor Karukin and all voted in favor.

- **Community Garden Budget Allocation of \$2,000**

Melissa Moonvest, President of the Community Garden organization, spoke about the Community Garden and the members would like to add three more plots and insurance with the \$2,000.

Vice Mayor Karukin made a motion to keep the \$2,000 in the budget. The motion received a second from Commissioner Kligman and all voted in favor. Commissioner Olchyk was absent.

- **Building Permit Revenues vs. Long-term Recurring Revenue Streams (Impact of New Ad-Valorem and Resort Taxes from In-fill)**

Town Manager Roger M. Carlton presented the item to the Town Commission and showed Power Point slides illustrating how three years of increased building permit revenue would be more than exceeded by permanent revenue increases from resort and ad valorem taxes.

Commissioner Kligman asked how the Town is defining “New Buildings”.

Town Manager, Roger M. Carlton explained that it will be new construction meaning that full credit is received in additional tax revenue.

- **Equity Within Range for Long-term Non-bargaining Unit Town Employees (from compensation/classification study)**

No summer study will be conducted on this item.

B. Comparison of Building Permit Revenue for 10 Fiscal Years in Relation to Recurring Ad Valorem and Resort Tax Revenue

Item discussed under “Building Permit revenues vs. Long-term Recurring Revenue Streams (Impact of new Ad-Valorem and Resort Taxes from In-fill) item.

C. General Fund Personnel Cost Increase for FY12/13 Proposed Budget Over the FY 11/12 Projected Budget

Town Manager Roger M. Carlton presented the item.

No summer study will be conducted on this item.

D. Five Year Funded and Proposed Town-Wide Positions Including Annual Cumulative Changes

No summer study will be conducted on this item.

Commissioner Kligman spoke about Channel 77. She would like the Town Manager to conduct a study on the logistics and cost for providing programs on Channel 77 to the residents. A summer study will be prepared and discussed with the new IT/Telecommunications Committee.

5. Town Commission Discussion of Remainder of FY 12/13 Proposed Budget Not Discussed During the June 19, 2012 Budget Workshop

Commissioner Olchyk had questions on the Parks and Recreation Personnel Complement Chart on page 76 of the proposed FY 2012/2012 Budget. Tim Milian responded to her concerns.

Commissioner Kligman asked about the line item “Special Pay” on page 77 and on some of the other Departments budgets. She was informed that the “Special Pay” line item is for longevity pay throughout the budget.

Vice Mayor Karukin will not support the Branding Initiative for \$20,000 on page 84. Commissioner Kligman asked why the Unemployment Compensation line item on page 86 increased by \$30,000. Town Manager Roger M. Carlton explained that it was there in case a change occurs on the Solid Waste service delivery methodology.

Commissioner Olchyk questioned the Manager on the proposed Support Clerk for the TEDACS Director on page 100. The Manager explained the duties that the position will provide to this department.

Town Manager Roger M. Carlton spoke and explained each of the funds and answered questions posed by the Commission.

Commissioner Kligman asked to add a Summer Study to determine how the roll-back millage rate of 5.0635 could be reached. The Administration was directed to add this to the Summer Studies.

6. Public Comments

Mayor Dietch invited the public to speak on any of the items discussed.

Former Vice Mayor Joe Graubart spoke about the Surf-Bal-Bay PAL program and the benefits that this program brings to the children. He would like the Town to make this a summer study if possible.

The Chief stated that when he first became Chief, the Town was funding the program with \$10,000 from Forfeiture Funds. The Police Department does not have \$30,000 from this source to participate in the program at this point.

Commissioner Kligman made a motion to do a summer study on this item. The motion received a second from Commissioner Olchyk and all voted in favor.

Mrs. Barbara Cohen commended the Chief of Police David Allen and Ft. Lauderdale Police Officer Heather Lee for a quick police response.

Ms. McLaughlin spoke about the Tourist Bureau and new initiatives that the Board is working on.

7. Adjournment

There being no further business to come before the Commission, the meeting adjourned at 7:07p.m.

Accepted this ____ day of _____, 2012

Daniel Dietch, Mayor

Attest:

Sandra Novoa, CMC
Town Clerk



**Town of Surfside
Town Commission Meeting
MINUTES
July 17, 2012
7 p.m.**

Town Hall Commission Chambers - 9293 Harding Ave, 2nd Floor
Surfside, FL 33154

1. Opening

A. Call to Order

Mayor Dietch called the meeting to order at 7:07 P.M.

B. Roll Call of Members

Town Clerk Sandra Novoa called the roll with the following members present: Vice Mayor Karukin, Commissioner Kligman and Commissioner Olchyk. Mayor Dietch was absent due to a death in the family.

C. Pledge of Allegiance

Chief of Police David Allen led the Pledge of Allegiance.

D. Mayor and Commission Remarks – Mayor Daniel Dietch

None

E. Agenda and Order of Business Additions, deletions and linkages

Lynn Dannheisser Town Attorney deferred Mayor Dietch's Item 9C, added an Item 9F to introduce Ms. Miriam Maer who will be acting as Town Attorney in her absence.

Town Manager Roger M. Carlton added Item 9G – Candidate Forum/Debate and introduced a resolution attached to Points of Light 9 (95th Street-end).

Commissioner Olchyk pulled item 1, page 38 and item 4, page 40 from the Points of Light.

Commissioner Kligman pulled page 27 of the minutes and item 12, page 42 of the Points of Light.

F. Community Notes – Mayor Daniel Dietch

Vice Mayor Karukin announced the upcoming Town Activities and Events.

G. Recognition of Ft. Lauderdale Police Officer Heather Lee for Arrest of Surfside Felony Subject- David Allen Chief of Police

Chief David Allen presented Officer Heather Lee from the Ft. Lauderdale Police Department with a plaque thanking her for the arrest of Surfside sexual assault suspect.

H. Recognition of Doris “Dorie” Lurie for her contribution to the Surfside Community – Mayor Daniel Dietch

Vice Mayor Karukin presented Doris “Dorie” Lurie with a plaque in recognition for her contribution to the Surfside Community.

Commissioner Kligman read some of Mrs. Lurie’s accomplishment into the record.

Commissioner Olchyk thanked Doris “Dorie” Lurie and stated that she is the reason why she is serving today as a Commissioner.

Mrs. Lurie thanked the Town Commission and spoke about her years of public service as a Town resident.

I. Officer of the Month for April – Sgt. Jay Matelis and Officer Tammy Campbell–

David Allen, Chief of Police

Chief of Police David Allen presented Sgt. Jay Matelis and Officer Tammy Campbell with the Police Officer of the Month for April Award for arresting a bank robber.

Chief David Allen also stated that Officer Campbell is the Officer of the Month for Miami Dade County as well for this arrest.

J. Civilian of the Month for May – Parking Enforcement Officer Alain Acosta –

David Allen, Chief of Police

Chief of Police David Allen presented Parking Enforcement Officer Alain Acosta with the Civilian of the Month Award. Officer Acosta issued 495 parking citations during the month of May.

K. Officer of the Month for June – Officer Jonathan Alvarez- David Allen, Chief of Police

Chief of Police David Allen presented Officer Jonathan Alvarez with the Officer of the Month for June Award for arresting a bicycle thief.

L. Recognition of the North Shore Kiwanis 60 Years of Service – Mayor Daniel Dietch

Vice Mayor Karukin presented a plaque to the North Shore Kiwanis for their 60 Years of Service to the Town of Surfside.

Commissioner Olchyk made a motion to approve the resolution thanking the Kiwanis. The motion received a second from Commissioner Kligman and all voted in favor.

Commissioner Kligman presented Psychologist Adrian Michaels to speak on the emotional issues that happen when children are bullied. This item will be before the Town Commission later on the Agenda.

2. Quasi-Judicial Hearings

A. A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, CONSIDERING THE APPLICATION OF 8985 BAY DRIVE, TO PERMIT A SIDE SETBACK VARIANCE FROM SECTION 90-45 OF THE CODE OF ORDINANCES TO ALLOW A 15.9 FOOT SIDE

SETBACK VARIANCE ON THE EAST SIDE OF THE PROPERTY AND PROVIDING FOR AN EFFECTIVE DATE.

Town Attorney Lynn Dannheisser read a preliminary statement at the beginning of the quasi-judicial public hearing and announced the particular agenda item.

Town Clerk Sandra Novoa confirmed that the advertisement requirements were met for the quasi-judicial hearing.

Town Clerk Sandra Novoa swore in everyone that wished to speak on the quasi-judicial hearing.

Sarah Sinatra, Town Planner presented the item and provided the Commission with the Staff recommendation.

Vice Mayor Karukin opened the Public hearing.

No one wished to speak on the item and Vice Mayor Karukin closed the public hearing.

Commissioner Kligman made a motion to approve the resolution. The motion received a second from Commissioner Olchyk and all voted in favor.

3. Consent Agenda (*Set for approximately 7:30 p.m.*)

Commissioner Olchyk made a motion to approve the Consent Agenda less the items that were pulled. The motion received a second from Commissioner Kligman and all voted in favor.

***A. Minutes - June 12, 2012 – Regular Commission Meeting**

Commissioner Olchyk asked to correct the spelling for Ms. Norma Parron's name on page 30 of the June 12, 2012 Minutes.

Commissioner Kligman asked to add language to the June 12, 2012 Minutes on page 30, item 4A1 to reflect her comment "as long as the FOP is ok with it and the item does not need impact bargaining".

B. Budget to Actual Summary as of April 30, 2012 – Roger M. Carlton, Town Manager

Passed on consent

***C. Town Manager's Report (Points of Light) – Roger M. Carlton, Town Manager**

Item 1 – Commissioner Olchyk wanted to clarify and stated on the record that she did not want a commitment to purchase benches unless there are available sponsors.

Item 4 – Commissioner Olchyk asked the Town Manager not to tie the short term rentals to the Junior Code Compliance Officer position offered for the FY 2012-2013 budget. After a short discussion Commissioner Kligman asked Code Compliance Director Joe Damian to come back during the August Commission meeting with specifics as to the short term rentals.

Item 9 – Town Manager, Roger M. Carlton explained that this item has appeared eleven (11) times in the Points of Light and he recommends a resolution to approve funding for Bermello Ajamil in compliance with Commissioner Kligman's request that was passed during the June 12, 2012 Town Commission meeting. Commissioner Kligman made a motion to approve. Commissioner Olchyk seconded the motion and all were in favor.

Item 12 – Commissioner Kligman asked for an update on the FEMA flood insurance. Town Attorney, Lynn Dannheisser gave the Town Commission an update on this item.

- *D. Town Attorney’s Report** – Lynn M. Dannheisser, Town Attorney
Passed on Consent
- *E. Projects Progress Report** – Calvin Giordano and Associates, Inc.
Passed on Consent

Commissioner Karukin made a motion to accept all the items discussed. The motion received a second from Commissioner Olchyk and all voted in favor.

4. Ordinances

A. Second Readings (Ordinances and Public Hearing)

- 1. FY12 Capital Improvement Element Update** – Sarah Sinatra,
Town Planner

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, ADOPTING THE ANNUAL UPDATE TO THE CAPITAL IMPROVEMENTS ELEMENT WITHIN THE TOWN’S COMPREHENSIVE PLAN IN ACCORDANCE WITH SECTION 163.3177, FLORIDA STATUTES; PROVIDING FOR SEVERABILITY, CONFLICT, INCLUSION IN THE COMPREHENSIVE PLAN AND AN EFFECTIVE DATE.

Sandra Novoa Town Clerk read the ordinance by title.

Sarah Sinatra Town Planner spoke on the item.

Vice Mayor Karukin opened the public hearing. No one wished to speak on the item and the public hearing was closed.

Commissioner Kligman made a motion to approve the ordinance. The motion received a second from Commissioner Olchyk and all were in favor.

B. First Readings Ordinances

- 1. Amended Legislation to Planning & Zoning/Design Review Board Requirements** – Lynn Dannheisser, Town Attorney

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90-15 “MEMBERSHIP/QUORUM, MINIMUM QUALIFICATIONS, OFFICERS, TERMS OF OFFICERS, VACANCIES, GENERAL REGULATIONS, RECOMMENDATIONS, EXPENDITURES, INDEBTEDNESS”; PROVIDING FOR SEVERABILITY; PROVIDING

FOR INCLUSION IN THE CODE; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE.

Sandra Novoa Town Clerk read the ordinance by title.

Town Attorney Lynn Dannheisser presented the item to the Commission and offered to bring back a more comprehensive plan during the September 2012 Town Commission meeting.

Commissioner Kligman made a motion to approve. Motion received a second by Commissioner Olchyk and all voted in favor.

2. Fence Ordinance – Roger M. Carlton, Town Manager

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90 “ZONING” AND SPECIFICALLY AMENDING SECTION 90-56.1-4 “FENCES, WALLS, AND HEDGES” OF THE TOWN OF SURFSIDE CODE OF ORDINANCES PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

Sandra Novoa, Town Clerk read the ordinance by title.

Sarah Sinatra, Town Planner presented the item.

Commissioner Kligman made a motion to approve. Motion received a second from Commissioner Olchyk and all voted in favor.

3. Adopt an Ordinance Governing Height of Ceiling and other Requirements in Parking Facilities with Elevator Lifts – Roger M. Carlton, Town Manager
Page

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90-77 “OFF STREET PARKING REQUIREMENTS” TO PERMIT MECHANICAL PARKING LIFTS TO BE COUNTED AS REQUIRED PARKING SPACES SUBJECT TO CERTAIN CONDITIONS; PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

Sandra Novoa, Town Clerk read the ordinance by title.

Roger M. Carlton, Town Manager presented the item.

Commissioner Kligman made a motion to approve. The motion received a second from Commissioner Olchyk and all voted in favor.

5. Resolutions and Proclamations

A. Proposed Ad-Valorem Budget Millage for Fiscal Year 2012-2013 - Donald Nelson, Finance Director

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, DETERMINING A PROPOSED OPERATING MILLAGE RATE, DETERMINING THE CURRENT YEAR ROLLED-BACK RATE; ESTABLISHING THE DATE, TIME AND PLACE FOR THE FIRST AND SECOND PUBLIC BUDGET HEARINGS AS REQUIRED BY LAW; DIRECTING THE TOWN CLERK TO FILE SAID RESOLUTION WITH THE PROPERTY APPRAISER OF MIAMI-DADE COUNTY PURSUANT TO THE REQUIREMENTS OF FLORIDA STATUTES AND THE RULES AND REGULATIONS OF THE DEPARTMENT OF REVENUE FOR THE STATE OF FLORIDA; AND PROVIDING FOR AN EFFECTIVE DATE.

Town Manager Roger M. Carlton presented the item.

Commissioner Kligman expressed her concerns in using reserves to lower the millage rate.

Commissioner Olchyk expressed the same concerns.

Vice Mayor Karukin asked if part of the reserves were monies carried over from previous years.

Town Manager Roger M. Carlton responded in the affirmative.

Town Attorney Lynn Dannheisser asked for a short recess to discuss with Ms. Miriam Maer what vote was necessary to set the millage rate since one of the members of the Town Commission was absent and one seat was vacant.

Vice Mayor Karukin called for a recess at 9:20 p.m.

The Town Commission convened at 9:30 p.m. with all three members present.

Town Attorney, Lynn Dannheisser stated that a majority vote was sufficient in this resolution.

Commissioner Kligman made a motion to approve. Vice Mayor Karukin seconded the motion. The motion passed 2-1 with Commissioner Olchyk voting in opposition.

B. Charter Review Ballot Question – Lynn Dannheisser, Town Attorney

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING THE TOWN CHARTER TO PROVIDE REQUISITE BALLOT LANGUAGE FOR SUBMISSION TO ELECTORS; PROVIDING FOR COPIES OF THE CHARTER AMENDMENT TO BE AVAILABLE FOR PUBLIC INSPECTION; PROVIDING FOR THE TOWN CLERK TO UTILIZE THE SERVICES OF MIAMI-DADE COUNTY SUPERVISOR OF ELECTIONS; PROVIDING FOR INCLUSION IN THE CHARTER; ACCEPTING THOSE CHARTER PROVISIONS APPROVED BY

A MAJORITY OF THE VOTERS ON NOVEMBER 6, 2012 ACCORDING TO OFFICIAL RESULTS; AMENDING THE TOWN CHARTER TO ADD A PREAMBLE AND CITIZEN'S BILL OF RIGHTS; AMENDING ARTICLE VI. SECTION 105 GENERAL AND SPECIAL ELECTIONS OF COMMISSION MEMBERS; ARTICLE IX. SECTION 128 MANDATORY CHARTER REVIEW; AND ARTICLE I. SECTION 4 GENERAL POWERS OF TOWN; PROVIDING FOR REPEALER; PROVIDING FOR SEVERABILITY; DIRECTING THE TOWN CLERK TO AMEND AND CODIFY THE TOWN CHARTER IN ACCORDANCE WITH THE ELECTION RESULTS AND THIS RESOLUTION; PROVIDING FOR INCLUSION INTO THE TOWN CHARTER AND CODE; PROVIDING FOR AN EFFECTIVE DATE.

Town Attorney Lynn Dannheisser presented the item to the Commission.

Commissioner Kligman made a motion for discussion purposes. Commissioner Olchyk seconded the motion.

Vice Mayor Karukin expressed his concerns with an item that deals with the vacancy in candidacy because of the complexity of the item. He explained that it is his preference to not put Item 2 on the ballot or just simplify it by using the language in item E which said that if there is an issue that does not fit within the Charter, the Commission can create an ordinance to deal with the particular situation.

Town Manager Roger M. Carlton recommended pulling Item 2 off the ballot and placing three (3) items on the November 2012 ballot and dealing with item 2 under Charter Review.

Commissioner Olchyk expressed that it was her understanding that the reason that this item was brought in front of the Commission was specifically to address Item 2.

Vice Mayor Karukin explained that there is no pressing issue at the moment that the Town must place that item on the ballot.

Commissioner Olchyk made a motion to place Item 1, 3 and 4 on the November 2012 ballot. The motion received a second from Commissioner Kligman and all voted in favor.

C. Renewal of Voluntary Cooperation Mutual Aid Agreement with the South Florida Money Laundering Strike Force – David Allen, Chief of Police

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA ("TOWN") APPROVING THE RENEWAL OF INTERLOCAL AGREEMENT FOR THE VOLUNTARY COOPERATION MUTUAL AID AGREEMENT BETWEEN THE TOWN OF SURFSIDE, FLORIDA AND SOUTH FLORIDA LAW ENFORCEMENT AGENCIES AND PROVIDING FOR AN EFFECTIVE DATE.

Chief David Allen presented the item to the Town Commission.

Commissioner Olchyk made a motion to approve. The motion received a second from Commissioner Kligman and all voted in favor.

D. Interlocal Agreement for NPDES Co-Permittee in Permit No. FLS000003-003 –
Bill Evans, Public Works Director

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA (“TOWN”) APPROVING THE RENEWAL OF THE INTERLOCAL AGREEMENT BETWEEN ALL CO-PERMITTEES NAMED IN NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMIT NO. FLS000003-003 AND MIAMI-DAE COUNTY, AND ALSO BETWEEN ALL COPERMITTEES PROVIDING FOR IDENTIFICATION AND CONTROL OF POLLUTANT DISCHARGES IN SHARED MUNICIPAL SEPARATE STORM SEWER SYSTEMS AND PROVIDING FOR AN EFFECTIVE DATE.

Town Manager Roger M. Carlton presented the item to the Town Commission. Commissioner Olchyk made a motion to approve. The motion received a second from Commissioner Kligman and all voted in favor.

E. Approve a Resolution Accepting a Run-off Election– Roger M. Carlton, Town Manager

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA ACCEPTING A SPECIAL RUN-OFF ELECTION IN ACCORDANCE WITH THE TOWN CHARTER; AUTHORIZING THE TOWN MANAGER AND TOWN ATTORNEY TO TAKE ANY NECESSARY ACTION AND PROVIDING FOR AN EFFECTIVE DATE.

Town Manager Roger M. Carlton presented the item and explained that in the event that there is a tie during the August 28, 2012 Special Election a run-off election will be scheduled for Tuesday, September 11, 2012.

Commissioner Kligman made a motion to approve for discussion purposes. The motion received a second from Commissioner Olchyk.

Commissioner Kligman asked that if there was a cost in case of a run-off election. Town Manager Roger M. Carlton responded affirmatively that the cost would be approximately \$15,000 - \$20,000.

There being no further discussion, the motion passed unanimously.

F. Expenditure of Forfeiture Fund – David Allen, Police Chief

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, PROVIDING FOR THE FISCAL YEAR 2011/2012 POLICE CONFISCATION FUND EXPENDITURE IN THE AMOUNT OF \$15,000 FROM THE FORFEITURE FUND TO PURCHASE THIRTY FIREARMS FOR THE POLICE DEPARTMENT.

Chief of Police David Allen presented the item to the Town Commission. The \$15,000 will be used to replace the Department's firearms.

The Chief explained that the Town will try to return the old firearms to get a rebate/credit.

Commissioner Olchyk made a motion to approve. The motion received a second from Commissioner Kligman and all voted in favor.

G. Accepting Florida Municipal Insurance Trust (FMIT) Matching Funds Safety Grant – Tim Milian, Park and Recreation Director

A RESOLUTION OF THE TOWN COMMISSION FOR THE TOWN OF SURFSIDE, FLORIDA, ACCEPTING A GRANT WITH THE FLORIDA MUNICIPAL INSURANCE TRUST ("FMIT") FOR MATCHING FUNDS TO RESURFACE THE PARKS AND RECREATION COURTS AND SAFETY TRAINING FOR STAFF.

Tim Milian presented the item to the Town Commission.

Commissioner Kligman asked what the total amount of the grant was and about the matching funds. Tim Milian stated that the Town will receive \$5,000 and the Town has to match it with \$5,000 already allocated in the Parks and Recreation Department budget.

Commissioner Kligman made a motion to approve. The motion received a second from Commissioner Olchyk and all voted in favor.

6. Good and Welfare (Set for approximately 8:15 p.m.)

Public comments for subjects or items not on the agenda. Public comment on agenda items will be allowed when agenda item is discussed by the Commission.

Alan Gorme spoke about the possibility of reducing the trash and garbage services to three times a week in the single family neighborhood.

Eli Tourgeman announced his candidacy for the August 28, 2012 Special Town Election.

Joe Graubart spoke about the FEMA flood insurance and suggested getting information as to why the discount was lost to educate everyone and not let this happen again.

7. Town Manager and Town Attorney Reports

Town Manager and Town Attorney Reports have been moved to the Consent Agenda – Item 3.

All items on the Consent Agenda are considered routine or status reports by the Town Commission and will be approved by one motion. Any Commission member may request, during item 1E Agenda and Order of Business, that an item be removed from the consent agenda and discussed separately.

8. Unfinished Business and New Business

9. Mayor, Commission and Staff Communications

A. Deferral of Certain Items if a Commissioner is Absent- Commissioner Marta Olchyk

Commissioner Olchyk stated that the one month that she missed the Commission meeting was because she was visiting her family. She stated there was an item of great concern that dealt with additional costs for certain positions and everyone on the Town Commission knew that these items were very important to her. She was very upset that these items were presented knowing she wasn't able to attend and knowing that if she was present she would have voted against them in order to avoid this from happening. She suggested that in the future whenever a Commissioner is aware that another will not be present, the item should be deferred as a courtesy if it is related to funding and or any controversial item. To prove her point, the Mayor asked to defer this item because he was not going to be present and she will make a motion to postpone this item until next month. The motion received a second from Commissioner Kligman and all voted in favor.
Item was deferred

B. Public Information Campaign for Charter Amendment Election- Roger M. Carlton, Town Manager

Town Manager Roger M. Carlton presented the item.
Commissioner Kligman made a motion authorizing the Town Manager to come back during the August 15, 2012 Town Commission meeting with a budget and a plan for an educational campaign not to exceed \$20,000. The motion received a second from Vice Mayor Karukin. The motion passed 2-1 with Commissioner Olchyk voting in opposition.

C. Report on PACE Program – Mayor Daniel Dietch Item was deferred

D. Resort Tax Audit Initial Summary – Duncan Tavares, TEDACS Director

Duncan Tavares TEDACS Director presented the report to the Town Commission.

E. Discussion Regarding Zero-Tolerance Policy for Bullying in Town and Community Facilities – Commissioner Michelle Kligman

Commissioner Kligman introduced the item and presented a draft resolution. She shared some statistics that were not limited to the State of Florida.
Vice Mayor Karukin provided some feed back to Commissioner Kligman. Although he appreciates the intent of the item, he is not in agreement with the "Zero Tolerance" part of the resolution because not all situations are clear. He is not in support of the Town obligation as to enforcement. He is not in agreement with the expense of signage part of the item. He thinks it lacks specifics as to staffing, cost estimates and any idea of collaborating with other communities. He suggested that maybe this item should be discussed with the Parks and Recreation Committee.

Commissioner Olchyk stated she was not in favor of any expenditures related to this item.

Commissioner Kligman will incorporate some of the feedback and bring it back to the Parks and Recreation Committee.

Additional Items

Item 9F – Introduction of Acting Town Attorney, Miriam Maer – Lynn Dannheisser, Town Attorney

Town Attorney, Lynn Dannheisser introduced Miriam Maer. Ms. Maer will be Acting Town Attorney for Ms. Dannheisser during the month of August while she is on vacation.

Item 9G – Candidate Forum/Debate – Roger M. Carlton, Town Manager

Town Manager Roger M. Carlton spoke about the Mayoral forum that was held by the League of Women Voters. He would like direction regarding a Candidate Forum approximately ten days before the Special Election.

Commissioner Olchyk made a motion to approve. Commissioner Kligman seconded the motion and all voted in favor.

10. Adjournment

There being no further business to come before the Commission, the meeting adjourned at 10:56p.m.

Accepted this ____ day of _____, 2012

Daniel Dietch, Mayor

Attest:

Sandra Novoa, CMC
Town Clerk

TOWN OF SURFSIDE, FLORIDA
MONTHLY BUDGET TO ACTUAL SUMMARY
FISCAL YEAR 2011/2012
As of MAY 31, 2012

66% OF YEAR EXPIRED (BENCHMARK)

Agenda Item #

Page

1 of 2

Agenda Date: AUGUST 15, 2012

GOVERNMENTAL FUNDS	ACTUAL	ANNUAL BUDGETED	% BUDGET
GENERAL FUND			
REVENUE	\$8,478,237	\$9,325,305	91%
USE OF ASSIGNED FUND BALANCE		\$188,000	66%
EXPENDITURES	\$6,183,091	\$9,513,305	65%
Net Change in Fund Balance	\$2,295,145		
Fund Bal.-Beg. of FY(audited assigned+unassigned)	\$4,256,315 A		
Fund Balance-MAY 31, 2012	\$6,551,460		
RESORT TAX			
REVENUE	\$123,990	\$134,988	92% B
EXPENDITURES	\$142,380 B-1	\$134,988	105%
Net Change in Fund Balance	(\$18,390)		
Fund Balance-Beg. of Fiscal Year (audited)	\$184,867		
Fund Balance-MAY 31, 2012	\$166,477		
POLICE FORFEITURE/CONFISCATION			
REVENUE	\$32,172	\$34,166	94% C
USE OF RESTRICTED FUND BALANCE		\$45,044	66%
EXPENDITURES	\$15,860	\$79,210	20%
Net Change in Fund Balance	16,312		
Fund Balance-Beg. of Fiscal Year (audited)	\$117,889		
Fund Balance-MAY 31, 2012	\$134,201		
TRANSPORTATION SURTAX			
REVENUE	\$115,606	\$170,535	68% D
USE OF RESTRICTED FUND BALANCE		\$128,579	66%
EXPENDITURES	\$173,481	\$299,114	58%
Net Change in Fund Balance	(57,876)		
Fund Balance-Beg. of Fiscal Year (audited)	\$239,760		
Fund Balance-MAY 31, 2012	\$181,884		
CAPITAL PROJECTS			
REVENUE	\$355	\$400	89%
USE OF ASSIGNED FUND BALANCE		\$274,600	66%
EXPENDITURES	\$137,476	\$275,000	50%
Net Change in Fund Balance	(137,121)		
Fund Balance-Beg. of Fiscal Year (audited assigned)	\$399,754		
Fund Balance-MAY 31, 2012	\$262,633		

NOTES:

A. Includes \$2,000,000 available for hurricane/emergencies, \$188,000 utilization of Maranon property sales proceeds, and \$109,532 of Prepaid Health Insurance. The balance of \$1,958,783 is unassigned fund balance.

B. Timing Difference - Includes the Resort Tax revenues for Oct, Nov, Dec, Jan, Feb, March & April. The May Resort Taxes are collected starting in June.

B-1. Resort tax expenses include 100% of the payment for the Tales of Surfside Turtles

C Forfeiture revenue fluctuates widely.

D. Timing Difference - Includes the CITT revenues for Oct, Nov, Dec, Jan, Feb, March, & April. The May CITT revenue is not received until late August 2012.

ENTERPRISE FUNDS	ACTUAL	ANNUAL BUDGETED	% BUDGET	
WATER & SEWER				
REVENUE	\$2,002,366	\$3,045,252	66%	
USE OF NET ASSETS/LOAN PROCEEDS		\$10,342,572	66%	
EXPENDITURES	\$1,804,297	\$13,387,824	13%	E
Change in Net Assets	\$198,068			
Unrestricted Net Assets-Oct 1 (audited)	\$1,674,603			
Restricted Net Assets-Renewal & Replacement	\$1,017,776			E-2
Unrestricted Net Assets-MAY 31,2012	\$2,890,447			E-2
Capital Project Expenses to date for Water & Sewer	\$7,180,005			
MUNICIPAL PARKING				
REVENUE	\$602,667	\$693,944	87%	
USE OF NET ASSETS		\$1,500,000	66%	
EXPENDITURES	\$383,803	\$2,193,944	17%	E
Change in Net Assets	\$218,864			
Unrestricted Net Assets-Oct 1 (audited)	\$1,385,581			
Unrestricted Net Assets-MAY 31,2012	\$1,604,445			
SOLID WASTE				
REVENUE	\$996,693	\$1,277,684	78%	F
EXPENDITURES	\$764,760	\$1,277,684	60%	
Change in Net Assets	\$231,933			
Unrestricted Net Assets-Oct 1 (audited)	\$207,462			
Unrestricted Net Assets-MAY 31,2012	\$439,395			
STORMWATER				
REVENUE	\$398,320	\$1,073,452	37%	G
USE OF NET ASSETS/LOAN PROCEEDS		\$1,712,289	66%	
EXPENDITURES	\$315,489	\$2,785,741	11%	E-1
Change in Net Assets	\$82,831			
Unrestricted Net Assets-Oct 1 (audited)	\$188,302			
Unrestricted Net Assets-MAY 31,2012	\$271,133			
Capital Project Expenses to date for Storm Water	\$777,742			

NOTES:(con't)

E. Underage due to Infrastructure/Capital Outlay projects (\$10.4 million for water/sewer, \$2.2 million for stormwater, \$1.6 million for parking)

E-1. This total is only for the operational expense, does not include the Infrastructure Capital Expense for water/sewer/stormwater project.

E-2. Includes rate stabilization of \$651,144, and \$1,017,776 available in renewal and replacement.

F. Timing difference: Billing (and the resulting revenue) for the entire fiscal year pertaining to Residential (non-condominium) customers are recorded in October.

G. Timing Difference - Underage primarily due to a budgeted and committed State Grant (FDEP #SO374) in the amount of \$473,500 that will be received by the end of fiscal year FY 12/13 and total of interfund transfers from Water and Sewer fund of \$112,202 of which \$56,101 for the quarters ending June 30, 2012 and September 30, 2012 are to be transferred.



Donald G. Nelson, Finance Director



Roger M. Carlton, Town Manager



**Town of Surfside
Town Commission Meeting
August 15, 2012**

Town Hall Commission Chambers - 9293 Harding Ave, 2nd Fl
Surfside, FL 33154

**POINTS OF LIGHT
After Action Items**

1. Downtown Vision Project

Current Status: Due to a summer hiatus, the next Downtown Vision Advisory Committee (DVAC) meeting will occur on Wednesday, October 24, 2012.

The following is a revised tentative schedule as the Town proceeds with forming a Business Improvement District (BID):

August / September 2012:

Outreach to Downtown property owners and business owners and the formation of a Steering Committee. Commissioner Kligman has sent a letter to Downtown property owners and tenants to begin to move this process forward (**Attachment**).

Resolution of the following issues:

- Town Commission and Town Administration authority vis a vis the Board of the BID
- Property owners' equity issues in relation to the manner for calculating the assessment
- Commitment of base level Town services
- BID commitment to a marketing and commercial real estate consultant and formation of databases
- Relationship of the BID to the Downtown Business Association

October 2012:

Draft Ordinance to DVAC

November / December 2012:

Ordinance to Town Commission for two readings

Spring 2013:

Referendum of Downtown Property Owners regarding BID formation

The Fiscal Year 12/13 Budget includes \$25,000 for a BID formulation expert to facilitate this process. This expenditure is also supported by DVAC.

Town Staff, with unanimous DVAC's support, is recommending a complete review of the Town's Sign Ordinance. Technical support for a comprehensive sign ordinance is also a proposed expenditure in the

Fiscal Year 12/13 Budget (\$15,000) due to the extensive and involved scope of work and public outreach needed. This work is beyond the basic scope of the Calvin, Giordano and Associates agreement. Staff is investigating the possibility of utilizing other existing sign ordinances to reduce this cost.

The Fiscal Year 12/13 Budget also includes proposed expenditures for the following successful DVAC initiatives:

- The purchase of the additional news racks at \$10,000
- The installation of six additional benches funded at \$11,000, if these items are not sponsored by businesses

These items, along with a Facade Improvement proposal for \$25,000, represent the Town's proposed budgetary commitment to DVAC initiatives that have been fully vetted and supported by the Committee members.

2. Water, Sewer and Storm Drainage and Collins Avenue Force Main Projects

Current Status: The project began on August 15, 2011 and is approaching 63 percent completion. All permission slips to install the water tie-ins have been received with the exception of a few homes that are not occupied. 700 water services have been replaced, 19,000 linear feet of water pipes have been installed, 15,000 feet of sewer laterals have been repaired or lined, 915 sewer connections have been replaced or repaired, 17,285 linear feet of water main have been installed, 17,650 linear feet of sewer main have been lined and 2200 linear feet of sewer main point repairs have been completed. 5100 linear feet of storm drainage has been installed along with 22 drainage structures, three storm drainage pump stations are currently under construction and 92,000 square yards of asphalt has been placed (first lift) on the various roads throughout Phase 1 and Phase 2. We have also had to repair 64 small and 15 major pipe breaks since the project started to keep the old system operational. The new Collins Avenue shared sewer force main became operational in April 2012. Staff is in the process of reviewing the feasibility of repairing the existing force main which is a decision that must be made in conjunction with Bal Harbour and Miami Beach. A proposed Interlocal Agreement with Bal Harbour will be presented to the Town Commission when the investigation is complete and the long term strategy determined.

The State of Florida has approved financing at an interest rate of 2.12 percent to partially replace and enhance our current project financing which carries a 4.72 percent rate. The Administration is working with our bond counsel and financial advisor and has completed a third update of the TischlerBise (now Black & Veatch) rate study to determine how the partial refinancing will impact rates. We have also met with Regions Bank to inform them that \$4.0 million of their loan will be paid early. The partial refinancing of the Regions Bank loan was discussed with the Town Commission during the May 8, 2012 meeting and authorization was given to move forward with the financial restructuring. The complete package regarding the history, current status and financial parameters of the refinancing appears on the August 15, 2012 agenda. The

Water/Sewer/Storm Drainage Citizens Committee met on July 12, 2012 and recommended the restructuring. The closing on the partial refinancing will occur August 24, 2012.

3. Tourist/Resort Tax Audit/Certificate of Use/Local Business Tax Receipt/Short Term Rentals Programs

Current Status:

Resort Tax Audit: The FY 12/13 Proposed Budget includes funding to complete the initial audits of all the remaining downtown businesses that collect the resort tax. Staff is in the process of selecting a smaller number of auditors from last year's list to ensure uniformity and quality in the audit process.

Certificate of Use (CU) /Local Business Tax Receipt (LBTR): The multi-program application is on track to becoming a "one-stop" process for the business community. This is set to roll out through August and September for an October 1, 2012 renewal/compliance date.

Short Term Rentals: This effort is on hold until the Town Commission reaches closure on the additional Code Compliance position proposed in the FY 12/13 Budget, however, Staff is investigating the potential for using powerful new data matching software that the Property Appraiser is using to catch Homestead Exemption violators to see if it is applicable to resort tax short term rental violators.

4. Bus Shelters: Commissioner Marta Olchyk

Current Status: Staff and Commissioner Olchyk are working closely with Miami Dade County Commissioner Sally Heyman and Miami Dade Transit Authority Director Ysela Llort to ensure that the shelters are installed during October 2012. It is interesting to note that Bal Harbour ordered their own shelters without Federal funds and may have them installed before ours.

5. Clean Up/Update/Enhance Town Website Content: Vice Mayor Michael Karukin

Current Status: The new website prototype was demonstrated to the Town Commissioners individually for respective feedback. Vice Mayor Karukin will provide a verbal report on the new website. The new site will undergo tweaking of its design and functionality abilities before going live after Labor Day. While the new site will have access to the entire present website's information, improving the functionality and navigability, as well as the addition of new features such as on-line bill payment, will be on-going. Staff completed the first round of training on the new website July 19 - 20, 2012 with another round of training earmarked for August 23, 2012. Also on that date the Town Commission will review Customer Response Management platforms at the Second Special Budget meeting. Please be prepared to make your appointments to the new IT and Telecommunications Committee known at the August 15, 2012 Town Commission meeting.

6. Bike Rental Station

Current Status: Two rental stations are now operational. Item completed.

7. Beach Concessions

Current Status: It is now anticipated by County staff that the lease agreement will go before the County Recreation and Cultural Affairs Committee in September 2012 and then to the Board of County Commissioners in October 2012. After the lease is approved, the County will offer the Town of Surfside a proposed management agreement for the Town's review. The Town and County will have ten months to review and prepare a management agreement for final approval.

8. 95th Street End Project

Current Status: Due to the need to complete the street end project contemporaneously with the building construction which began in mid-May 2012, the Administration has moved forward with the project for one block only, using Bermello Ajamil (from the approved rotation) in the amount of \$67,000. The Town Commission confirmed this on July 17, 2012. The thematic design will be usable for all three blocks should the Town Commission determine to expand the project in the future. The August 15, 2012 Town Commission agenda includes the first design concept for review by the Town Commission.

9. Property Assessed Clean Energy (PACE) - program to retrofit existing residential and commercial buildings for energy efficiency: Mayor Daniel Dietch

Current Status: This program allows existing buildings to be retrofitted for energy efficiency with the cost funded from a loan pool authorized by the State of Florida and funded by Barclay's Capital. The low interest loans are repaid from a long term assessment on the property. There are no guarantees provided by the Town of Surfside. A report from the Town Attorney will be provided during the September 19, 2012 Town Commission agenda.

10. FPL/AT&T/Cable Undergrounding Project

Current Status: The Town Commission allocated funds in the Water/Sewer/Storm Drainage project to provide mid-block crossover conduit so that a future undergrounding project would not have to break the pavement. Staff is working with FPL and other utilities to complete their study of the cost of undergrounding Town-wide. A preliminary Staff report regarding this project should be available in September, 2012. The binding price estimate from FPL will be delivered during August, 2012. It is interesting that this project ranked as a very high priority on a recent survey completed by Vice Mayor Michael Karukin. That survey was discussed by the Town Commission during the July 10, 2012 Fiscal Year 12/13 Proposed Budget Special meeting.

11. FEMA Flood Insurance Status

Current Status: The FEMA Community Assistance Visit, which is the necessary step to lower rates, was held on March 21 and 22, 2012. During an exit interview with Prasad Immula of FEMA's Atlanta office, it was learned that information provided by Paul Gioia to the State office was not timely forwarded to Atlanta. That information has subsequently been sent by Paul Gioia directly to FEMA in Atlanta. Town Attorney Lynn Dannheisser has retained Ernest Abbott of FEMA Law who was the former General Counsel of FEMA in Washington D.C. The response to FEMA questions is extensive and will be submitted in multiple parts. The Town Commission will be kept aware of progress on this complex issue.

12. Bus Stop Pull-in at East Bound 96th Street, West of Abbott Avenue

Current Status: Due to the heavy traffic on 96th Street, busses do not use the pull-in because it is difficult to return to the line of vehicles. Miami Dade Transit has approved the removal of the bus pull-in. The cost to close the pull-in and add landscaping has become a condition of the proposed Development Agreement with Young Israel. FDOT will fund the cost of closing the pull-in when they repave 96th Street throughout the Town of Surfside. Item complete.

13. Options to Mitigate Inadequate Number of Parking Spaces at Multi-family Establishments along the Collins Avenue Corridor: Mayor Daniel Dietch

Current Status: The Spaggio Condominium review has been completed and the building has been determined to be 16 usable spaces short from its required number of spaces. This is due to the design of the parking facility which makes certain spaces unusable. Staff is working with the Town Attorney to develop an agreement with the Spaggio condominium board to resolve the situation. The goal is to present the agreement to the Town Commission in the Fall.

14. Dog Park: Mayor Daniel Dietch

Current Status: This initiative is being addressed in the Fiscal Year 12/13 Budget with a proposed \$12,000 allocation - \$2000 was directed by the Town Commission to the Community Garden at the Budget Special Hearing July 10, 2012. Staff is also investigating grant opportunities through the PetSmart Foundation to assist in funding this initiative long term. A Summer Study on this matter is set for Town Commission consideration at the Second Special Meeting on the FY 12/13 Budget August 23, 2012.

15. Upgrade to Town Hall Elevator

Current Status: The Town Commission approved the upgrade to the Town Hall elevator at the March 13, 2012 Commission meeting. This was one of the projects included in the Town Commission “shovel ready” discussion. The contractor ThyssenKrupp was selected by the Town Commission during the March 13, 2012 meeting. The elevator project was completed prior to the August 14, 2012 Countywide election.

16. Turtle Sculptures - Art in Public Places

Current Status: The focus this summer will be on securing sponsorship of the turtle sculptures and the completion of each one by the various committed artists. One of the turtles has been painted by D.L. Watson. The unveiling of all eighteen turtles and their placement is earmarked for Fall 2012.

17. FDOT Surfside Repaving

Current Status: There are three repaving projects which will be accomplished by FDOT over the next 18 months. These include (1) Kane Concourse (96th Street) from the Surfside Town limits to Collins Avenue; (2) Collins Avenue from 75th Street in Miami Beach to 97th Street and Harding Avenue from 96th Street to 94th Street and (3) Collins Avenue in Bal Harbour from 97th Street to the Haulover bridge. The Collins Avenue north project is well underway with the first lift of asphalt completed during July, 2012.

18. Jewish Community Services - Memorandum of Understanding (MOU): Mayor Daniel Dietch

Current Status: A revised MOU from Jewish Community Services did not contain any substantive changes from the version the Town Commission approved. The only changes related to the rolling out of the program (now set for Fall 2012) and an adjustment of their proposed rate structure. Item completed.

19. Parking Structure Feasibility Study

Current Status: Rich and Associates has begun work on the study. Surveys and parking counts were implemented during July 2012. An advisory committee will be established similar to the committee for the water/sewer/storm drainage project. The names we have so far include residents Jesse Flax, Ken Arnold and Joe Corderi as well as downtown property owner Shaun Grenald and business operator Sergio Castion. The Town Commission is requested to suggest names for the advisory committee as soon as possible.

20. Identity and Wayfinding Signage

Current Status: The low compliant bidder Don Bell Signs, LLC was authorized to begin manufacturing the signs per the June 12, 2012 Town Commission approval. Mock-ups were delivered August 2, 2012 and production has been authorized. The first signs to be installed will be on the beach dune crossovers followed by the parking lots and the entrances to Surfside.

21. Bal Harbour Shops Expansion Status Report

Current Status: Recent press and discussions with Stanley Whitman confirm that Bal Harbour Shops has completed negotiations with the Church by the Sea. The members of the Church approved the agreement on June 3, 2012. Staff will monitor developments in this project and keep the Town Commission updated with the Points of Light.

In a meeting on June 27, 2012 with Gus Pego, FDOT District Engineer, we were disturbed to learn that FDOT's role in reviewing traffic issues related to such large scale projects has been virtually eliminated by the Legislature. This will make our negotiations with the Whitman's more difficult and greatly supports the decision to have a traffic study completed by CGA as a tool to support these negotiations. The study will be completed during October, 2012 and then will be brought to the Town Commission for review.

22. Bay Harbor Islands Agreement with the Miami Dade County Public Library System

Current Status: A draft agreement with the County to replicate the Bay Harbor Islands payment approach will be presented to the Town Commission at the September 19, 2012 meeting.

23. North Force Main/Building Better Communities Bond Program

Current Status: The Town Commission reviewed a letter jointly signed by the Managers of Surfside, Bal Harbour and Bay Harbor Islands during the March 13, 2012 meeting. Staff was given direction to move forward to obtain the \$8.5 million included in the Building Better Communities bond issue for Bal Harbour and Surfside to build this critical project. A meeting with Deputy County Mayor Jack Osterholt was held April 13, 2012. While a commitment to address the issue was made, nothing happened. The situation was discussed with Commissioner Sally Heyman on April 30, 2012 in a meeting attended by Commissioner Olchyk. Both Mr. Osterholt and Commissioner Heyman were given a report regarding the \$29,668,200 paid by the three municipalities to Miami Dade County in FY 2011/2012. A second meeting with WASD Director John Renfrow, Budget Director Jennifer Glazer-Moon and Deputy Mayors Alina Hudak and Jack Osterholt was held May 10, 2012. During that meeting a tentative resolution was discussed in which Bal Harbour Village would advance the funding for the project to be reimbursed with FY 2016/17 Building Better Community bonds. Interestingly Miami Dade officials did not dispute the capacity issue at the Northeast Regional Treatment Plant when Town

Staff suggested that if there were no capacity, a moratorium on development in the entire service area would be in order. Complicating this situation is the proposed Consent Agreement with the State of Florida and the Federal EPA. Staff has reviewed this 93 page draft document and will be making several suggestions that enhance the position of wholesale sewage treatment customers like Surfside (through Miami Beach). Staff has also reviewed the MDWSA report regarding all the critical repairs needed to repair deferred maintenance. It is important to note that the 163rd Street force main which will carry the Bay Harbor Village/Surfside sewage is not included in the report. There is much more to follow on this project as events unfold.

24. Best Western (Chateau) Property Sale

Current Status: The Best Western property sale closed on March 27, 2012 in the amount of \$50 million. Town Attorney Lynn Dannheisser, Town Planner Sarah Sinatra and Town Manager Roger Carlton have met with the new owners to discuss their preliminary plans on a number of occasions. The Town Manager and Town Attorney have also met with project architect Bernardo Fort-Brescia of Arquitectonica to discuss the need for great sensitivity to the values of the Town. The Design Review Committee (first step of the review process) met on August 2, 2012 and provided more than 75 comments to the applicant. The Town Commission will be kept aware as this project evolves.

25. Scholarship Program

Current Status: An administrative committee will be formed to create procedures, accompanying forms and applications to better manage the program for academic year 2013/2014 and beyond. The work of that committee will be presented to the Town Commission when completed for review and will incorporate any recommended changes.

26. Renovations to Parking Lots

Current Status: The low bid to renovate the Abbott, 95th Street (Shul), 94th Street, Town Hall (93rd Street) and Town Hall (Collins) lots came in at \$220,000 which is well below the \$450,000 estimated figure. Renovation has been completed on the two Town Hall lots and the 95th Street (Shul) lot for \$95,000 and the cost of landscaping added \$97,000. The remaining three lots will be kept on hold until after the parking structure feasibility study for these three lots is complete. The results of the three initial lot renovations have been quite extraordinary and the new graphics will be installed during early September, 2012.

27. Solid Waste and Recycling Bill on the TRIM Notice

Current Status: Staff attended a briefing with the Miami Dade County Property Appraiser regarding this new process on May 3, 2012. A letter has been prepared in Spanish and English that will be mailed with the TRIM notices in late August, 2012 to explain the transition for the

single family residents. All requirements of Miami Dade County to implement this new process have been met. The proposed rates for FY 12/13 will be the same as FY 11/12. Item completed.

28. Island Community Initiative Automatic License Plate Reader Project (ALPR)

Current Status: The Island Community Initiative ALPR Project is a new crime prevention program involving the Bal Harbour, Bay Harbor Islands, Golden Beach, Sunny Isles Beach, and Surfside Police Departments. The project will monitor all vehicular ingress and egress into the five island Towns with ALPR cameras. Phase 1 of the project will Geo-fence the entrance roads to the five communities. The cameras will be installed in north Golden Beach; Sunny Isles at 192nd Street and Collins Avenue and Sunny Isles Blvd.; the Bay Harbor Islands tollbooths; and at 88th Street and Collins Avenue, Harding Avenue, and Byron Avenue in Surfside. Phase 2 of the project will allow Towns to add interior ALPR and surveillance cameras to the interior of the Geo-fence such as parks, schools, etc.

Dispatchers and police officers in all of the communities will be alerted automatically at police stations and on laptops in real time to stolen cars, BOLOs, Amber Alerts, and hot lists. The project will also provide inter-agency sharing of investigative intelligence. The server will be shared by all of the communities.

A Memorandum of Understanding (MOU) with the participating municipalities appears elsewhere on this agenda. The cost of the project will be shared equally by the five municipalities. The Towns will piggyback on the Golden Beach contract. The four other Towns as well as Surfside have committed to the project. Surfside's cost is \$100,000 to become a participant in the project. Funds will be provided from the Law Enforcement Trust Fund.

29. Sidewalk Ordinance Implementation

Current Status: The implementation of this new requirement is on track and will be incorporated into the CU/LBTR annual renewal process. Outreach to the business community began the end of July 2012 when the "one-stop" application process was disseminated. A meeting is set for August 9, 2012 with representatives from the FDOT to discuss the lease terms and other items. An engineering survey of the business district sidewalks is underway to establish the areas to be included in the FDOT lease agreement and to allow each restaurant to define the boundaries in which it can place tables. The lease with FDOT should be on the September 19, 2012 Town Commission agenda for discussion and ratification.

30. Imaging Town Documents

Current Status: This project is on track. A new records storage area has been completed in the landing area between the first and second floors. Town Clerk Sandra Novoa has moved Town records to that room while eliminating many records in accordance with State Law. This will allow the previously renovated room on the first floor to be used for imaging and storing building plans. New procedures have been agreed upon by all individuals involved in the process. The number of boxes in

storage at Iron Mountain has been reduced to 220 from 749 with the goal of completion by the end of October, 2012. On average, the contents of the boxes are reduced by 85 percent.

31. Street Closing Northbound at 88th Street and Byron Avenue and Right Turn Prohibition at Abbott Avenue Westbound to Northbound

Current Status: After a public meeting and a number of individual discussions, solutions that meet the needs of the neighbors have been developed. Miami Dade County has approved the northbound Byron Avenue street closure and work will begin in early August, 2012. Apparently Miami Beach has become concerned over this project and has expressed their concerns to Miami Dade County engineers. Miami Dade and the City of Miami Beach met on August 7, 2012 to discuss this. A verbal report will be made to the Town Commission during the August 15, 2012 meeting.

32. Surf Club Sale

Current Status: After years of discussion, the Board of the Surf Club has authorized the sale of the property to Fort Capital. The architect is Kobi Karp. Preliminary plans include historically faithful renovation of the original buildings, new residential on both sides of Collins Avenue, a 275 room very high end condominium hotel and a parking structure. The Design Review Committee met on July 31, 2012 and presented more than 75 items. The Town Commission will be kept aware of this project as it proceeds.

33. Tourism Strategic Plan

Current Status: An RFP for a Tourism Consultant to produce a Five Year Tourism Strategic Plan, along the lines of the Town's Five Year Financial Plan, was advertised the week of July 19, 2012. This initiative is fully funded by the Tourist Bureau with Resort Tax funds. A Mandatory Pre-Submission meeting for proposers is set for August 9, 2012 with a submission deadline of September 6, 2012. A selection Committee comprised of three staff members and four residents, including two Tourist Board members, will review and evaluate the submissions. The recommendation from this Committee will be presented to the Tourist Board and, subsequently, to the Town Commission in October, 2012.

34. Charter Review November Ballot Process

Current Status: The Town Commission determined to place three Charter Amendments on the November 6, 2012 election. Appearing on this August 15, 2012 Town Commission agenda is a recommended public information program. The Planning and Zoning Board was briefed on the Charter Amendment to clarify the density, intensity and height regulations during their June 27, 2012 meeting.

35. The Shul Expansion

Current Status: An application in sufficient form to start the Design Review Committee process has been received. The date for the initial Design Review Committee meeting has been set for August 22, 2012 as Rabbi Lipskar is out of the country. Staff will keep the Town Commission aware as this project evolves.

These items have been completed and deleted from the July 2012 Points of Light report

3. Feral Cat and Dog Feces Concerns: Mayor Daniel Dietch

Current Status: Meetings were held on June 19, 2012 and June 26, 2012 to implement the grant and educate the residents regarding the program. Two more volunteers have signed up for the feeding program. The Town is proceeding with scheduling the Meow Mobile quarterly in an effort to continue the success of the Trap, Neuter and Release (TNR) Program endorsed by the Town Commission. The TNR will be funded solely by the new PetSmart grant. Procedures for tracking and quantifying the number of cats treated, as well as controls for invoicing and fund disbursement, are being implemented. Over 200 feral cats have been trapped and neutered in 2012. Given the long contentious history of the feral cat issue, the Town has finally come together with a rational solution that will humanely resolve the problem over time. Item completed.

18. Coastal Partnership Initiative Grant

Current Status: Unfortunately this grant application in the amount of \$30,000 for providing improved handicap parking and beach access at the 90th Street beach access point has not been funded. The grant process was extremely competitive and our proposal was not high enough on the priority list. Item completed.

33. Kosher Products at the Community Center Concession Stand: Commissioner Michelle Kligman

Current Status: Staff met with the owner of Shaka Jons to ensure that there will be a mix of Kosher foods available for the summer. These foods will be pre-packaged snack items which will be confirmed as Kosher by appropriate authorities. The availability of these products should ensure that the no outside food policy does not impact a segment of our community unfairly. If anyone finds this resolution unacceptable, visitors are informed they can eat their own food on the green area or the beach and they will be readily readmitted to the pool area. Item completed.

36. Community Center Swimming Pool Use by the Shul and Other Religious Institutions

Current Status: This trial program started on June 29, 2012 with the Shul of Bal Harbour. The Shul will bring in three groups of thirty kids for an hour and a half on Fridays throughout the summer. The fee for this activity is \$150 each Friday. The Parks and Recreation Department will monitor this activity on a week to week basis to determine the operational impacts. Item completed.

37. The Spanish American League Against Discrimination (SALAD)

Current Status: Director Armando Arana met with Human Resources Director Yamileth Slate-McCloud and Town Manager Roger M. Carlton on May 23, 2012 to discuss methods for cooperative efforts. One possibility is a Foreclosure Defense Assistance Program. SALAD's programs are open to people of all backgrounds. Item completed.



**TOWN OF SURFSIDE
PROJECTS PROGRESS REPORT
CALVIN, GIORDANO & ASSOCIATES. INC.
August, 2012**

1. **Planning and Community Development** – The Chateau Residences (formerly Best Western), the Surf Club and the Shul have all submitted site plan applications for their projects. Staff is currently reviewing the plans and is providing comments to the applicants. The applications will be scheduled for the Development Impact Committee meeting after staff has determined that the plans meet zoning code compliance. Staff is working closely with the Administration on the parking structure feasibility study and the potential expansion of the Bal Harbour Shops. Staff also presented to DVAC conceptual changes to the Town's Sign Code. Planning staff continues to answer general zoning calls and e-mails from the public and to review building permits for conformance with the zoning code. The planning staff receives approximately 80-90 calls for information each month.

2. **Website, Information Technology, TV Broadcasts** – The Town received three quotes for replacement security cameras located in Town Hall, the Police Department and outside Town Hall premises. The replacement security camera project was awarded to ATCI Communications in the amount of \$7,239.50, which was the low bid. The project was completed and all cameras are functioning and recording as of July 9, 2012. Also, IT recently requested and is awaiting quotes for a new laptop and portable printer for the Code Compliance Department. Police radio recording software has been upgraded in an effort to incorporate email alert notifications. These alerts are notifying the Dispatch Supervisor, Lt. Richard Williams and IT Helpdesk when the system fails. The new upgrade became operational on July 16, 2012. The Town will not incur a cost for the software upgrade from the software vendor, Replay Systems, Inc. IT staff researched and provided input to expansion possibilities for programming displayed on Channel 77. The IT staff receives approximately 300 support requests via phone and email each month.

3. **Public Utilities / Engineering** – The Water/Sewer/Storm Drainage Project commenced on August 15, 2011 in the southern sector (Phase I) of the City. The project involves water main/water service replacements, lining or replacement of the gravity sewer mains and sewer lateral replacements, rehabilitation of the sewer pump stations, and improvements to the stormwater collection system including three (3) new storm drainage pump stations. Phase II

which is the middle area of Town and includes the most complex storm drainage work is substantially complete, with work on the private services soon to be completed. Phase III has begun this month, focusing on completing all major construction activities on the Byron Avenue corridor prior to the school year. Phase III should complete the north part of Town before the end of the year. The public information project website continues to be updated frequently and receives 15 to 30 views monthly.

Both Surfside and Bal Harbour Village have been utilizing the newly installed Collins Avenue force main with success. Surfside staff and consultants are now in the process of meeting with Bal Harbour staff and consultants to decide the most cost effective method for evaluation and repair or abandonment of the existing Byron Avenue force main. A more thorough report regarding the condition of the existing Byron Avenue force main will be provided in the September 11, 2012 Town Commission meeting.

The Town has received a claim from Ric Man International regarding the sewer main cleaning and TV line item. The claim relates to the amount of work required to properly clean the existing sewer main lines which is a necessary step to determine the extent of work needed. CGA and Town staff denied the claim, but the Contractor is requesting additional meetings and potentially arbitration to resolve the claim. Staff continues to work to resolve this claim.

CGA continues to assist in the completion of a partial refinancing of the project to reduce the interest costs and provide funding for additional utility main replacements and other costs within the original scope. There is a comprehensive status report for the project on the August 14, 2012 Agenda.

Funding Summary –

<u>Funding Status:</u>	<u>Amount</u>	<u>Status</u>	<u>Probability</u>
FDEP Grant	\$873,500	In place	100%
FDEP Grant	\$125,000	In place	100%
FDEP Grant	\$100,000	In place	100%
FDEP State Revolving Fund Loan	\$9,312,881	In place*	100%
BBC Bond	\$859,000	In place	100%

\$11,270,381 Total In Place Funding

The FEMA/PDM grant which was listed at 10% probability was not awarded.

*The Town received the letter to incur costs on October 25, 2011.

*The Town received the letter stating \$9.312MM in available funds for the project on February 28, 2012.

*This loan has the potential of \$2-\$3 Million being forgiven by the State in approximately 3 years.

4. **Neighborhood Improvements** – CGA Staff completed the traffic computer model of the Town's roadway system as an element of the traffic calming study. The traffic counts to complete the traffic study are scheduled for September (to include school session traffic). The counts will be conducted for 2-3 weeks. After the report is completed, the Town will hold public meetings to discuss and receive resident input. The Town Manager will also utilize this study during his discussions with Bal Harbour Village regarding potential mall expansion. The Town Commission determined to defer the additive alternate projects, including the traffic calming devices, until the water/sewer/storm drainage project was underway for one year to determine if remaining contingency account funding would be available.

CGA is presenting the final seawall inspection report on the August 15, 2012 Town Commission agenda with the goal of obtaining approval to seek Florida Inland Navigation District (FIND) grant funding for necessary seawall repairs.

CGA staff has completed all field work required to obtain laser scan survey information of the business district. CGA staff is now working to complete the legal sketch and descriptions which will be completed by August 10, 2012. This survey and description is an FDOT requirement for the sidewalk café lease.



TOWN OF SURFSIDE
Office of the Town Attorney


MUNICIPAL BUILDING
 9293 HARDING AVENUE
 SURFSIDE, FLORIDA 33154-3009

Lynn M. Dannheisser
 Town Attorney

Telephone: 305 993-1065

MEMORANDUM

TO: Town Commission

FROM: Lynn M. Dannheisser, Town Attorney 

CC: Roger M. Carlton, Town Manager

DATE: July 17, 2012

SUBJECT: Amended Legislation to Planning & Zoning/Design Review Board Requirements

As you will recall, the Town Commission attempted to make the final appointments to the Planning & Zoning Board at the last Commission meeting and could not identify a potential member possessing the required qualifications for the Board. Commissioner Kligman requested the ordinance be amended to expand the permitted qualifications for the Planning and Zoning and alleviate the problem. The Town Commission requested that I present the matter for further discussion by the Planning and Zoning ("P & Z") Board.

The P & Z Board at its June meeting discussed this topic and went on to explore alternative legislation to be drafted which would actually dissolve the Design Review Board ("DRB") and merge the DRB's design review functions into the P & Z, thereby simplifying the entire process.

Attached is the first ordinance expanding membership of the Board to allow (in addition to the present requirements of a Florida licensed architect, general contractor, certified planner or landscape architect) a registered interior designer or a Florida licensed attorney. This should facilitate your ability to fully seat the P & Z Board.

By September, I will bring back to the Commission a fully revised ordinance in accordance with the discussion at P & Z, merging the design review and zoning functions into a single Board (with its expanded professional qualifications.) Additionally, with your permission, and for your further consideration, I would also like the opportunity to clean up the whole section including delineating certain issues with more specificity, such as functions of the Board, what happens on the Board if there is a vacancy in the Commission, and how applications are handled procedurally including specific application requirements.

ORDINANCE NO. ____

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90-15 "MEMBERSHIP/QUORUM, MINIMUM QUALIFICATIONS, OFFICERS, TERMS OF OFFICERS, VACANCIES, GENERAL REGULATIONS, RECOMMENDATIONS, EXPENDITURES, INDEBTEDNESS"; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Section 90-15 (1)(a) requires among other things that: "(a)... One of the [P & Z] board members must be a Florida-licensed architect or a Florida-licensed general contractor or certified planner (AICP), or a Florida-licensed landscape architect."; and

WHEREAS, it now appears this requirement is too stringent and the Commission wanted to enlarge the group of professionals from which to select a board member and therefore the Commission has added different professionals; and

WHEREAS, The Planning and Zoning Board, as the local planning agency for the Town, has held a public hearing on August 30, 2012 and recommended approval of the proposed amendments to the Code of Ordinances and also found the proposed Code amendments to be consistent with the Comprehensive Plan; and

WHEREAS, after due public notice, and having received input and participation by interested members of the public and staff, and having considered the Town of Surfside Planning & Zoning Board's recommendation, the Town Commission finds the proposed change to the Code necessary and in the best interest of the community; and

NOW THEREFORE, BE IT ORDAINED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The foregoing “WHEREAS” clauses are ratified and confirmed as being true and correct and are made a specific part of this Ordinance.

Section 2. Amendments to the Code of Ordinances. The Code of Ordinances shall be amended as follows:

Sec. 90-15. - Membership/quorum, minimum qualifications, officers, terms of officers, vacancies, general regulations, recommendations, expenditures, indebtedness.

(1) *Membership/quorum:* The planning and zoning board membership and quorum requirements for zoning matters and design review matters are as follows:

(a) *Zoning matters:* The planning and zoning board, when performing its zoning functions, shall consist of five members. One of the board members must be a Florida-licensed architect or a Florida-licensed general contractor or certified planner (AICP) or a Florida-licensed landscape architect, or a Registered Interior Designer, or a Florida-licensed attorney. Each commissioner shall be entitled to one board appointment, not subject to majority approval. Three members present at the planning and zoning board meetings shall constitute a quorum.

Section 3. Inclusion in the Code. It is the intention of the Commission, and it is hereby ordained that this Ordinance shall become and be made a part of the Town of Surfside Code; that the sections of this Ordinance may be renumbered or relettered to accomplish such intention; and that the word “Ordinance” shall be changed to “Section” or other appropriate word.

Section 4. Severability. The provisions of this Ordinance are declared to be severable and if any section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections,

sentences, clauses, and phrases of this Ordinance but they shall remain in effect, it being the legislative intent that this Ordinance shall stand notwithstanding the invalidity of any part.

Section 5. Inclusion in the Code of Ordinances. It is the intention of the Town Commission, and it is hereby ordained that the provisions of this Ordinance shall become and made a part of the Town of Surfside Code of Ordinances, that the sections of this Ordinance may be renumbered or re-lettered to accomplish such intentions; and the word "ordinance" may be changed to "Section" or other appropriate word.

Section 6. Conflicts. Any and all Ordinances and Resolutions or parts of Ordinances or Resolutions in conflict herewith are hereby repealed.

Section 7. Effective Date. This ordinance shall become effective in ten (10) days after second reading.

PASSED and ADOPTED on First Reading the 17th day of July, 2012.

PASSED and ADOPTED on Second Reading this _____ day of _____, 2012.

Daniel Dietch, Mayor

Attest:

Sandra Novoa, Town Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**



Lynn M. Dannheisser, Town Attorney

On First Reading Moved by: _____

On Second Reading Seconded by: _____

Vote:

Mayor Dietch	yes _____	no _____
Vice- Mayor Karukin	yes _____	no _____
Commissioner Olchyk	yes _____	no _____
Commissioner Kligman	yes _____	no _____



Town of Surfside Commission Communication

Agenda Item #: 4A2

Agenda Date: July 17, 2012

Subject: Fence Ordinance

From: Roger M. Carlton, Town Manager
Sarah Sinatra Gould, AICP, Town Planner

Background: The code of ordinances limits fences and walls in the front setback to a height based on the lot width. The height is three and a half feet for lots less than or equal to fifty feet and for lots greater than 50 feet, the height is three and a half feet plus one half foot for each 10 feet exceeding 50 feet. For example, if a lot is 60 feet in width, then a four foot high fence would be permitted. Because most of the lots are approximately fifty feet in width, this code provision limits the height of a fence or wall to three and a half feet for the majority of the lots.

The Planning and Zoning / Design Review Board heard a request by a single family homeowner for a fence in the front setback at the May 31, 2012 meeting. Because of the three and a half foot high code requirement, staff conditioned the approval of the fence to three and a half feet. The homeowner presented her application and requested that the Board approve the fence at four feet high. This request by the homeowner is due to the fact that typical fence heights are four, five and six feet. Staff researched this point and found that while a wall is usually a custom design, a fence is typically store bought. A three and a half foot high fence is not common for a store bought fence, which could pose a hardship on the residents.

Request:

Lot Frontage	Maximum Height (Feet)	Maximum Opacity (Percent)
Less than or equal to 50 ft in width	3½ 4 ft	All wall and fence surfaces above two (2) feet measured from grade shall maintain a maximum opacity of fifty (50) percent
Wider than 50 ft and less than 100 ft	3½ 4 ft + ½ ft per 10 feet of lot width exceeding 50 feet, maximum 5 ft	
Wider than or equal to 100 ft	3½ 4 ft + ½ ft per 10 feet of lot width exceeding 50 feet, maximum 6 ft	
Secondary frontage (Corner only)	Shall adhere to the height and opacity limitations for corresponding lot frontage	

Recommendation: The Planning and Zoning Board unanimously recommended approval to the Town Commission at their June 28, 2012 meeting. Staff is recommending that the Town Commission approve the fence ordinance on first reading.

Budget Impact: N/A

Growth Impact: N/A

Staff Impact: N/A



Sarah Sinatra Gould, AICP, Town Planner



Roger M. Carlton, Town Manager

Sec. 90-56. - Fences, walls and hedges.

90-56.1 A fence or ornamental wall not more than six (6) feet in height, as measured from grade, may project into or enclose an interior side or rear yard only. Notwithstanding anything to the contrary elsewhere in the code, for purposes of this section, grade is defined as the point of the ground immediately below the location of the fence or wall.

90-56.2 A fence or ornamental wall may be placed within the front yard or primary corner yard if granted approval by the Design Review Board.

90-56.3 Fences or ornamental walls placed within a front yard or secondary frontage/corner yard are limited to function as spatial locators and shall not be substantial in appearance and shall adhere to height and opacity limitations as set forth in Table 90-56(d).4.

90-56.4 Front yard and corner yard fences and ornamental walls—Table.

Lot Frontage	Maximum Height (Feet)	Maximum Opacity (Percent)
Less than or equal to 50 ft in width	3½ <u>4</u> ft	All wall and fence surfaces above two (2) feet measured from grade shall maintain a maximum opacity of fifty (50) percent
Wider than 50 ft and less than 100 ft	3½ <u>4</u> ft + ½ ft per 10 feet of lot width exceeding 50 feet, maximum 5 ft	
Wider than or equal to 100 ft	3½ <u>4</u> ft + ½ ft per 10 feet of lot width exceeding 50 feet, maximum 6 ft	
Secondary frontage (Corner only)	Shall adhere to the height and opacity limitations for corresponding lot frontage	

ORDINANCE NO. 12-_____

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90 "ZONING" AND SPECIFICALLY AMENDING SECTION 90-56.1-4 "FENCES, WALLS, AND HEDGES" OF THE TOWN OF SURFSIDE CODE OF ORDINANCES PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERewith; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town Commission (the "Commission") by Ordinance 12-1558, § 2 adopted regulations for fence, walls, and hedges height and opacity limitations as related to the lot frontage; and

WHEREAS, the Commission having already heard one request for a fence in the front setback on the condition of satisfying the fence height requirement now anticipates the height requirement will need to be amended which can be easily handled by the Town Manager and the Town Commission hereby wishes to increase the height limitation; and

WHEREAS, the Planning and Zoning Board, as the local planning agency for the Town, shall conduct a hearing on the proposed amendment on June 28, 2012 with due public notice and input; and

WHEREAS, the Town Commission shall have conducted a first duly noticed public hearing on these regulations as required by law on July 17, 2012; and

WHEREAS, the Town Commission shall have conducted a duly noticed second public hearing on these regulations as required by law on August 15, 2012.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA:

Section 1. Recitals. The foregoing “WHEREAS” clauses are ratified and confirmed as being true and correct and are made a specific part of this Ordinance.

Section 2. Code Amendment. The code of the Town of Surfside, Florida is hereby amended as follows:

Sec. 90-56. - Fences, walls and hedges.

90-56.1 A fence or ornamental wall not more than six (6) feet in height, as measured from grade, may project into or enclose an interior side or rear yard only. Notwithstanding anything to the contrary elsewhere in the code, for purposes of this section, grade is defined as the point of the ground immediately below the location of the fence or wall.

90-56.2 A fence or ornamental wall may be placed within the front yard or primary corner yard if granted approval by the Design Review Board.

90-56.3 Fences or ornamental walls placed within a front yard or secondary frontage/corner yard are limited to function as spatial locators and shall not be substantial in appearance and shall adhere to height and opacity limitations as set forth in Table 90-56(d).4.

90-56.4 Front yard and corner yard fences and ornamental walls—Table.

Lot Frontage	Maximum Height (Feet)	Maximum Opacity (Percent)
Less than or equal to 50 ft in width	3½ 4 ft	All wall and fence surfaces above two (2) feet measured from grade shall maintain a maximum opacity of fifty (50) percent
Wider than 50 ft and less than 100 ft	3½ 4 ft + ½ ft per 10 feet of lot width exceeding 50 feet, maximum 5 ft	
Wider than or equal to 100 ft	3½ 4 ft + ½ ft per 10 feet of lot width exceeding 50 feet, maximum 6 ft>	
Secondary frontage (Corner only)	Shall adhere to the height and opacity limitations for corresponding lot frontage	

Section 3. Severability. If any section, subsection, clause or provision of this Ordinance is declared invalid or unconstitutional by a court of competent jurisdiction, the remainder shall not be affected by such invalidity.

Section 4. Conflict. All sections or parts of sections of the Town of Surfside Code of Ordinances in conflict herewith are intended to be repealed to the extent of such conflict.

Section 5. Inclusion in the Code of Ordinances. It is the intention of the Town Commission, and it is hereby ordained that the provisions of this Ordinance shall become and made a part of the Town of Surfside Code of Ordinances, that the sections of this Ordinance may be renumbered or re-lettered to accomplish such intentions; and the word "ordinance" may be changed to "Section" or other appropriate word.

Section 6. Effective Date. This Ordinance shall be effective ten (10) days after adoption on second reading.

PASSED and ADOPTED on first reading this _____ day of July, 2012.


PASSED and ADOPTED on second reading this ____ day of August, 2012.

Daniel Dietch, Mayor

Attest:

Sandra Novoa
Town Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**



Lynn M. Dannheisser, Town Attorney

Ordinance No. _____

On First Reading Moved by: _____

On Second Reading Seconded by: _____

Vote:

Commissioner Michelle Kligman	yes	_____	no	_____
Commissioner Marta Olchyk	yes	_____	no	_____
Vice Mayor Michael Karukin	yes	_____	no	_____
Mayor Daniel Dietch	yes	_____	no	_____

Ordinance No. _____



Town of Surfside Commission Communication

To: Honorable Mayor and Members of the Town Commission

From: Roger M. Carlton, Town Manager

Agenda Date: July 17, 2012

Subject: Adopt an Ordinance Governing Height of Ceiling and other Requirements in Parking Facilities with Elevator Lifts

Recommendation: Adopt an ordinance governing the height of ceilings in parking facilities utilizing elevator lifts to ensure sufficient vertical clearance for two vehicles, the type and operation of the lifts, the requirement for valet service and no self parking, maintenance requirements and other matters for future buildings which have such systems in their plans.

Background: A number of buildings have been completed in the Town of Surfside which utilize mechanical lifts to meet their parking requirements. In an urban area with very high land costs and height restrictions, this solution is economical and practical if the parking facility is well designed and meets long term operation and maintenance requirements. Passage of this ordinance will provide uniform guidelines for parking lifts that will help Surfside's development review, building inspection and code compliance processes to improve design and ensure long term maintenance of these parking facilities.

One note is that this ordinance will not regulate the newly emerging automated parking facility technology. These parking facilities accept vehicles at the entrance of a parking structure, take the vehicle to a space mechanically and then return it upon payment. Rich and Associates is reviewing the potential for this technology to provide a smaller (height) garage at the three sites under review in the parking facility feasibility study. If the technology proves feasible, the Town Commission will determine the appropriateness of the strategy in the future. If an automated parking facility is to be built, the regulatory framework will be developed in the form of an ordinance at the time.

Conclusion: As we move forward with major projects on the Best Western and Surf Club sites, establishing design and operational standards for parking lifts is appropriate. Therefore Town Commission approval of an ordinance on first reading is recommended. The Planning and Zoning Board recommended this ordinance during their June 28, 2012 meeting.

ORDINANCE NO. 12- _____

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 90-77 "OFF STREET PARKING REQUIREMENTS" TO PERMIT MECHANICAL PARKING LIFTS TO BE COUNTED AS REQUIRED PARKING SPACES SUBJECT TO CERTAIN CONDITIONS; PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERewith; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town of Surfside is desirous of amending the Town Code to provide for automated parking through the use of parking lifts and mechanical parking systems, subject to certain conditions; and

WHEREAS, the Planning and Zoning Board, as the Local Planning Agency for the Town, held its hearing on the proposed amendments to the Code of Ordinances on June 28, 2012; and

WHEREAS, the Town Commission has held its first duly noticed public hearing on these regulations on July 17, 2012 and recommended approval of the proposed amendments to the Code of Ordinances having complied with the notice requirements by the Florida Statutes; and

WHEREAS, the Town Commission has conducted a second duly noticed public hearing on these regulations as required by law on August 15, 2012 and further finds the proposed change to the Code necessary and in the best interest of the community.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA as follows:

Section 1. Recitals. The foregoing "WHEREAS" clauses are ratified and confirmed as being true and correct and are made a specific part of this Ordinance.

Section 2. Code Amendment. The code of the Town of Surfside, Florida is hereby amended as follows:

Division 1. Off-Street Parking

Section 90-77. Off-Street Parking Requirements.

f) Parking lifts. For the purposes of this section, "parking lifts" shall be defined as an electro-hydraulic mechanism in a multifamily residential building or in a non-residential building that lifts a parked passenger vehicle to make space available to park a passenger vehicle below it in a single vertical tandem fashion. A parking lift space may be counted as a parking space required by subsection 90-77(c), and shall not be subject to the minimum parking stall size requirements of subsection 90-81.1(1) provided that all of the following conditions are fulfilled:

1. A traffic queuing analysis shall be submitted by the owner of the building for parking areas using parking lifts, for review and approval by the Town Manager, to ensure efficient processing times and queue lengths. The number of parking lifts permitted to be counted as required parking spaces shall be determined by the approved queuing analysis; and
2. All parking lifts shall be located within a fully enclosed parking garage and shall not be visible from exterior view. No outside parking lifts shall be permitted; and
3. Parking lifts shall be permitted only when operated by an attendant or a licensed and insured valet parking company on a 24-hour/seven-days-a-week basis, to be confirmed by Restrictive Covenant to be recorded by the owner/applicant prior to establishment of the use; and
4. No resident, guest, patron or customer of the building shall be permitted to operate the parking lift. A physical barrier shall be placed in the parking area to prohibit access to the parking lift area by residents, guests, patrons or customers of the building; and
5. All parking lifts shall be maintained and kept in good working order; and
6. The parking lift platform must be sealed and of a sufficient width and length to completely cover the bottom of the vehicle on the platform to prevent dripping liquids or debris onto the vehicle below; and
7. All lifts must be designed so that power is required to lift the car, but that no power is required to lower the car, in order to ensure that the lift can be lowered and the top vehicle can be accessed in the event of a power outage; and
8. All parking lifts must be designed to prevent lowering of the lift when a vehicle is parked below the lift; and
9. Ceiling heights of any parking level with parking lifts shall be a minimum of fourteen feet four inches (14'4") and sufficient to accommodate all types of passenger vehicles. Such required height shall be proposed in the traffic queuing study and approved by the Town Manager. There shall be no beams, plumbing, or sprinklers that lower or otherwise interfere with this clearance across the entire span of the parking space; and
10. Noise and vibration barriers shall be utilized to ensure that surrounding walls decrease sound and vibration emissions outside of the parking garage.

- g) No automated parking system, other than the parking lifts defined in subsection 90-77(f) shall be permitted as a required parking space unless first approved as a conditional use by the Planning and Zoning Board at a public hearing following the procedures in section 90-35 of the Town Code.

Section 3. Severability. If any section, subsection, clause or provision of this Ordinance is declared invalid or unconstitutional by a court of competent jurisdiction, the remainder shall not be affected by such invalidity.

Section 4. Conflict. All sections or parts of sections of the Town of Surfside Code of Ordinances in conflict herewith are intended to be repealed to the extent of such conflict.

Section 5. Inclusion in the Code of Ordinances. It is the intention of the Town Commission, and it is hereby ordained that the provisions of this Ordinance shall become and made a part of the Town of Surfside Code of Ordinances, that the sections of this Ordinance may be renumbered or re-lettered to accomplish such intentions; and the word “ordinance” may be changed to “Section” or other appropriate word.

Section 6. Effective Date. This Ordinance shall be effective ten (10) days after adoption on second reading.

PASSED and ADOPTED on first reading this ____ day of _____, 2012.

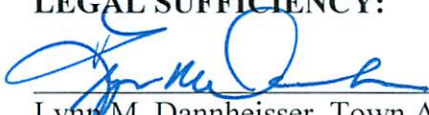
PASSED and ADOPTED on second reading this ____ day of _____, 2012.

Daniel Dietch, Mayor

Attest:

Sandra Novoa, CMC
Town Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:**



Lynn M. Dannheisser, Town Attorney

On First Reading Moved by: _____

On Second Reading Seconded by: _____

Vote:

Mayor Daniel Dietch	yes	_____	no	_____
Vice- Mayor Karukin	yes	_____	no	_____
Commissioner Olchyk	yes	_____	no	_____
Commissioner Kligman	yes	_____	no	_____



Town of Surfside Commission Communication

Agenda Item #: 5A

Agenda Date: August 15, 2012

Subject: Memorandum of Understanding for the Island Community Initiative Automatic License Plate Reader Project

Background: The Island Community Initiative ALPR Project is a new crime prevention program involving the Bal Harbour, Bay Harbor Islands, Golden Beach, Sunny Isles Beach, and Surfside Police Departments. The project will monitor all ingress and egress into the five island Towns with Automatic License Plate Reader (ALPR) cameras. Phase 1 of the project will Geo-fence the exterior boundaries of the communities. The cameras will be installed in north Golden Beach; Sunny Isles at 192 Street and Collins Avenue and Sunny Isles Blvd.; the Bay Harbor Islands tollbooths; and at 88 Street and Collins Avenue, Harding Avenue, and Byron Avenue in Surfside. Phase 2 of the project will allow Towns to add interior ALPR and surveillance cameras to the interior of the Geo-fence such as parks, schools, etc. The funding from forfeiture assets was approved in the April 10, 2012 Town Commission Meeting.

The purpose of the Memorandum of Understanding (Attachment A) for the five municipalities is to set forth responsibilities for each participating agency and coordinate the multi-agency implementation of License Plate Recognition technology for crime prevention and the apprehension of criminals and to create an LPR camera system that is capable of monitoring all ingress and egress points throughout the Island Communities. The initial term of this Memorandum of Understanding shall begin upon the commencement date and end on September 30, 2017. The Memorandum of Understanding may be renewed for three additional terms of two years.

Recommendation: Town Staff recommends that the Town Commission authorize a resolution approving the Island Community Initiative Automatic License Plate Reader Project Memorandum of Understanding for the Town of Surfside with Bal Harbour Village, the Town of Bay Harbor Islands, the Town of Golden Beach and the City of Sunny Isles Beach.

David Allen, Chief of Police

Roger M. Carlton, Town Manager



Town of Surfside Commission Communication

Agenda Item #:

Agenda Date: April 10, 2012

Subject: Island Community Initiative ALPR Project

Background:

The Island Community Initiative ALPR Project is a new crime prevention program involving the Bal Harbour, Bay Harbor Islands, Golden Beach, Sunny Isles Beach, and Surfside Police Departments (see Attachment A). The project will monitor all ingress and egress into the five island Towns with Automatic License Plate Reader (ALPR) cameras. Phase 1 of the project will Geo-fence the exterior boundaries of the communities. The cameras will be installed in north Golden Beach; Sunny Isles at 192 Street and Collins Avenue and Sunny Isles Blvd.; the Bay Harbor Islands tollbooths; and at 88 Street and Collins Avenue, Harding Avenue, and Byron Avenue in Surfside. Phase 2 of the project will allow Towns to add interior ALPR and surveillance cameras to the interior of the Geo-fence such as parks, schools, etc.


Dispatchers and Police Officers in all of the communities will be alerted automatically at the police stations and on laptops in real time to stolen cars, BOLOs, Amber Alerts, and hot lists. The project will also provide inter-agency sharing of investigative intelligence. The server will be shared by all of the communities.

An inter-local agreement with the participating municipalities will be secured. The cost will be shared equally by the Towns. The crime prevention initiative has a special pricing offer. The server will be shared by all agencies further reducing the price. The vendor will upgrade the server to support all five agencies. The Towns can piggyback on the Golden Beach contract. The four other Towns have committed to the project.

Budget Impact: Approximately \$100,000 from the Forfeiture Fund

Staff Impact: None

Recommendation: Town staff is not requesting approval of this item at this time. We are requesting direction to further investigate this new crime prevention initiative and notify the four other municipalities that we are interested in participating.


David Allen, Chief of Police


Roger M. Carlton, Town Manager

RESOLUTION NO. 12- _____

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA (“TOWN”) APPROVING A MEMORANDUM OF UNDERSTANDING FOR THE ISLAND COMMUNITY INITIATIVE ALPR PROJECT INVOLVING BAL HARBOUR, BAY HARBOR ISLANDS, GOLDEN BEACH, SUNNY ISLES BEACH, AND SURFSIDE POLICE DEPARTMENTS TO MONITOR ALL INGRESS AND EGRESS INTO THE FIVE ISLAND TOWNS WITH AUTOMATIC LICENSE PLATE READER (ALPR) CAMERAS AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Island Community Initiative ALPR (Automatic License Plate Reader “ALPR”) Project is a new crime prevention program involving Bal Harbour, Bay Harbor Islands, Golden Beach, Sunny Isles Beach, and Surfside Police Departments; and

WHEREAS, this project will monitor all ingress and egress into the five island Towns with Automatic License Plate Reader (ALPR) cameras; and

WHEREAS, the purpose of the Memorandum of Understanding (Attachment A) for the five municipalities is to set forth responsibilities for each participating agency and to coordinate the multi-agency implementation of License Plate Recognition technology for crime prevention and the apprehension of criminals and to create an LPR camera system that is capable of monitoring all ingress and egress points throughout the Island Communities; and

WHEREAS, the initial term of this Memorandum of Understanding shall begin upon the commencement date and end on September 30, 2017 and may be renewed for three additional terms of two years; and

WHEREAS, the Town Commission believes that it is in the best interest of the Town to enter into the Memorandum of Understanding (Attachment A).

**NOW THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF
THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:**

Section 1. Recitals. The above and foregoing recitals are true and correct and are incorporated herein by reference.

Section 2. Authorization. The Memorandum of Understanding Island Communities Initiative ALPR Project be and the same is hereby approved and the Town Manager, Town Attorney and Town Police Chief are authorized to do all things necessary to effectuate this Agreement.

Section 3. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED and ADOPTED on this ____ day of _____, 2012.

Motion by Commissioner _____, Second by Commissioner _____.

FINAL VOTE ON ADOPTION

Commissioner Michelle Kligman _____

Commissioner Marta Olchyk _____

Vice Mayor Michael Karukin _____


Mayor Daniel Dietch _____

Daniel Dietch, Mayor

Attest:

Sandra Novoa, Town Clerk

**Approved as to form and legal sufficiency
For the Town of Surfside only:**



Lynn M. Dannheisser
Town Attorney

MEMORANDUM OF UNDERSTANDING

**BAL HARBOUR VILLAGE
TOWN OF BAY HARBOR ISLANDS
TOWN OF GOLDEN BEACH
TOWN OF SURFSIDE
CITY OF SUNNY ISLES BEACH**

**ISLAND COMMUNITIES INITIATIVE:
LPR CAMERA SYSTEM**

Dated: August 6, 2012

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("Agreement") is entered into by and among BAL HARBOUR VILLAGE ("Bal Harbour"), the TOWN of BAY HARBOR ISLANDS ("Bay Harbor Islands"), the TOWN of GOLDEN BEACH ("Golden Beach"), the CITY of SUNNY ISLES BEACH ("Sunny Isles Beach"), and the TOWN of SURFSIDE ("Surfside"). Individually each is a "Participating Agency." Collectively, the "Island Communities".

1. PURPOSE

The purpose of this Agreement is to set forth the responsibilities of each Participating Agency, in an effort known as the Island Communities Initiative (the "Initiative"). The primary focus of the Initiative is to coordinate the multi-agency implementation of License Plate Recognition ("LPR") technology for crime prevention and the apprehension of criminals and to create an LPR camera system that is capable of monitoring all ingress and egress points throughout the Island Communities.

2. DEFINITIONS

- 2.1 Commencement Date: the date this Agreement is executed by all Participating Agencies.
- 2.2 Confirmed Hit(s): an alert from the LPR System that has been confirmed as valid and active by the original entering Participating Agency through FCIC/NCIC teletype by the Monitoring Officer.
- 2.3 Designated Representative: the member of a Participating Agency's Police Department selected to be responsible for inter-agency communications and coordination concerning the LPR System and the performance of obligations under this Agreement.
- 2.4 Equipment: all LPR cameras and supporting equipment located within the Island Communities, including any and all housings, sensors, equipment, severs and poles, products, software, servers, hardware and other tangible and intangible property relating to the LPR System.
- 2.5 LPR Access Policy: Exhibit "B", as may be amended from time to time.
- 2.6 LPR System: includes the Equipment and System Hardware and any data generated from the Equipment and System Hardware.
- 2.7 Monitoring Officer: the person in each Participating Agency responsible for monitoring the LPR System.
- 2.8 LPR Budget: the annual budget prepared by Sunny Isles Beach, as adopted by the Island Communities, providing (a) for the cost of operating, updating and maintaining the LPR System, and (b) administrative and dispatch services to the Island Communities as required by this Agreement.

2.9 Participation Fee: the pro-rata share of the expenditures set forth in the LPR Budget to be paid by each Participating Agency.

2.10 System Hardware: the back end server, software and monitoring equipment required to (a) operate the LPR System, (b) provide for transmittal of the LPR System data to all of the Participating Agencies, and (c) store data, images and video transmitted from anywhere within the LPR System for a minimum 30 day period.

3. TERM

The initial term of this Agreement shall begin upon the Commencement Date and shall end on September 30, 2017 ("Initial Term"). This Agreement may be renewed for three additional terms of two years (each is a "Renewal Term").

4. PARTICIPATING AGENCY RESPONSIBILITIES

4.1 Each Participating Agency shall:

4.1.1 No later than 120 days after the Commencement Date, purchase and install LPR cameras within its jurisdiction in the minimum quantities and at the locations set forth in Exhibit "A".

4.1.2 Annually pay the Participation Fee within 30 days after adoption of each LPR Budget.

4.1.3 Use best efforts to assist in the repair of any damages to the Equipment located within their jurisdiction in a timely manner.

4.1.4 Comply with the LPR Access Policy.

4.1.5 Within 30 days of the Commencement Date, select and notify the other Participating Agencies of its Designated Representative.

4.1.6 Limit the use of the LPR System to official law enforcement purposes.

4.1.7 Discipline, in accordance with the applicable Participating Agency's disciplinary policy, any employee that accesses or uses the LPR System, or any data contained in the LPR System, for other than official law enforcement purposes. The disciplinary action taken shall be reported to each Designated Representative of each Participating Agency, to the extent permitted by law.

4.1.8 Provide LPR training to all personnel within the Participating Agency that are authorized to access the LPR System. Access to the LPR System shall be limited to law enforcement personnel that have been properly trained in the use of LPR technology and the databases utilized by the LPR System.

- 4.1.9 Take reasonable precautions to preserve the integrity and prevent any corruption, loss, damage or destruction of the LPR System data.
- 4.1.10 Install and maintain anti-virus, data protection and internet security software on all hardware utilized to access the LPR System.

5. SYSTEM HARDWARE, MAINTENANCE AND ADMINISTRATIVE SERVICES

- 5.1 Within 90 days of the Commencement Date, Sunny Isles Beach shall purchase and install the System Hardware. Sunny Isles Beach shall operate and maintain the System Hardware throughout the term of this Agreement.
- 5.2 Within 90 days of the Commencement Date, Sunny Isles Beach shall enter into a services agreement with a third party vendor which shall provide for continued operation and maintenance of the LPR System throughout the term of this Agreement.
- 5.3 During the term of this Agreement, Sunny Isles Beach shall assist Participating Agencies in responding to public record requests for data contained in the LPR System to the extent that such data is not otherwise accessible by the Participating Agency and is not confidential or exempt from public record inspection under applicable law.

6. TERMINATION AND NON-RENEWAL

- 6.1 Following the Initial Term, this Agreement shall automatically renew for successive Renewal Terms for all Participating Agencies, unless a Participating Agency submits written notice to each Participating Agency informing them of its intent not renew at least six months prior to the expiration of the Initial Term, or any Renewal Term as applicable (the "Non-Renewal Notice").
- 6.2 A Participating Agency may terminate its participation in this Agreement ("Terminating Agency") during the Initial Term by providing each Participating Agency with written notice of its intent to terminate (the "Early Termination Notice") at least 180 days prior to the termination date (the "Termination Date") provided in the Early Termination Notice. As of the Termination Date, the Terminating Agency shall no longer be a party to this Agreement or be considered a Participating Agency. This Agreement shall remain in full force as to all other Participating Agencies.
- 6.3 A Participating Agency that properly submits a Non-Renewal Notice shall no longer be a party to this Agreement or be considered a Participating Agency upon the expiration of the Initial Term or Renewal Term as applicable. This Agreement shall remain in full force as to all other Participating Agencies.
- 6.4 In the event an Early Termination Notice or Non-Renewal Notice (collectively, "Termination Notice") is issued, each Participating Agency shall have 30 days from

the date of receipt of the Termination Notice to submit its own Termination Notice if it desires to terminate or not renew this Agreement.

- 6.5 Notwithstanding any language to the contrary in this Agreement, Sunny Isles Beach shall be required to provide 12 months' prior written notice to each Participating Agency in the event it desires to terminate its participation in this Agreement during the Initial Term, or desires not to renew this Agreement for an upcoming Renewal Term.
- 6.6 In the event Sunny Isles Beach properly terminates its participation in this Agreement, this Agreement shall be terminated as to all Participating Agencies as of the effective date of Sunny Isles Beach's termination.
- 6.7 The Participating Agencies shall have no termination rights during any of the Renewal Terms.

7. DATA RETENTION/ PUBLIC RECORDS

- 7.1 Each Participating Agency shall comply with the provisions of Chapter 119, Florida Statutes and shall retain public records resulting from use of the LPR System for the minimum period of time required under the applicable Record Retention Schedule established by the Department of State.
- 7.2 Except for active criminal investigation and intelligence information, Confirmed Hits and except as otherwise required by Florida law, the Island Communities agree that data shall be removed from the LPR System six months after the day the data was generated within the LPR System.
- 7.3 Sunny Isles Beach shall honor the request of any Participating Agency to maintain records for an extended period of time due to active investigations or active or anticipated litigation.
- 7.4 In responding to public record requests for data generated from the LPR System, the Island Communities agree that all public records exemptions and confidentiality protections shall be observed and maintained. Public record exemptions shall not be waived without the written consent of the Designated Representative of each Participating Agency.

8. ANNUAL REPORT AND ANNUAL POLICY REVIEW

- 8.1 The Designated Representatives shall coordinate with each other to prepare an annual report of LPR System activity for the preceding calendar year (the "Annual Report"), and shall submit the Annual Report to the Chief of Police of each Participating Agency no later than February 1 of each year. The Annual Report shall summarize LPR System operations and shall include a section for statistical data broken down by Participating Agency (where practicable) that sets forth the number of LPR System Hits, arrests in connection with LPR System use, types of arrests and suggestions for improvement if any.

- 8.2 The Annual Report shall contain sufficient information regarding the LPR System and Initiative goals, objectives, and accomplishments to enable the governing body of each Participating Agency to evaluate the effectiveness and efficiency of the LPR System.
- 8.3 Annually, each Participating Agency shall conduct a review of its own policies and procedures concerning access to and use of the LPR System and LPR System data (each is an "Agency Access Policy"). Each Agency Access Policy shall be distributed to all Participating Agencies. The Agency Access Policies shall not conflict with the LPR Access Policy.
- 8.4 By February 1 of each year, each Participating Agency shall conduct a review of the LPR Access Policy and distribute their recommendations to the other Participating Agencies.

9. LPR CAMERA ACCESS POLICY AMENDMENTS

- 9.1 The LPR Access Policy set forth in attached Exhibit "B" shall serve as the initial policy governing Participating Agency access and use of the LPR System.
- 9.2 The LPR Access Policy is subject to amendment upon the recommendation of one or more of the Chiefs of Police of the Participating Agencies, and approval of the Chief of Police of each Participating Agency.

10. NOTICES

Any notice given pursuant to the terms of this Agreement shall be in writing and delivered by certified mail, return receipt requested. The effective date of such notice shall be the date of receipt, as evidenced by the return receipt. All notices shall be addressed to the following:

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

As to Bal Harbour Village:

Alfred J. Treppeda
Village Manager
655 Ninety-Sixth Street
Bal Harbour, Florida 33154

With a copy to:

Richard Jay Weiss, Esq.
Weiss Serota Helfman
Pastoriza Cole & Boniske, P.L.
2525 Ponce De Leon Blvd, Suite 700
Coral Gables, FL 33134

As to Bay Harbor Islands:

Ronald J. Wasson
Town Manager
9665 Bay Harbor Terrace
Bay Harbor Islands, Florida 33154

With a copy to:

Craig B. Sherman, Esq.
Sherman and Sherman, P.A.
Bank Of America Building
2000 Glades Road, Suite 204
Boca Raton, FL 33431

As to Golden Beach:

Alexander Diaz
Town Manager
1 Golden Beach Drive
Golden Beach, FL 33160

With a copy to:

Stephen J. Helfman, Esq.
Weiss Serota Helfman
Pastoriza Cole & Boniske, P.L.
2525 Ponce De Leon Blvd, Suite 700
Coral Gables, FL 33134

As to Sunny Isles Beach:

Christopher J. Russo
City Manager
18070 Collins Avenue
Sunny Isles Beach, FL 33160

With a copy to:

Hans Ottinot, Esq.
City Attorney
18070 Collins Avenue
Sunny Isles Beach, FL 33160

As to Surfside:

Roger M. Carlton
Town Manager
9293 Harding Avenue
Surfside, FL 33154

With a copy to:

Lynn M. Dannheisser, Esq.
Town Attorney
9293 Harding Avenue
Surfside, FL 33154

11. LPR BUDGET

- 11.1 Prior to July 1 of each year, Sunny Isles Beach shall prepare and submit to each Participating Agency a proposed budget detailing the cost of operating and maintaining the LPR System and providing administrative and dispatch services to the Participating Agencies as required by this Agreement (the "Proposed Budget").
- 11.2 The Proposed Budget shall become final upon approval by at least three of the Designated Representatives (excluding Sunny Isles Beach).
- 11.3 Each Participating Agency shall submit payment of the Participation Fee to Sunny Isles Beach within 30 days after adoption of each LPR Budget.
- 11.4 Implementation of this provision is subject to the annual budget process of each Participating Agency.

12. INDEMNIFICATION

- 12.1 Each Participating Agency shall be responsible for the acts and omissions of its employees and shall indemnify and hold harmless the other Participating Agencies from claims arising out of the services and activities of its employees while accessing or utilizing the LPR System and any LPR System data.
- 12.2 Personnel authorized to access the LPR System, and any LPR System data, shall be deemed to be continuing under the employment of their respective jurisdictions and shall have the same powers, duties, privileges, responsibilities and immunities as are conferred upon them as law enforcement personnel in their own jurisdictions.
- 12.3 There is no intent on the part of any agency to this Agreement to create a separate legal entity subject to suit.

13. LEGAL CHALLENGES AND LEGAL EXPENSES

- 13.1 In the event of a legal challenge to the existence or operation of the LPR System (a "System Challenge"), the Participating Agencies shall share in the cost of the defense, including attorneys' fees, costs and any resulting settlement or adverse judgment (the "Defense Costs"), on a pro-rata basis.
- 13.2 Notwithstanding any language to the contrary, this Section 13 shall not apply to any claims asserted against an individual Participating Agency based solely on the acts or omissions of an individual Participating Agency or any of its employees, which claims shall be the responsibility of such Participating Agency (each is a "Individual Agency Claim").
- 13.3 Any System Challenge received by any Participating Agency shall be processed as follows:

- 13.3.1 The System Challenge shall be immediately forwarded to all of the Participating Agencies. The Village Attorney for Bal Harbour shall act as the lead counsel for the defense of the System Challenge.
- 13.3.2 All offers of settlement or settlement proposals shall be transmitted to all the Island Communities. No settlement shall be agreed upon by any of the Island Communities unless the settlement proposal is acceptable to all Participating Agencies.
- 13.4 In the event a combination of an Individual Participating Agency Claim and a System Challenge is received by a Participating Agency, the Village Attorney for Bal Harbour shall act as the lead counsel for the defense of the System Challenge claim. The defense of the Individual Agency Claim, including the apportionment of responsibility for Defense Costs, shall be decided by a majority vote of the Island Communities.
- 13.5 Bal Harbour shall pay for legal expenses incurred by Bal Harbour in connection with the preparation of this Agreement.

14. SYSTEM DATA PROTECTION AND SECURITY

- 14.1 Employees of each Participating Agency authorized to access the LPR System shall be assigned a unique identification number that shall be recognized by the LPR System when the employee accesses the LPR System.
- 14.2 In the event a Participating Agency becomes aware of a potential or actual security breach that may affect the LPR System, or any LPR System data, such Participating Agency shall immediately notify the other Participating Agencies of the security breach. The parties shall use their best efforts to address any potential or actual security breach in a timely manner.

15. BREACH OF AGREEMENT.

- 15.1 If, in the opinion of three of the five Participating Agencies, there has been a breach of this Agreement by a Participating Agency, (a "Breach") the Island Communities shall notify the applicable Participating Agency, in writing, specifying the Breach (the "Breach Notice").
 - 15.1.1 In the event a Participating Agency has not cured a Breach that disrupts the proper monitoring of ingress and egress points throughout the Island Communities (the "Monitoring Breach") within 5 calendar days after receiving a Breach Notice, the Participating Agency shall be liable for liquidated damages in an amount equal to its Participation Fee due for the year in which the breach occurred.
 - 15.1.2 In the event a Participating Agency has not cured a Monitoring Breach within 30 calendar days after receiving a Breach Notice, the Participating Agency shall be liable for liquidated damages in an amount equal to its

Participation Fees due for the remainder of the existing term of this Agreement.

15.1.3 In the event a Participating Agency has not cured a Breach for failure to pay the Participation Fee(s) or liquidated damages due under this Agreement within 5 calendar days after receiving a Breach Notice, the breaching Participating Agency's access to the LPR System shall be terminated until proper payment is received.

15.2 The liquidated damages provided for in this Section 15 shall be due and payable within 30 days after receipt of an invoice for the liquidated damages due.

15.3 The Island Communities agree that the amount of liquidated damages assessed pursuant to this Section 15 is reasonable and does not constitute a penalty. The parties recognize the difficulty of proving the loss or damage suffered by the Island Communities due to a Participating Agency's breach. The Island Communities acknowledge and agree that the amount of liquidated damages approximate the loss anticipated at the time of execution of this Agreement.

16. MINIMUM LEVEL OF SERVICE – ADDITIONAL SERVICES

16.1 This Agreement provides minimum level of LPR System service requirements for the Island Communities.

16.2 A Participating Agency may add additional services and equipment to the LPR System at its own cost (including any additional resulting maintenance costs) provided that the additional service or equipment does not disrupt the proper and efficient operation of the LPR System or access to the LPR System by a Participating Agency.

17. COOPERATION

The Island Communities agree to cooperate with each Participating Agency in carrying out their responsibilities under this Agreement and agree to use best efforts to ensure the proper function and performance of the LPR System in accordance with this Agreement.

18. AMENDMENTS

This Agreement may be amended from time to time by a written amendment executed by all parties to this Agreement.

19. SEVERABILITY

If any provision of this Agreement or application thereof to any person or situation shall to any extent, be held invalid or unenforceable, the remainder of this Agreement, and the application of such provisions to persons or situations other than those as to which it shall have been held invalid or unenforceable shall not be affected thereby, and shall continue in full force and effect, and be enforced to the fullest extent permitted by law, except that this provision shall not be

deemed to deprive any party of any legal remedy, including termination as provided herein.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties have entered into this Agreement and have caused it to be executed by their duly authorized officers as of the date set forth below their signatures.

Participating Agencies:

BAL HARBOUR POLICE DEPARTMENT

ATTEST:

BAL HARBOUR VILLAGE, FLORIDA

Village Clerk

By _____
Alfred J. Treppeda, Village Manager

Date Executed: _____

Thomas Hunker, Chief of Police

APPROVED AS TO FORM:

Village Attorney

IN WITNESS WHEREOF, the parties have entered into this Agreement and have caused it to be executed by their duly authorized officers as of the date set forth below their signatures.

Participating Agencies:

BAY HARBOR ISLANDS POLICE DEPARTMENT

ATTEST:

**TOWN OF BAY HARBOR ISLANDS,
FLORIDA**

Town Clerk

By _____
Ronald J. Wasson, Town Manager

Date Executed: _____

Duncan Young, Chief of Police

APPROVED AS TO FORM:

Town Attorney

IN WITNESS WHEREOF, the parties have entered into this Agreement and have caused it to be executed by their duly authorized officers as of the date set forth below their signatures.

Participating Agencies:

GOLDEN BEACH POLICE DEPARTMENT

ATTEST:

TOWN OF GOLDEN BEACH, FLORIDA

Town Clerk

By: _____
Alexander Diaz, Town Manager

Date Executed: _____

Don De Lucca, Chief of Police

APPROVED AS TO FORM AND LEGALITY
FOR THE USE AND RELIANCE OF THE
TOWN OF GOLDEN BEACH, FLORIDA, ONLY:

Town Attorney

IN WITNESS WHEREOF, the parties have entered into this Agreement and have caused it to be executed by their duly authorized officers as of the date set forth below their signatures.

Participating Agencies:

SUNNY ISLES BEACH POLICE DEPARTMENT

ATTEST:

**CITY OF SUNNY ISLES BEACH,
FLORIDA**

City Clerk

By _____
Christopher J. Russo, City Manager

Date Executed: _____

Fred A. Maas, Chief of Police

APPROVED AS TO FORM:

City Attorney

IN WITNESS WHEREOF, the parties have entered into this Agreement and have caused it to be executed by their duly authorized officers as of the date set forth below their signatures.

Participating Agencies:

SURFSIDE POLICE DEPARTMENT

ATTEST:

TOWN OF SURFSIDE, FLORIDA

Town Clerk

By: _____
Roger M. Carlton, Town Manager

Date Executed: _____

David Allen, Police Chief

APPROVED AS TO FORM:

Town Attorney

EXHIBIT "A"

MINIMUM LPR CAMERA PURCHASE AND INSTALLATION LOCATION REQUIREMENTS BY PARTICIPATING AGENCY

Location	Lanes	Cameras	Roadside Asset Type
<i>Bal Harbour</i>			
N/A	0	0	
<i>Bay Harbor Islands</i>			
Location 10: Tollbooth-Westbound: 4 Lanes	4	4	4 Camera Array
Location 11: Tollbooth-Eastbound: 4 Lanes	4	4	4 Camera Array
<i>Golden Beach</i>			
North Town Limit	4	4	4 Camera Array
South Town Limit	4	4	4 Camera Array
<i>Sunny Isles Beach</i>			
Location 1: Collins Ave. and 192 nd St- West Off Ramp- Southbound: 1 Lane	1	1	1 Camera Array
Location 2: 192 nd to Collins-Northbound Merge: 2 Lanes	2	2	2 Camera Array
Location 3: Collins Ave Off Ramp-Southbound: 2 Lanes	2	2	2 Camera Array
Location 4: Collins to 192 nd Exit Ramp: 2 Lanes	2	2	2 Camera Array
Location 5: N Bay Rd at Sunny Isles Blvd: 2 Lanes	2	2	2 Camera Array
Location 6: Sunny Isles Blvd-Outbound Northside: 2 Lanes	2	2	2 Camera Array
Location 7: Sunny Isles Blvd-Outbound Southside: 2 Lanes	2	2	2 Camera Array
Location 8: Sunny Isles Blvd-Inbound Northside: 2 Lanes	2	2	2 Camera Array
Location 9: Sunny Isles Blvd-Inbound Southside: 2 Lanes	2	2	2 Camera Array
<i>Surfside</i>			
Location 12: Collins Ave-Northbound: 3 Lanes	3	3	3 Camera Array
Location 13: Harding Ave-Southbound: 3 Lanes	3	3	3 Camera Array
Location 14: Byron Ave- North and Southbound: 2 Lanes	2	2	2 Camera Array

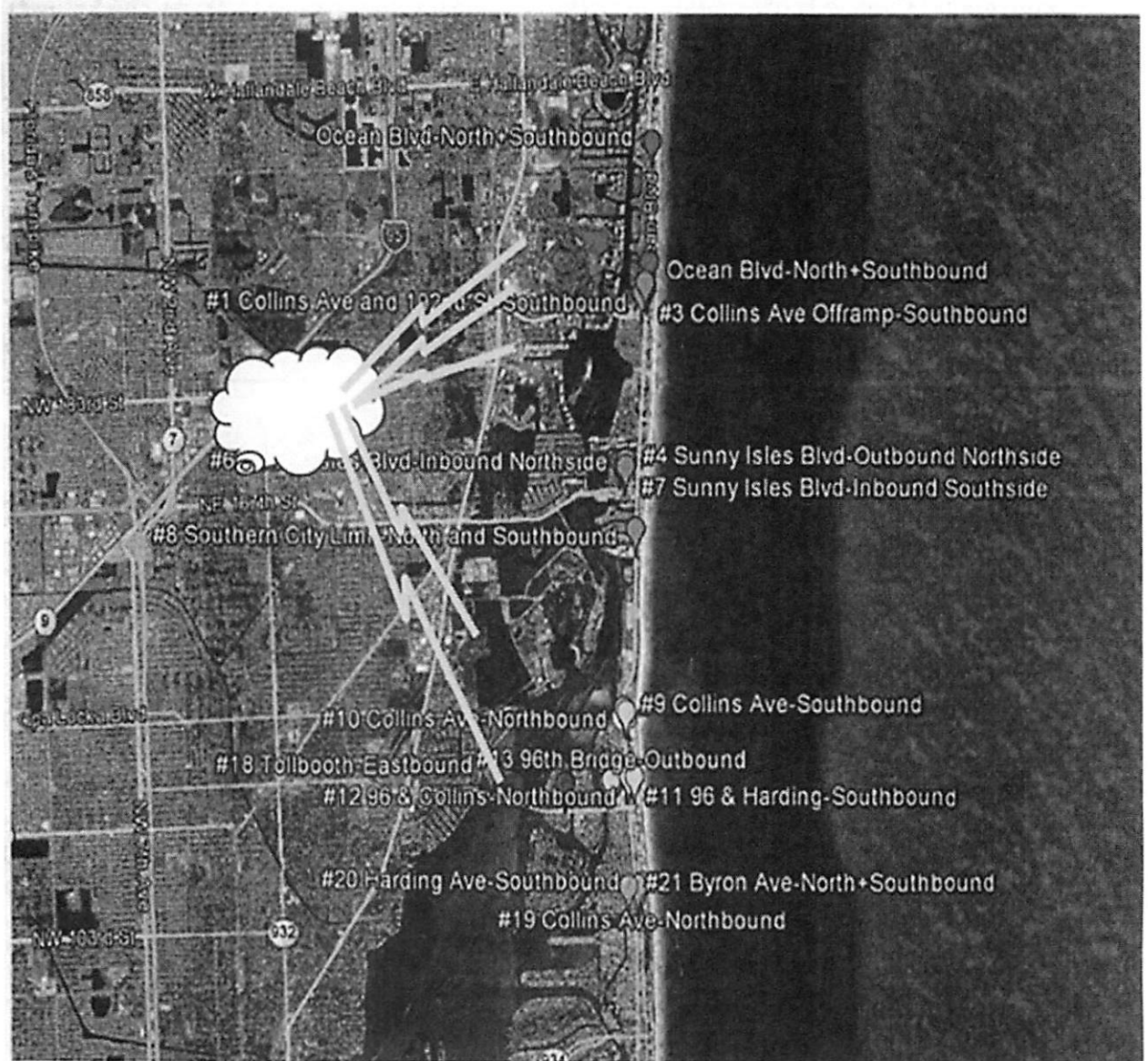


EXHIBIT "B"

LPR CAMERA SYSTEM ACCESS POLICY

I. GLOSSARY

LPR – License Plate Recognition

Alert – An alert of a tag by the LPR system that has **NOT BEEN VISUALLY VERIFIED** by Monitoring Officer against the photo in the LPR system.

Tentative Hit – An alert by the LPR system that **HAS BEEN VISUALLY VERIFIED** by the Monitoring Officer against the LPR hotlist and photo but **HAS NOT BEEN QUERIED** in FCIC/NCIC by MONITORING OFFICER or an officer as a live query transaction **OR CONFIRMED AS VALID** with the original entering agency.

Live Query Transaction – A hit by the LPR system that **HAS BEEN QUERIED** as active in the FCIC/NCIC system but **HAS NOT BEEN CONFIRMED** as valid by the entering agency.

Confirmation (Confirmed Hit) – An alert by the LPR system that **HAS BEEN CONFIRMED** as valid and active by the original entering agency through FCIC/NCIC teletype by the MONITORING OFFICER.

Participating Agencies – Bal Harbour Village Police Department, the Town of Golden Beach Police Department, the Town of Surfside Police Department, the City of Sunny Isles Beach Police Department, the Town of Bay Harbor Islands Police Department.

Monitoring Officer – the designated person in each Participating Agency responsible for monitoring the LPR System.

II. POLICY

It is the policy of the Participating Agencies to continuously strive to utilize the latest technologies for crime prevention and the apprehension of criminals. The License Plate Recognition Camera System is an example of the technology utilized by the Police Department to combat crime.

III. DISCUSSION

License Plate Recognition (LPR) technology is used for identifying and reading vehicle license plates. LPR cameras are strategically deployed around the perimeter of the Participating Agencies and other areas of interest. The camera will take a picture of the vehicle and license plate when a license plate passes the camera's field of view. Once a license plate is read by the system, a search is conducted of a hotlist provided by FDLE. This hotlist contains possible stolen license plates, stolen vehicles, wanted persons and other vehicles/persons and other intelligence information important to law enforcement. If a license plate inquiry matches one in the hotlist it will activate an audible and visual signal on the computer monitoring the LPR system, thereby alerting the on-duty Monitoring Officer(s).

IV. PROCEDURE

A. SYSTEM DESCRIPTION

1. The LPR Camera System takes a digital photograph of every vehicle and license tag that enters its field of view. It then searches a hotlist to see if the tag is wanted for any reason.
2. The LPR Camera System does not conduct a live check against FCIC or NCIC. But rather, the system conducts checks against a hotlist database which is periodically downloaded throughout the day from FDLE.
3. The system then searches the hotlist for the license plate detected.

4. The system downloads the FCIC hotlist every 3 hours and the NCIC hotlist once a day.
5. The system is unable to determine the type of license plate detected. E.g. The system may detect tag ABC123, but cannot determine if the tag is Florida or an alternative state or country.
6. As a result, every tentative hit by the LPR System must be verified via a live query transaction through FCIC/NCIC by the Monitoring Officer(s) before any contact is initiated.

A “TENTATIVE HIT” BY THE LPR SYSTEM PRIOR TO A LIVE QUERY TRANSACTION THROUGH FCIC/NCIC BY THE MONITORING OFFICER, DISPATCH OR OFFICER IS NOT PROBABLE CAUSE TO CONDUCT A STOP OF THE VEHICLE.

B. TYPES OF QUERIES

The LPR System is capable of conducting various types of queries that may include:

1. FCIC/NCIC Warrant checks;
2. Persons checks;
3. Missing persons checks;
4. Wanted persons;
5. Stolen vehicles;
6. Stolen tags;
7. Protection orders (Domestic Violence Injunctions);
8. Gang & terrorist watch lists;
9. Felons on release programs;
10. Inmate release program.

C. ADDITIONAL FEATURES OF SYSTEM

1. Searches
 - a. The LPR system allows for searches to be run by tag, camera location and/or time frame.
 - b. Select personnel within the Department of each Participating Agency (Commanders, Supervisors, Detectives and possibly others) will be trained and authorized to conduct searches of the LPR database.
2. Flagged vehicles
 - a. With the approval of a supervisor, the Monitoring Officer can enter a license plate of a vehicle of interest into the LPR system to alert when the plate is detected entering the city or designated area by one of the LPR cameras.
 - b. Officers requesting a vehicle be flagged in the LPR system must complete a Flagged Vehicle Entry Form, and have it approved by a supervisor.
 - c. The LPR Flagged Vehicle Entry Forms shall be maintained by the entering agency in a file for future review, subject to record retention and public record considerations.
 - d. Each entry shall include the following information:
 - (1) date of entry;
 - (2) license plate number and state;
 - (3) vehicle description;

- (4) requesting officer's name, agency and ID;
 - (5) approving supervisor's name, agency and ID;
 - (6) case number;
 - (7) reason for entry; and
 - (8) action to take.
 - (a) stop and interview driver,
 - (b) notify specific officer,
 - (c) do not stop, monitor only, etc.
 - e. The Monitoring Officer shall enter all flagged vehicles in the LPR Flagged Vehicle Log.
3. Covert Entries
- a. With the approval of the Chief of Police of a Participating Agency, or his/her designee, a covert entry of a license plate of a vehicle of interest may be entered into the LPR system to alert specified personnel.
 - b. Covert entries will not alert the Monitoring Officer through the monitors in dispatch, but will send an alert directly to the specified personnel.
 - c. Each covert entry shall include the following information:
 - (1) date of entry;
 - (2) license plate number and state;
 - (3) vehicle description;
 - (4) requestor's name, agency and ID;
 - (5) case number;
 - (6) reason for entry;
 - (7) actions to take:
 - (a) stop and interview driver;
 - (b) notify specific officer;
 - (c) do not stop, monitor only, etc.
 - d. Only designated personnel may enter covert entries in a LPR Flagged Vehicle Log of covert vehicle entries. The log shall be maintained in a secured area.

D. MONITORING OFFICER'S PROCEDURE

Upon notification of a tentative hit by the LPR System the Monitoring Officer shall:

- 1. immediately compare the alert obtained by the LPR system against the actual tag displayed on the LPR photo, and verify it is the same tag number and state;
- 2. The Monitoring Officer shall immediately conduct a live query transaction through FCIC/NCIC.
- 3. The results of the live query transaction shall be immediately passed on to the responding officers.
- 4. The Monitoring Officer will attempt to obtain any other information that may be available and notify responding units of that information, as soon as possible.
- 5. LPR Tentative Hit Log
 - a. The Monitoring Officer shall maintain a log of every tentative hit and statistical data within their jurisdiction from the LPR camera system.

- b. The log shall contain:
 - (1) date of alert;
 - (2) Time of alert;
 - (3) Camera location and direction of travel;
 - (4) the tag number (and state);
 - (5) type of alert (stolen vehicle, wanted person, etc.);
 - (6) officer assigned;
 - (7) case number;
 - (8) disposition; and,
 - (9) Monitoring Officer's name, agency and ID.

E. PURSUIT

Should an officer encounter a motorist who flees or refuses to stop upon verification of a hit confirmation, the officer shall strictly adhere to the existing pursuit policy and mutual aid agreement(s) of the Participating Agency.



Town of Surfside Commission Communication

Agenda Item # 5B

Agenda Date: August 15, 2012

Subject: FY 11/12 Proposed Mid-Year Budget Amendment Resolution

Background: The State of Florida, the Charter of the Town of Surfside, and sound financial management practices require monitoring of the Town's budgetary condition. Budget requirements include maintaining a balanced budget and a prohibition against entering into encumbrances for which there is not sufficient appropriation.

The Town Commission monitors the budget to actual summary at the fund level monthly on each Agenda. The Town Manager is authorized by the Charter to make adjustments within funds so long as the appropriation for each fund is not exceeded. The purpose of the mid-year budget amendment is for the Town Commission to amend the FY 11/12 Budget or to recognize changes in revenues and expenditures that differ from the adopted budget.

The attached documents represent the amendments which are proposed to ensure compliance with State law, Town Charter and sound financial management practices.

Analysis: Staff has revisited and scrutinized all FY 11/12 approved revenues and expenditures. A summary discussion, on a fund by fund basis, follows:

GENERAL FUND (Attachment A)

With this mid-year adjustment request, the General Fund is projected to end FY 11/12 with a positive net increase to fund balance-unassigned reserves in the amount of \$418,844. This net increase is primarily due to higher than expected building permit revenues. General Fund expenditures also require adjustment for those expenditures projected to be in excess of originally budgeted amounts. These adjustments are detailed within the justification column of Attachment A. Based on current trends we may be tracking toward additional savings which could probably increase the projected fund – unassigned reserves to close to \$500,000 from the \$418,844 mentioned above.

If the \$418,844 projected to be added to reserves in FY 11/12 proves correct, this amount added to the \$2,000,000 hurricane reserve and the \$1,958,783 reserves at the close of FY 10/11 per the CAFR, provide a cumulative \$4,377,627 reserve. This amount *is significant*

toward achieving the \$5 million reserve desired by the Town Commission in two years rather than the five years originally proposed in the Five Year Financial Plan.

CAPITAL PROJECTS FUND (Attachment B)

There are no mid-year budget adjustments necessary for this fund.

RESORT FUND (Attachment B)

The Resort Fund is projected to end the year with an unbudgeted net increase to fund balance in the amount of \$9,385. The 4% bed tax revenues and the 2% food and beverage tax revenues are exceeding projections by \$3,400 and \$30,909 respectively. The mid-year Budget Amendment assumes \$54,600 in additional revenues from sponsorships to offset the cost of the Turtle Project.

POLICE FORFEITURE FUND (Attachment B)

There are no mid-year budget adjustments for this fund.

MUNICIPAL TRANSPORTATION FUND (Attachment B)

The Municipal Transportation Fund will use its reserves to the extent of \$10,000 to fund the hourly cost of the expanded route (in cooperation with Sunny Isles Beach) to northeast Miami Dade County retail stores.

WATER AND SEWER FUND (Attachment C)

The Water and Sewer Fund is projected to end FY 11/12 with an unbudgeted increase to net asset reserves of \$22,160. System revenues are expected to increase which is slightly offset by lower interest earnings.

MUNICIPAL PARKING FUND (Attachment C)

This fund will increase its reserves above the budgeted amount by \$102,981 predominantly from unbudgeted revenue increases for meter and monthly parking and the sale of one space in the offsite parking fund.

STORMWATER FUND (Attachment C)

This fund will increase its reserves by an unbudgeted \$10,531 from a combination of \$18,000 in unbudgeted revenues and various small expense increases.

SOLID WASTE FUND (Attachment C)

This fund will utilize \$38,601 of its reserves predominantly due to renovation of the three garbage packer trucks, the cost of implementing the Pay and Classification study and reduced late penalties due to enhanced collection efforts.

Budget Impact: Adoption of this resolution will positively increase unassigned or restricted fund balance or unrestricted net assets in the General Fund, Resort Tax Fund, Water & Sewer Fund, Municipal Parking Fund and Stormwater Fund, respectively. Fund Balance will only decrease slightly within the Municipal Transportation Fund and Solid Waste Fund.

Please note that the entirety of the recommended mid-year budget changes for the General Fund have increased adopted revenues by 4.4 percent and adopted expenditures by 1.9 percent. The difference is \$418,844 which increases fund balance at the end of FY 11/12.

Staff Impact: No layoffs, furloughs or position reductions are required to re-balance the budget and meet the Town's fiduciary responsibilities.

Recommendation: It is recommended that the Surfside Town Commission adopt the proposed FY 11/12 mid-year General Fund, Resort Tax Fund, Municipal Transportation Fund, Water and Sewer Fund, Municipal Parking Fund, Stormwater Fund and Solid Waste Fund budget amendment resolution per attachment D.

A blue ink signature of Donald S. Miller, written in a cursive style, positioned above a horizontal line.

Finance Director

A blue ink signature of the Town Manager, written in a cursive style, positioned above a horizontal line.

Town Manager

A blue ink signature of the Budget Officer, written in a cursive style, positioned above a horizontal line.

Budget Officer

**TOWN OF SURFSIDE
BUDGET TRANSFER/AMENDMENT REQUEST**

Fund No.

001

Fiscal Year:

2011/2012
Attachment A

Fund Name:

General Fund

Department:

Multiple

Account Number	Account Description	Justification	Increase Expenditure Account	Decrease Expenditure Account	Increase or (Decrease) Revenue Account
001-0000-311-1000	Current & Delinquent Real Property	Mid-year Budget Adjustment			(78,859)
001-0000-311-1001	Current & Delinquent Personal Property				2,069
001-0000-312-1200	Two Percent Resort Tax (Food)				60,000
001-0000-312-1400	Four Percent Resort Tax				6,600
001-0000-312-1500	Resort Tax Penalties / Interest				20,000
001-0000-312-4200	Second Local Option Gas Tax				680
001-0000-314-1000	Electric Utility				24,405
001-0000-314-4000	Gas Utility				(7,000)
001-0000-316-0100	Surfside Local Business Licensing Tax				(5,000)
001-0000-316-0200	Miami-Dade Occ Licenses Tax Share				(653)
001-0000-316-0300	Surfside Local Business License Penalty				3,412
001-0000-323-4000	Gas Franchise				1,430
001-0000-322-1000	Building Permits				834,800
001-0000-322-2000	Electrical Permits				(22,190)
001-0000-322-3000	Plumbing Permits				(13,175)
001-0000-322-4000	Mechanical Permit				(16,301)
001-0000-322-8600	Certificate of Use				(44,500)
001-0000-322-9100	Educational Dev. - Building Services				(6,500)
001-0000-329-1000	Zoning Review / Variance Fees				(1,500)
001-0000-331-2110	Miami-Dade Public Safety Grant				280
001-0000-331-2120	U.S. Public Safety Grant - Justice Asst.				(2,500)
001-0000-335-1500	Beverage License				600
001-0000-335-1800	1/2 Cent Sales Tax				8,492
001-0000-341-8000	Permit Penalties				(4,000)
001-0000-342-1010	Special Police Detail - Extra Duty (new)				69,000
001-0000-347-2002	Pool Admission Fees				2,000
001-0000-347-2004	Recreation - Special Events / Hosting				(20,000)
001-0000-347-2005	Recreation - ID Cards				350
001-0000-347-2006	Recreation - Winter Camp				(920)
001-0000-347-2008	Recreation - Locker Rentals				(3,250)
001-0000-351-5030	Red Light Enforcement				(190,000)
001-0000-359-4000	Code Enforcement Fees and Penalties				(10,000)
001-0000-359-5000	Fines - Lien Enforcement Revenue (new)				(15,000)
001-0000-361-1000	Interest Earnings				1,000
001-0000-364-1000	Disposition of Assets				9,766
001-0000-369-9004	Other Miscellaneous Revenues - Police				1,415
001-0000-369-9009	Blue Prints				450
001-2000-512-1210	EX - Regular Salaries	Town Manager Salary Adjustment	10,110		
001-2000-512-2110	EX - Payroll Taxes	Town Manager Salary Adjustment	773		
001-2000-512-2210	EX - Retirement Contribution	Town Manager Salary Adjustment	1,520		
001-2000-512-2310	EX - Life & Health Insurance	Department Coverage Adjustments	7,858		
001-2000-512-2410	EX - Workers Comp	Department Adjustment	114		
001-2500-524-3410	BS - Other Contractual	Adj Structural Engineering	7,759		
001-2000-524-2310	PC - Life & Health Insurance	Department Coverage Adjustments	3,648		
001-2000-524-3410	PC - Other Contractual Servies	Unbudgeted Hearing Officers/Special Masters	6,000		
001-2000-524-4601	PC - Main Service/Repair Cont	Adj for new monthly web-based program	1,440		
001-2400-519-4402	TC - Building Rental/Leasing	Unbudgeted cost adj backup tapes pickup & retrieval	3,000		
001-2400-516-4603	TC - Equipmen Maintenance IT	Adj	2,318		
001-3000-521-1210	PS - Regular Salaries	FOP Contract	54,606		
001-3000-521-1520	PS - Extra Duty	Adj	69,000		
001-3000-521-4911	PS - Other Current Charges	Savings - Red Light Cameras contract renegotiation	(30,000)		
001-5000-539-1210	PW -Regular Salaries	Director Salary Adjustment	4,375		
001-5000-539-2310	PW - Life & Health Insurance	Department Coverage Adjustments	2,445		
001-5000-539-4311	PW - Water & Sewer	Unbudgeted cost adjustment	8,625		
001-5000-539-4601	PW - Maint. Serv/Repair Contracts	Unbudgeted cost adjustment	3,000		
001-5000-539-4611	PW - Miscellaneous Maintenance	Unbudgeted cost increase	4,174		
001-5000-539-5210	PW - Property Maintenance	Unbudgeted cost increase	10,000		
001-6000-572-4810	PR - Promotional Activities	Increase for 4th of July and Special Events	10,000		
001-6000-572-4601	PR - Maintenance Service/Repair Contracts	Unbudgeted cost adjustment	567		
001-6600-552-3110	TR - Professional Services	Increase for Resort Tax Auditor cost	5,225		
001-7900-590-9910	Contingency/Reserves	Net Increase in Fund Balance	418,844		
NET INCREASE GENERAL Fund			605,401	-	605,401

Requested by: _____
Budget Officer

Approved : _____
Finance Director

Approved : _____
Town Manager

Entered to GMBA _____
By

EX - Executive	PS - Public Safety
BS - Building Services	PW - Public Works
PC - Planning and Code	PR - Parks and Recreation
TC - Town Clerk	TR - Tourism Services

**TOWN OF SURFSIDE
BUDGET TRANSFER/AMENDMENT REQUEST**

Fiscal Year:

2011/2012

ATTACHMENT B

BA #

Fund No.

Multiple

SPECIAL REVENUE FUNDS

Fund Name:

Multiple

Department:

Multiple

Account Number	Account Description	Justification	Increase Expenditure Account	Decrease Expenditure Account	Increase or (Decrease) Revenue Account
RESORT TAX Fund					
102-0000-312-1200	Two Percent Resort Tax	Projected collections in excess of budget			30,909
102-0000-312-1400	Four Percent Resort Tax	Projected collections in excess of budget			3,400
102-0000-369-9000	Other Miscellaneous Revenues	Projected sponsorships for Surfside Turtles			54,600
102-8000-552-1210	Regular Salaries	Merit Pay Allocation	1,775		
102-8000-552-2110	Payroll Taxes	Merit Pay Allocation	136		
102-8000-552-1210	Regular Salaries	Compensation/Classification Study Adj	2,394		
102-8000-552-2110	Payroll Taxes	Compensation/Classification Study Adj	183		
102-8000-552-3110	Professional Services	Resort Tax Audit Fees	6,536		
102-8000-552-3410	Other Contractual Services	Surfside Turtles	68,000		
102-8000-552-4110	Postage	Mid-year increase	500		
102-8000-552-9910	Contingency/Reserves	Net Increase in Fund Balance	9,385		
	NET INCREASE RESORT TAX Fund		88,909		88,909
MUNICIPAL TRANSPORTATION Fund					
107-0000-392-0000	Use of Restricted Fund Balance	For unanticipated cost increase			10,000
107-8500-549-3410	Other Contractual Services	Increased cost of Community Shuttle Service	10,000		
	NET INCREASE MUNICIPAL TRANSPORTATION Fund		10,000		10,000

Requested by: _____
Budget Officer

Approved : _____
Finance Director

Approved : _____
Town Manager

Entered to GMBA _____
By

**TOWN OF SURFSIDE
BUDGET TRANSFER/AMENDMENT REQUEST**

Fiscal Year:

2011/2012

ATTACHMENT C

BA #

Fund No.

Multiple

ENTERPRISE FUNDS

Fund Name:

Multiple

Department:

Multiple

Account Number	Account Description	Justification	Increase Expenditure Account	Decrease Expenditure Account	Increase or (Decrease) Revenue Account
MUNICIPAL PARKING FUND					
402-0000-344-5002	Permit Parking Fees	Projected collections in excess of budget			15,325
402-0000-344-5003	Metered Parking Fees	Projected collections in excess of budget			87,656
402-0000-389-8000	Capital Contributions Private	Capital contributions - unbudgeted			24,501
402-9500-545-9920	Reserve for Renewal and Replacement	Restricted fund for Capital contributions	24,501		
402-9500-545-9910	Contingency/Reserves	Net Increase in Fund Balance	102,981		
	NET INCREASE MUNICIPAL PARKING Fund		127,482		127,482
SOLID WASTE FUND					
403-0000-343-9001	Late Fees & Penalties	Reduced due to timely customer payments			(10,000)
403-4000-534-1210	Regular Salaries	Merit Pay Allocation	5,373		
403-4000-534-1210	Payroll Taxes	Merit Pay Allocation	411		
403-4000-534-1210	Regular Salaries	Compensation/Classification Study Adj	9,793		
403-4000-534-1210	Payroll Taxes	Compensation/Classification Study Adj	749		
403-4000-534-4612	Vehicle Maintenance	Unbudgeted truck refurbishment (3 trucks)	12,275		
403-4000-534-9910	Contingency/Reserves	Net Decrease in Fund Balance		38,601	
	NET DECREASE SOLID WASTE Fund		28,601	38,601	(10,000)
WATER AND SEWER FUND					
	REVENUES/EXPENSES				
401-0000-343-3500	Tapping Fees	Projected collections in excess of budget			1,500
401-0000-343-5000	Wastewater Utility Service Revenue	Projected collections in excess of budget			25,000
401-0000-389-1000	Interest Earnings	Lower projected interest earnings			(4,340)
401-9900-536-9310	Contingency/Reserve	Net increase in Fund Balance	22,160		
	NET INCREASE WATER & SEWER Fund		22,160		22,160
STORMWATER FUND					
	REVENUES/EXPENSES				
404-0000-343-9110	Stormwater Utility Fees	Projected collections in excess of budget			18,000
404-0000-389-1000	Interest Earnings	Lower projected interest earnings			(342)
404-5500-538-1210	Regular Salaries	Merit Pay Allocation	450		
404-5500-538-2110	Payroll Taxes	Merit Pay Allocation	35		
404-5500-538-1210	Regular Salaries	Compensation Study	806		
404-5500-538-2110	Payroll Taxes	Compensation Study	62		
404-5500-538-1210	Regular Salaries	Director's Salary Adjustment	3,935		
404-5500-538-2110	Payroll Taxes	Director's Salary Adjustment	224		
404-5500-538-1410	Overtime	Unbudgeted increase	500		
404-5500-538-1510	Special Pay	Longevity unbudgeted	1,000		
404-5500-538-2110	Payroll Taxes	Longevity unbudgeted	115		
404-5500-538-9910	Contingency/Reserve	Net Increase in Fund Balance	10,531		
	NET INCREASE STORMWATER Fund		17,658		17,658

Requested by: _____
Budget Officer

Approved : _____
Finance Director

Approved : _____
Town Manager

Entered to GMBA _____
By

RESOLUTION NO.12-_____

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AMENDING THE ANNUAL APPROPRIATIONS RESOLUTIONS ADOPTED FOR THE FISCAL YEAR OCTOBER 1, 2011 TO SEPTEMBER 30, 2012; FOR THE PURPOSE OF AMENDING THE CURRENT YEAR'S GENERAL FUND BUDGET, RESORT TAX FUND BUDGET, TRANSPORTATION FUND BUDGET, WATER & SEWER FUND BUDGET, STORMWATER FUND BUDGET, PARKING FUND BUDGET, AND SOLID WASTE FUND BUDGET UPWARD; AND OTHER BUDGETARY ADJUSTMENTS REQUIRED TO THE FISCAL YEAR ENDED SEPTEMBER 30, 2012 BUDGET; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town of Surfside adopted Resolution Nos. 11-2045, 11-2046 on September 26, 2011 establishing revenues and appropriations for the Town of Surfside, Florida for the fiscal year ended September 30, 2012; and

WHEREAS, the Town's General Fund operation revenues (income) have increased and the most notable increase resulted from building permit activity; and

WHEREAS, the Town's Resort Tax Fund has primarily received an unbudgeted increase in 2% Food and Beverage collections and projected sponsorships for the Surfside Turtles; and

WHEREAS, the Transportation Fund has encountered an increase in expenditures due to the Community Shuttle Service route expansion, and;

WHEREAS, the Town's Water & Sewer and Stormwater Funds have received an overall increase in system revenues; and

WHEREAS, the Town's Parking Fund has received an unbudgeted increase in revenues mainly from increased parking fee revenues; and

WHEREAS, the Town's Solid Waste Fund has encountered a decline in late penalty collections and an overall increase in expenditures attributable to the renovation of three trucks and implementing the Pay and Classification study; and

WHEREAS, to address the corresponding necessary modifications in expenditures and revenues, the Finance Director and Budget Officer have met with the Town Manager and Department Heads to identify modifications with no impact on service delivery.

WHEREAS, an increase to the budgeted revenue estimates is required for the General Fund, the Resort Tax Fund, the Water and Sewer Fund, the Stormwater Fund, the Parking Fund, an increase in expenditures to the Transportation Fund, and a decrease in budgeted revenues and an increase in expenditures to the Solid Waste Fund, as a result of State statutes as well as the Town's commitment to sound budgeting practices, budgeted expenses may not exceed anticipated revenues. Accordingly, the budget resolution proposes to amend the current year's budget as set forth as Attachments A, B and C.

WHEREAS, it is in the best interest of the Town of Surfside to adopt the proposed FY 2011-2012 amendatory General Fund, Resort Tax Fund, Transportation Fund, Water & Sewer Fund, Stormwater Fund, Parking Fund, and Solid Waste Fund budget resolution as submitted.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA,

Section 1. Recitals. That the above and foregoing recitals are true and correct and are incorporated herein by reference.

Section 2. Authorization. The Town Commission hereby approves and authorizes the proposed budget 2011/12 amendments.

Section 3. Implementation. The Town Manager is hereby authorized to take any and all action necessary to implement this Resolution.

Section 4. Effective Date. This Resolution shall become effective immediately upon its adoption.

Motion by Commissioner _____, Second by Commissioner _____.

PASSED AND ADOPTED this ____th day of August, 2012.

FINAL VOTE ON ADOPTION

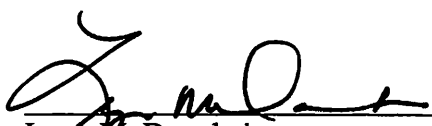
Commissioner Michelle Kligman	_____
Commissioner Marta Olchyk	_____
Vice Mayor Michael Karukin	_____
Mayor Daniel Dietch	_____

Daniel Dietch, Mayor

ATTEST:

Sandra Novoa, Town Clerk

**Approved as to form and legality for the use
and benefit of the Town of Surfside only:**



Lynn M. Dannheisser
Town Attorney

**TOWN OF SURFSIDE
BUDGET TRANSFER/AMENDMENT REQUEST**

Fund No.

001

Fiscal Year:

2011/2012

Attachment A

Fund Name:

General Fund

Department:

Multiple

Account Number	Account Description	Justification	Increase Expenditure Account	Decrease Expenditure Account	Increase or (Decrease) Revenue Account
001-0000-311-1000	Current & Delinquent Real Property	Mid-year Budget Adjustment			(78,859)
001-0000-311-1001	Current & Delinquent Personal Property				2,069
001-0000-312-1200	Two Percent Resort Tax (Food)				60,000
001-0000-312-1400	Four Percent Resort Tax				6,600
001-0000-312-1500	Resort Tax Penalties / Interest				20,000
001-0000-312-4200	Second Local Option Gas Tax				680
001-0000-314-1000	Electric Utility				24,405
001-0000-314-4000	Gas Utility				(7,000)
001-0000-316-0100	Surfside Local Business Licensing Tax				(5,000)
001-0000-316-0200	Miami-Dade Occ Licenses Tax Share				(653)
001-0000-316-0300	Surfside Local Business License Penalty				3,412
001-0000-323-4000	Gas Franchise				1,430
001-0000-322-1000	Building Permits				834,800
001-0000-322-2000	Electrical Permits				(22,190)
001-0000-322-3000	Plumbing Permits				(13,175)
001-0000-322-4000	Mechanical Permit				(16,301)
001-0000-322-8600	Certificate of Use				(44,500)
001-0000-322-9100	Educational Dev. - Building Services				(6,500)
001-0000-329-1000	Zoning Review / Variance Fees				(1,500)
001-0000-331-2110	Miami-Dade Public Safety Grant				280
001-0000-331-2120	U.S. Public Safety Grant - Justice Asst.				(2,500)
001-0000-335-1500	Beverage License				600
001-0000-335-1800	1/2 Cent Sales Tax				8,492
001-0000-341-8000	Permit Penalties				(4,000)
001-0000-342-1010	Special Police Detail - Extra Duty (new)				69,000
001-0000-347-2002	Pool Admission Fees				2,000
001-0000-347-2004	Recreation - Special Events / Hosting				(20,000)
001-0000-347-2005	Recreation - ID Cards				350
001-0000-347-2006	Recreation - Winter Camp				(920)
001-0000-347-2008	Recreation - Locker Rentals				(3,250)
001-0000-351-5030	Red Light Enforcement				(190,000)
001-0000-359-4000	Code Enforcement Fees and Penalties				(10,000)
001-0000-359-5000	Fines - Lien Enforcement Revenue (new)				(15,000)
001-0000-361-1000	Interest Earnings				1,000
001-0000-364-1000	Disposition of Assets				9,766
001-0000-369-9004	Other Miscellaneous Revenues - Police				1,415
001-0000-369-9009	Blue Prints				450
001-2000-512-1210	EX - Regular Salaries	Town Manager Salary Adjustment	10,110		
001-2000-512-2110	EX - Payroll Taxes	Town Manager Salary Adjustment	773		
001-2000-512-2210	EX - Retirement Contribution	Town Manager Salary Adjustment	1,520		
001-2000-512-2310	EX - Life & Health Insurance	Department Coverage Adjustments	7,858		
001-2000-512-2410	EX - Workers Comp	Department Adjustment	114		
001-2500-524-3410	BS - Other Contractual	Adj Structural Engineering	7,759		
001-2000-524-2310	PC - Life & Health Insurance	Department Coverage Adjustments	3,648		
001-2000-524-3410	PC - Other Contractual Servies	Unbudgeted Hearing Officers/Special Masters	6,000		
001-2000-524-4601	PC - Main Service/Repair Cont	Adj for new monthly web-based program	1,440		
001-2400-519-4402	TC - Building Rental/Leasing	Unbudgeted cost adj backup tapes pickup & retrieval	3,000		
001-2400-516-4603	TC - Equipmen Maintenance IT	Adj	2,318		
001-3000-521-1210	PS - Regular Salaries	FOP Contract	54,606		
001-3000-521-1520	PS - Extra Duty	Adj	69,000		
001-3000-521-4911	PS - Other Current Charges	Savings - Red Light Cameras contract renegotiation	(30,000)		
001-5000-539-1210	PW -Regular Salaries	Director Salary Adjustment	4,375		
001-5000-539-2310	PW - Life & Health Insurance	Department Coverage Adjustments	2,445		
001-5000-539-4311	PW - Water & Sewer	Unbudgeted cost adjustment	8,625		
001-5000-539-4601	PW - Maint. Serv/Repair Contracts	Unbudgeted cost adjustment	3,000		
001-5000-539-4611	PW - Miscellaneous Maintenance	Unbudgeted cost increase	4,174		
001-5000-539-5210	PW - Property Maintenance	Unbudgeted cost increase	10,000		
001-6000-572-4810	PR - Promotional Activities	Increase for 4th of July and Special Events	10,000		
001-6000-572-4601	PR - Maintenance Service/Repair Contracts	Unbudgeted cost adjustment	567		
001-6600-552-3110	TR - Professional Services	Increase for Resort Tax Auditor cost	5,225		
001-7900-590-9910	Contingency/Reserves	Net Increase in Fund Balance	418,844		
NET INCREASE GENERAL FUND			605,401	-	605,401

Requested by:

Budget Officer

Approved :

Finance Director

Approved :

Town Manager

Entered to GMBA

By

EX - Executive	PS - Public Safety
BS - Building Services	PW - Public Works
PC - Planning and Code	PR - Parks and Recreation
TC - Town Clerk	TR - Tourism Services

**TOWN OF SURFSIDE
BUDGET TRANSFER/AMENDMENT REQUEST**

Fiscal Year:

2011/2012

ATTACHMENT B

BA #

Fund No.

Multiple

SPECIAL REVENUE FUNDS

Fund Name: Multiple

Department: Multiple

Account Number	Account Description	Justification	Increase Expenditure Account	Decrease Expenditure Account	Increase or (Decrease) Revenue Account
RESORT TAX Fund					
102-0000-312-1200	Two Percent Resort Tax	Projected collections in excess of budget			30,909
102-0000-312-1400	Four Percent Resort Tax	Projected collections in excess of budget			3,400
102-0000-369-9000	Other Miscellaneous Revenues	Projected sponsorships for Surfside Turtles			54,600
102-8000-552-1210	Regular Salaries	Merit Pay Allocation	1,775		
102-8000-552-2110	Payroll Taxes	Merit Pay Allocation	136		
102-8000-552-1210	Regular Salaries	Compensation/Classification Study Adj	2,394		
102-8000-552-2110	Payroll Taxes	Compensation/Classification Study Adj	183		
102-8000-552-3110	Professional Services	Resort Tax Audit Fees	6,536		
102-8000-552-3410	Other Contractual Services	Surfside Turtles	68,000		
102-8000-552-4110	Postage	Mid-year increase	500		
102-8000-552-9910	Contingency/Reserves	Net Increase in Fund Balance	9,385		
	NET INCREASE RESORT TAX Fund		88,909		88,909
MUNICIPAL TRANSPORTATION Fund					
107-0000-392-0000	Use of Restricted Fund Balance	For unanticipated cost increase			10,000
107-8500-549-3410	Other Contractual Services	Increased cost of Community Shuttle Service	10,000		
	NET INCREASE MUNICIPAL TRANSPORTATION Fund		10,000		10,000

Requested by: _____
Budget Officer

Approved : _____
Finance Director

Approved : _____
Town Manager

Entered to GMBA _____
By

**TOWN OF SURFSIDE
BUDGET TRANSFER/AMENDMENT REQUEST**

Fiscal Year:

2011/2012

ATTACHMENT C

BA #

Fund No.

Multiple

ENTERPRISE FUNDS

Fund Name:

Multiple

Department:

Multiple

Account Number	Account Description	Justification	Increase Expenditure Account	Decrease Expenditure Account	Increase or (Decrease) Revenue Account
MUNICIPAL PARKING FUND					
402-0000-344-5002	Permit Parking Fees	Projected collections in excess of budget			15,325
402-0000-344-5003	Metered Parking Fees	Projected collections in excess of budget			87,656
402-0000-389-8000	Capital Contributions Private	Capital contributions - unbudgeted			24,501
402-9500-545-9920	Reserve for Renewal and Replacement	Restricted fund for Capital contributions	24,501		
402-9500-545-9910	Contingency/Reserves	Net Increase in Fund Balance	102,981		
	NET INCREASE MUNICIPAL PARKING Fund		127,482		127,482
SOLID WASTE FUND					
403-0000-343-9001	Late Fees & Penalties	Reduced due to timely customer payments			(10,000)
403-4000-534-1210	Regular Salaries	Merit Pay Allocation	5,373		
403-4000-534-1210	Payroll Taxes	Merit Pay Allocation	411		
403-4000-534-1210	Regular Salaries	Compensation/Classification Study Adj	9,793		
403-4000-534-1210	Payroll Taxes	Compensation/Classification Study Adj	749		
403-4000-534-4612	Vehicle Maintenance	Unbudgeted truck refurbishment (3 trucks)	12,275		
403-4000-534-9910	Contingency/Reserves	Net Decrease in Fund Balance		38,601	
	NET DECREASE SOLID WASTE Fund		28,601	38,601	(10,000)
WATER AND SEWER FUND					
	REVENUES/EXPENSES				
401-0000-343-3500	Tapping Fees	Projected collections in excess of budget			1,500
401-0000-343-5000	Wastewater Utility Service Revenue	Projected collections in excess of budget			25,000
401-0000-389-1000	Interest Earnings	Lower projected interest earnings			(4,340)
401-9900-536-9310	Contingency/Reserve	Net increase in Fund Balance	22,160		
	NET INCREASE WATER & SEWER Fund		22,160		22,160
STORMWATER FUND					
	REVENUES/EXPENSES				
404-0000-343-9110	Stormwater Utility Fees	Projected collections in excess of budget			18,000
404-0000-389-1000	Interest Earnings	Lower projected interest earnings			(342)
404-5500-538-1210	Regular Salaries	Merit Pay Allocation	450		
404-5500-538-2110	Payroll Taxes	Merit Pay Allocation	35		
404-5500-538-1210	Regular Salaries	Compensation Study	806		
404-5500-538-2110	Payroll Taxes	Compensation Study	62		
404-5500-538-1210	Regular Salaries	Director's Salary Adjustment	3,935		
404-5500-538-2110	Payroll Taxes	Director's Salary Adjustment	224		
404-5500-538-1410	Overtime	Unbudgeted increase	500		
404-5500-538-1510	Special Pay	Longevity unbudgeted	1,000		
404-5500-538-2110	Payroll Taxes	Longevity unbudgeted	115		
404-5500-538-9910	Contingency/Reserve	Net Increase in Fund Balance	10,531		
	NET INCREASE STORMWATER Fund		17,658		17,658

Requested by: _____
Budget Officer

Approved : _____
Finance Director

Approved : _____
Town Manager

Entered to GMBA _____
By



Town of Surfside Commission Communication

Agenda Item #: 5C

Agenda Date: August 15, 2012

Subject: Seawall Inspection Condition Report and Florida Inland Navigation District (FIND) Grant Funding Opportunities

Objective: To present the seawall inspection report, discuss the state of disrepair and obtain authorization to produce all documents required and submit an application for FIND Grant Funding

Background: The Town owned seawalls were observed by Town Staff from the landside and were determined to be in varying states of disrepair. Town Staff estimated that each seawall was installed at least 40 years ago, which is the typical life expectancy for a seawall structure. In order to obtain a full report of both land and water side structural and aesthetic issues the Town engaged CGA to study this situation. The price proposal which was generated via negotiations and the proposal was presented to and approved by the Town Commission at the May 8, 2012 Regular Commission Meeting.

On June 19-21, 2012 CGA staff members completed water and land side inspections of each of the Town's seawalls. The findings documented via photographs and a complete report of this is attached.

The Florida Inland Navigation District (FIND) was established to manage the inland channels along Florida's eastern seaboard. One method of maintaining this important resource is via the Waterways Assistance Program. In the last 23 years FIND has provided over \$142 Million in grant funding assistance to local governments via the Waterways Assistance Program.

Analysis: As stated in the report, the seawalls were placed in three categories based on the state of disrepair. The categories were:

1. Severe damage to structural integrity
2. Moderate damage to structural integrity
3. Minor damage to structural integrity

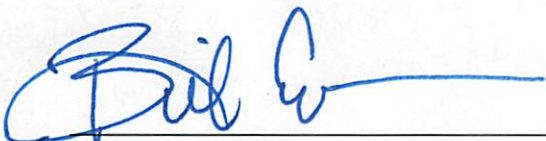
Three (3) of the seawalls were classified as category 1; four (4) seawalls were classified as category 2 and four (4) seawalls were classified as category 3. It is also noted that a number of the seawalls had some form of "repair" attempted prior to the inspection. Many of these repairs were not performed properly and are in risk of failing. In summary, the report notes that the majority of the seawalls have met or exceeded their expected life, thus the report recommended the repair or replacement of nine (9) out of the eleven (11) Town owned seawalls at an estimated construction cost of \$960,000 (\$1,200/LF for 800LF).


Budget Impact: The proposed design, permitting, preparation of construction documents, inspection and grant application costs total \$81,600. The estimated construction costs total \$960,000. The goal of the FIND grant application will be to obtain a grant for 50% (max allowable) of the construction costs, thus making the total final budget impact to the Town \$520,800.

Growth Impact: N/A

Staff Impact: The design, permitting, preparation of construction documents, inspection and grant application work will be completed by Calvin, Giordano & Associates, Inc. (CGA) under the close supervision of Bill Evans, Public Works Director and Roger M. Carlton, Town Manager with plan review by Paul A. Gioia, Building Official.

Recommendation: It is recommended that the Town Commission approve a resolution granting the Town Manager authority to execute the proposed agreement with CGA for the design, permitting, preparation of construction documents, inspection and grant application process. Of the \$1,061,600 total cost of the project, the application process requires \$81,600 for the CGA work order. This Town Commission action also grants the Town Manager authority to submit a grant application package to the Florida Inland Navigation for the Waterways Assistance Program.



Department Head

Town Manager

RESOLUTION NO. 12- _____

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA ("TOWN") APPROVING ASSISTANCE UNDER THE FLORIDA INLAND NAVIGATION DISTRICT WATERWAYS ASSISTANCE PROGRAM, AUTHORIZING CALVIN GIORDANO ASSOCIATES TO PREPARE GRANT APPLICATIONS AND TO DESIGN THE PROJECT, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town Commission of the Town of Surfside, Florida has determined to carry out the following described project for the protection of public property of the Town of Surfside and the State of Florida:

Project Title: Bulkhead Grant Application and Construction Application (CGA Project No.: 12-4952)

Total Estimated Cost: \$1,041,600

Brief Description of the Project: Town of Surfside municipal bulkheads inspection, grant application and repair for structural condition. (See Attachment "A"); and

WHEREAS, Florida Inland Navigation District financial assistance is required for the program mentioned above, and

WHEREAS, the deteriorated condition of the bulkheads located at various street ends has created a dangerous situation putting both public and private property at risk.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The above and foregoing recitals are true and correct and are incorporated herein by reference.

Section 2. Authorization. The design and grant application process described above is hereby authorized and further that the Town shall make application to the Florida Inland Navigation District in the amount of 50% of the actual cost of the project on behalf of the Town.

Section 3. Certification and Approval. The Town of Surfside approves and certifies the following:

1. That the Town will accept the terms and conditions set forth in FIND Rule 66B-2 F.A.C. and which will be a part of the Project Agreement for any assistance awarded under the attached proposal.
2. That the Town is in complete accord with the attached proposal and that it will carry out the Program in the manner described in the proposal and any plans and specifications attached thereto unless prior approval for any change has been received from the District.
3. That the Town has the ability and intention to finance its share of the cost of the project and that the project will be operated and maintained at the expense of said Town for public use.
4. That the Town will not discriminate against any person on the basis of race, color or national origin in the use of any property or facility acquired or developed pursuant to this proposal, and shall comply with the terms and intent of the Title VI of the Civil Rights Act of 1964, P.L. 88-352 (1964) and design and construct all facilities to comply fully with statutes relating to accessibility by handicapped persons as well as other federal, state and local laws, rules and requirements.
5. That the Town will maintain adequate financial records on the proposed project to substantiate claims for reimbursement.

6. That the Town will make available to FIND if requested, a post-audit of expenses incurred on the project prior to, or in conjunction with, request for the final 10% of the funding agreed to by FIND.

Section 4. The Town Commission reserves final approval of the construction phase of this project until its true cost of construction and the amount of grant funds is known.

Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED and ADOPTED on this ____ day of ____, 2012.

Motion by Commissioner _____, Second by Commissioner _____.

FINAL VOTE ON ADOPTION

Commissioner Michelle Kligman _____

Commissioner Marta Olchyk _____

Vice Mayor Michael Karukin _____


Mayor Daniel Dietch _____

Daniel Dietch, Mayor

Attest:

Sandra Novoa, Town Clerk

**Approved as to form and legal sufficiency
For the Town of Surfside only:**



Lynn M. Dannheisser
Town Attorney

TOWN OF SURFSIDE, FL

Bulkhead Inspection

Town of Surfside, Miami-Dade County

CGA Project No.: 12-4952

July 2012

Prepared by



David Frodsham, EI

TABLE OF CONTENTS

TABLE OF CONTENTS	2
EXECUTIVE SUMMARY	3
INTRODUCTION.....	5
Purpose & Scope of Work	5
BULKHEAD ANALYSIS	6
Inventory of Bulkheads Inspected	6
Bulkhead 1: Carlyle Ave. & 88 th St.	7
Bulkhead 2: Froude Ave. & 88 th St.	10
Bulkheads 3 & 4, 88 th St. Bridge to Isla Biscaya	13
Bulkhead 5: End of 88 th St. on Isla Biscaya	15
Bulkhead 6: Irving Ave. & Bay Drive	19
Bulkhead 7: 90 th St. & Bay Drive	21
Bulkhead 8: 92 nd St. & Bay Drive	23
Bulkhead 9: 93 rd St. & Bay Drive	25
Bulkhead 10: 94 th St. & Bay Drive	27
Bulkhead 11: 95 th St. & Bay Drive	29
Bulkhead 12: Surfside Park	33
SUMMARY	38
RECOMMENDATIONS & OPINION OF PROBABLE COST	39

EXECUTIVE SUMMARY

I INTRODUCTION

This report summarizes an inspection performed on municipally owned bulkheads in the Town of Surfside and makes recommendations for their repair or replacement.

II INSPECTION

All known municipal bulkheads within the Town of Surfside were examined and assessed for structural and aesthetic condition. This was accomplished via land-side and water-side visual inspections and the excavation of tieback rods. The bulkheads were inspected for washouts, tipping, toe-outs, concrete degradation, tieback condition, and other signs of deterioration.

III SUMMARY

Most of the bulkheads owned by the Town are in a state of disrepair and some are failing. This report labels them into the following categories:

1. Severe damage to structural integrity and/or aesthetics:
 - a. Bulkhead 1: Carlyle Ave. & 88th St.
 - b. Bulkhead 5: End of 88th St. on Isle of Biscaya
 - c. Bulkhead 11: 95th St. and Bay Dr.
2. Moderate damage to structural integrity and/or aesthetics:
 - a. Bulkhead 2: Froude Ave. & 88th St.
 - b. Bulkhead 7: 90th St. and Bay Dr.
 - c. Bulkhead 9: 93rd St. and Bay Dr.
 - d. Bulkhead 12: Surfside Park
3. Minor damage to structural integrity and/or aesthetics:
 - a. Bulkheads 3 & 4: 88th St. Bridge
 - b. Bulkhead 6: Irving Ave. & Bay Dr.
 - c. Bulkhead 8: 92nd St. and Bay Dr.
 - d. Bulkhead 10: 94th and Bay Dr.

III RECOMMENDATIONS

The bulkheads addressed in this study have been in place for an estimated 40+ years. Based upon the estimated usable life of a typical bulkhead, it is recommended that all of the bulkheads be replaced except for the two bulkheads located beneath the 88th St. Bridge to Isle of Biscaya, which should be repaired. In so doing, the Town will be able to take advantage of lower shared costs such as mobilization. The bulkheads are not failing to a degree that funding cannot be sought over the course of the upcoming year to replace them all under the same contract.

That stated, it is understood that the Town may wish to replace only the bulkheads in the worst condition, or make repairs to extend whatever usable life the bulkheads may possess. As an alternative to replacing all of the bulkheads and based upon the categorization described in the summary above, the following recommendations are made:

1. Where severe damage to the structural integrity of the bulkhead has been observed, it is recommended that the bulkhead be replaced entirely.

2. Where the structural integrity of the bulkhead appears to be in salvageable condition but damage is moderate, it is recommended that the bulkhead be either repaired or replaced.
3. Where the bulkhead exhibits minor cracking or degradation, it is recommended that the bulkhead be repaired.

IV OPINION OF PROBABLE COST

Assuming that the Town chooses to replace all bulkheads within the scope of this investigation, it is estimated that approximately \$960,000 in construction fees will be needed to complete the construction of the required replacements.

SECTION ONE

INTRODUCTION

PURPOSE & SCOPE OF WORK

On Tuesday, June 19th, 2012, staff from Calvin, Giordano & Associates, Inc. performed an on-site inspection of municipally-owned bulkheads in the Town of Surfside, FL. The purpose of this inspection was to qualitatively evaluate the structural and aesthetic characteristics of the existing bulkheads and provide recommendations for maintenance/repair. Recommendations for repair or replacement of bulkheads are based upon conditions that were observed in the field.

It is important to note that every bulkhead within the scope of this inspection is unique. Bulkheads may differ in materials, age, design, dimensions, repairs, quality of workmanship, and many other variables. While there are similarities between many of the bulkheads and they may have been originally constructed around the same time frame, some have experienced repairs while others have been left to deteriorate at differing rates.

This project included coordination with the City in an effort to locate copies of the construction plans for the bulkheads. To date, we have been informed that there are no such plans available. As a result, no firm assessment was made as to the depth of embedment of sheet piles, exact age of bulkheads or dates of repairs. However, observations have been made with regard to visible states of failure and possible causes thereof.

SECTION TWO

INSPECTION

Inventory of Bulkheads Inspected

- Bulkhead 1: Carlyle Ave. & 88th St.
Bulkhead 2: Froude Ave. & 88th St.
Bulkhead 3: East Side of 88th St. Bridge
Bulkhead 4: West Side of 88th St. Bridge
Bulkhead 5: End of 88th St. on Isle of Biscaya
Bulkhead 6: Irving Ave. & Bay Dr.
Bulkhead 7: 90th St & Bay Dr.
Bulkhead 8: 92nd St. & Bay Dr.
Bulkhead 9: 93rd St. & Bay Dr.
Bulkhead 10: 94th St. & Bay Dr.
Bulkhead 11: 95th St. & Bay Dr.
Bulkhead 12: Surfside Park



Bulkhead 1, Carlyle Ave & 88th St.

Approximate Length of Bulkhead:	49'
Approximate Height of Bulkhead Above Mudline:	4-7'
Bulkhead Material:	Native Stone with Concrete Cap

This native-stone bulkhead is failing. The bulkhead is comprised of large, porous native stone and mortar with a concrete cap (*See Photo 1.1*). The bulkhead contains a 36" concrete culvert near its midpoint, and the cap above the culvert is cracked (*See Photo 1.2*). The remainder of the cap appears to be in reasonably good condition. There is a plastic conduit line penetrating the bulkhead toward its west end.

Many of the stones and mortar in the bulkhead have broken away with time. In no place is this more apparent than on the eastern portion of the bulkhead where a 3 foot wide section of geofabric may be seen through a hole in the bulkhead where the stones have fallen away (*See Photo 1.3*). The geofabric appears to be in good condition, and may have been part of a previous repair to reduce erosion through the bulkhead.

There appear to be a few washouts behind the bulkhead where the soil behind the bulkhead has escaped through the voids in the stones. A great deal of shoaling and varying depths can be noted at the mudline of the bulkhead on the waterward side, indicating that there has been a deposition of soil there over time from seepage through the bulkhead and/or tidal sediments. There is also some scour near the outfall itself. The bulkhead is quite old, with the geofabric material, cap, and possible tie-back system having been added later. The neighboring bulkheads are also comprised of native stone, so any possible repair will have to take that into consideration.

It is recommended that this bulkhead be replaced entirely. Replacing the wall with a different material will have to take into consideration the joints with neighboring native stone bulkheads.



Photo 1.1: Native Stone Wall



Photo 1.2: Crack above Concrete Outfall



Photo 1.3: Geofabric Witnessed Through Wall

Bulkhead 2, Froude Ave & 88th St.

Approximate Length of Bulkhead:	49'
Approximate Height of Bulkhead Above Mudline:	5'
Bulkhead Material:	Monolithic Concrete with Non-Structural Asbestos-Concrete Sheets

This concrete bulkhead was formed with two monolithic pours, separated by a cold joint toward the bulkhead's east end (*See Photo 2.1*). There are a number of cracks throughout the top of the bulkhead. At some point after the initial construction, asbestos-concrete sheet piles were driven immediately in front of the concrete bulkhead, and topped with a small concrete cap (*See Photo 2.2*). As a result, it is difficult to see the face of the bulkhead to inspect for cracking or other areas of water infiltration. These asbestos-concrete sheets and small concrete cap are very brittle and may be broken with little force.

Being as they are of no apparent structural benefit, it is assumed that the asbestos-concrete sheet piles were placed in front of the larger concrete bulkhead to curtail the seepage of soils from behind the bulkhead. The ground behind the bulkhead is very soft and irregularly eroded. Only recently before the field observation was conducted, a large amount of fill was added above the sod in some low lying areas in an apparent effort to replace the eroded soils (*See Photo 2.3*). All of these observations indicate that the soil behind the bulkhead is seeping through cracks in the bulkhead.

It is recommended that the bulkhead be repaired to prevent soils from washing through the bulkhead, or that the bulkhead be replaced entirely. This bulkhead may be repaired by adding a geofabric layer behind the bulkhead and backfilling to inhibit the migration of soils through the bulkhead with seepage.



Photo 2.1: Concrete Bulkhead with Asbestos-Concrete Sheets



Photo 2.2: Asbestos-Concrete Sheet Piles In Front of Wall



Photo 2.2: Recently Placed Imported Fill

Bulkheads 3 & 4, East and West Sides of 88th St. Bridge

Approximate Length of Bulkhead:	50' Each Side
Approximate Height of Bulkhead Above Mudline:	5''
Bulkhead material:	Concrete Sheets with Concrete Cap and H-Piles

The 88th St. Bridge appears to have been built or repaired more recently than all the bulkheads in this study and is marked 1989, indicating the year of its initial construction. The bridge is affixed on its east and west ends to concrete abutments (*See Photo 3.1*). Each of these abutments is located behind a concrete bulkhead, with the area between each bulkhead and abutment being backfilled with soil and cement-filled sacks.

The caps on the bulkheads under the bridge appear to be relatively new, and there is minimal cracking on the concrete sheets. However, in three locations behind the concrete bulkheads (one on the east side, two on the west side), there are deep depressions in the backfill area (*See Photo 4.1*). At each of these locations, on the bottom of the bulkhead sheets near the mudline, there is a rectangular hole with approximate dimensions of 2' wide by 1' tall. It is unknown whether these holes are directly correlated to the depressions in backfill witnessed behind them.

The abutments themselves have weep holes which are used to convey stormwater from behind the abutments or other areas to the backfilled area. It is possible that this stormwater from the bridge deck and/or tidal water infiltrating the bulkhead are liquefying the backfill and allowing it to escape through the aforementioned holes. It could also be that settling by the bridge caused these backfilled soils to shift.

The presence of the bridge above the 88th St. bulkheads complicates their repair or replacement. It is unknown whether the bulkheads provide any structural stability to the abutments themselves. In any scenario, the bulkheads should be repaired with geofabric and/or epoxy grout to curtail further soil migration, and backfilled to match the existing level of fill elsewhere behind the bulkheads.



Photo 3.1: Concrete Cap In Front of Abutment with Backfill



Photo 4.1: Sunken Area between Concrete Bulkhead and Bridge Abutment

Bulkhead 5, End of 88th St on Isle of Biscaya

Approximate Length of Bulkhead:	49'
Approximate Height of Bulkhead Above Mudline:	6-7'
Bulkhead material:	Concrete Sheets, H-Piles, Batter Piles, Concrete Cap

This bulkhead, like Bulkhead 1, is in a state of considerable disrepair. When it was originally constructed, the bulkhead was comprised of concrete sheets, H-piles, and a concrete cap. There is at least one tie-back rod that has pulled through the concrete sheet pile (*See Photo 5.1*) indicating that at some point the bulkhead was leaning forward enough to compromise the tie-back system.

Later on, batter piles and a newer concrete cap were added to laterally support a bulkhead that was tipping forward. The batter piles and cap were installed to provide lateral support to the top of the bulkhead, and tilted the bulkhead back toward vertical. This may have been done to defer the cost of a full bulkhead replacement. Riprap was added to prevent scour along the mudline.

At least two of the batter piles appear to be exhibiting signs of failure. The westernmost batter pile is tilted at an angle that is not perpendicular to the bulkhead face. This causes non-axial loading and reduces the effectiveness of the batter pile. It is not known whether the pile was constructed in this fashion, or whether the pile shifted as the result of an impact or shifting subgrade.

At the other end of the same bulkhead, the joint at which the easternmost batter pile connects with the cap has corroded to such a point that the steel is entirely exposed and rusted and the concrete that should be surrounding it is absent (*See Photo 5.2*). This batter pile is not likely providing optimal support to the bulkhead.

Presently, the concrete sheets themselves are highly weathered, (*See Photos 5.3, 5.4, 5.5*). The concrete binder in the sheets has eroded away, showing loose aggregate in the concrete sheets where the bulkhead is exposed to tidal fluctuations. There is a 12" metal water pipe that enters the wall at its midpoint, so any repair would have to make considerations for it.

It is recommended that this bulkhead be replaced.



Photo 5.1: Tie Rod Pulled Through Sheet Pile



Photo 5.2: Exposed Steel Reinforcement in Batter Pile



Photo 5.3: Degraded Concrete Sheet Piles



Photo 5.4: Degraded Concrete Sheet Piles



Photo 5.5: Degraded Concrete Sheet Piles

Bulkhead 6, Irving Ave. & Bay Drive

Approximate Length of Bulkhead:	47'
Approximate Height of Bulkhead Above Mudline:	6-7'
Bulkhead material:	Concrete Sheets, H-Piles, Batter Piles, Concrete Cap

This bulkhead is similar in type and size to Bulkhead 5, but without the same degree of deterioration. The same batter pile system with a new cap is in place and it is supporting concrete sheet piles with H-pile supports, along with the 12" water main, just like the previously Bulkhead 5.

Unlike the previously mentioned bulkhead, the sheets themselves appear to be in good condition and the tieback systems show no signs of failure. There is some rust bleeding through the concrete that should be repaired with an epoxy grout and monitored for future degradation. In two other locations, some of the supporting concrete has broken away and exposed the underlying steel. These locations will need to be patched to prevent further corrosion (*See Photos 6.1, 6.2*). Some minor soil subsidence can be seen behind the wall.

It is important to note when considering repairing Bulkheads 5 and 6 that there is a 50' navigable waterway between them, so any major repairs would have to take that into consideration.



Photo 6.1: Exposed Steel Reinforcement



Photo 6.2: Exposed Steel Reinforcement

Bulkhead 7, 90th St. and Bay Dr.

Approximate Length of Bulkhead:	47'
Approximate Height of Bulkhead Above Mudline:	6-7'
Bulkhead material:	Interlocking Concrete Sheet Piles with Concrete Cap

This bulkhead is comprised of interlocking concrete sheets piles. The sheets themselves are not connected by any H-piles or batter piles but as interlocking sheets sealed with hydraulic cement (*See Photo 7.1*). The sheets appear to be in good condition. The area behind the bulkhead is exhibiting sunken areas indicative of seepage between the joints, though no such cracks between the joints could be located. The sheets themselves fit together somewhat angularly; they are not aligned in parallel as a bulkhead face. It is possible that they have twisted over time under lateral stresses, that they became contorted when the new cap was installed, or that they were installed as described. The cap appears to be in good condition. There is riprap at the base of the sheets which helps to prevent scour along the toe of the bulkhead.

Efforts were made to locate a tieback rod on this bulkhead. An 8' long trench was dug behind the bulkhead to a depth of 4', but no tie rods were encountered. No areas of seepage were observed within the trenched area behind the wall, though the trench did not traverse the entire length of the wall.

Although the wall does not appear to be in need of immediate repair, the twisted sheet piles along with the washouts are a matter of concern and the Town may wish to include this wall in a comprehensive repair/replacement plan.



Photo 7.1: Joint between Concrete Sheet Piles

Bulkhead 8, 92nd St. and Bay Dr.

Approximate Length of Bulkhead:	62'
Approximate Height of Bulkhead Above Mudline:	7'
Bulkhead material:	Concrete Sheet Piles with Batter Piles, H-Piles, and Concrete Cap

This bulkhead is comprised of concrete sheet piles with batter piles supporting the sheets on the southern half of the bulkhead and H-piles supporting the sheets on the northern end of the bulkhead. There are two large metal pipes that belong to FDOT passing over the bulkhead and connecting to a pump station on the property. There is also a drainage outfall pipe that passes through the bulkhead.

The cap and batter piles are newer than the sheets, and some patch work exists along the bulkhead. There do not appear to be any sunken areas behind the bulkhead, and generally the bulkhead is in good condition.

There are some existing tie back rods that are rusting and exposed to tidal fluctuations (*See Photo 8.1*). It is recommended that these areas and others that are exhibiting rusting be patched with an epoxy grout to prolong the useful life of the wall. Additional repairs should be made to some cracking that can be seen in the supporting H-piles (*See Photo 8.2*).



Photo 8.1: *Rusted Tie-back Rod End*



Photo 8.2: *Cracks Observed in H-piles*

Bulkhead 9, 93rd St. and Bay Dr.

Approximate Length of Bulkhead:	35'
Approximate Height of Bulkhead Above Mudline:	8'
Bulkhead material:	Concrete Sheet Piles with H-Pile Supports and Concrete Cap

This bulkhead is comprised of concrete sheet piles with H-piles supporting them. Like the previous bulkhead, the sheets are in good condition. The cap is relatively new, but displays “honeycombing” on its underside (*See Photo 9.1*), indicating that it was not properly vibrated to allow the voids to be filled before the concrete was allowed to cure. The tieback rods that pass through the H-piles have been covered with mortar to prevent corrosion. Some of this mortar has chipped away, and may require replacement.

Of greater consequence to the structural integrity of the overall bulkhead is the presence of a very large vertical shear crack running from the top of the cap to at least the mudline at the bulkhead’s center (*See Photos 9.2, 9.3*). The bulkhead has split via shearing, and the sections are offset from one another by a couple of inches. Two tieback rods were installed in the cap, one on each side of the crack, as a means of repairing the crack, but the crack provides an avenue for soils to wash away from behind the bulkhead.

Though there are no buildings or other significant sources of dead loading in the vicinity of the crack, it was likely caused by temporary overloading, possibly a vehicle driven close to the bulkhead edge. In any case, the crack should either be sealed from both sides or the bulkhead may need to be replaced.



Photo 9.1: Honeycombing in Concrete Cap



Photo 9.2: Vertical Shear Crack in Wall Face and Cap



Photo 9.3: Vertical Shear Crack

Bulkhead 10, 94th St. and Bay Dr.

Approximate Length of Bulkhead:	40'
Approximate Height of Bulkhead Above Mudline:	6'
Bulkhead material:	Concrete Sheet Piles with H-Piles and Concrete Cap

This bulkhead has concrete sheet piles with an older concrete cap and H-piles. There is a drainage outfall in the center of the bulkhead that is overgrown with mollusks. There doesn't appear to have been any repairs conducted on this bulkhead and the soil behind it is badly washed away. There is some longitudinal cracking along the cap (*See Photo 10.1*), but there is almost no seepage of rust from the reinforcement, so the cracks may be fairly new.

Efforts were made to excavate a tie rod for inspection. The rod was found to be encased in a thick layer of concrete (*See Photo 10.2*). It is assumed that this was part of the bulkhead's plans as a means of protecting the tie rod from corrosion.

This bulkhead is a candidate for repair, rather than replacement. An epoxy-grout may be used to seal some of the cracks that have appeared in the cap and prolong the bulkhead's useful life.



Photo 10.1: Longitudinal Cracking Along Cap



Photo 10.2: Concrete-Encased Tieback Rod

Bulkhead 11, 95th St. and Bay Dr.

Approximate Length of Bulkhead:	45'
Approximate Height of Bulkhead Above Mudline:	7'
Bulkhead material:	Concrete Sheet Piles with King Piles with Concrete Cap

This bulkhead contains king piles supporting concrete sheet piles. Many of the king piles are severely cracked (*See Photos 11.1, 11.2*) around the tiebacks to the extent of sacrificing structural viability. Much of the steel reinforcement contained within all parts of the bulkhead is corroded with rust exiting through cracks in the bulkhead (*See Photos 11.1-11.6*).

In some areas, the binder has eroded away from the sheets piles, exposing the aggregate (*See Photos 11.3, 11.4*). A newer cap was added at some point, but the bottom of the cap has broken away due to spalling, exposing the lower layer of steel reinforcement and subjecting it to further corrosion (*See Photos 11.3, 11.4*). Though the cap appears to be younger than the king piles and sheet piles, there are cracks in the cap that run perpendicular to the face and pass all the way through the cap.

The sheet piles are severely degraded, with the binder having been worn away and the aggregate showing in a large area. There is rust leaking through a number of cracks throughout the bulkhead.

This bulkhead is highly deteriorated and should be replaced.



Photo 11.1: Cracking in King Pile



Photo 11.2: Cracking in King Pile, Spalling Cap



Photo 11.3: Degraded Sheet Piles, Spalling Cap



Photo 11.4: Cracking in King Pile & Cap, Degraded Sheet Piles



Photo 11.5: Rusted Steel Reinforcement Leaking Through Wall



Photo 11.6: Spall Cracking in Cap, Rusted Reinforcement

Bulkhead 12, Surfside Park

Approximate Length of Bulkhead:	250'
Approximate Height of Bulkhead Above Mudline:	6-10'
Bulkhead material:	Concrete Sheet Piles with H-Piles and Concrete Cap

The section of bulkhead running along Surfside Park is made up of concrete H-piles and concrete sheet piles. The bulkhead is in fair condition with some cracking and rusting present in the sheet piles and around the tiebacks. Some patchwork exists throughout the bulkhead. Many of the tieback rods pass through the bulkhead at abnormal locations (*See Photo 12.1*), rather than through the conventional center of the H-pile supports. Most of the tieback ends have been covered with mortar that is now chipping away (*See Photos 12.1, 12.2*). This mortar may need to be chipped away and replaced. One tieback rod was dug up, and appeared to be in good condition, though the area around it had washed away considerably (*See Photo 12.3*).

The bulkhead is in very close proximity to athletic facilities in the park, including basketball courts. There is perhaps a foot of clearance between the back of the cap and the beginning of the paved area. Within this foot, there are large sink holes that extend underneath the pavement and indicate seepage through the wall. These holes should be filled to prevent further erosion. The installation of a geofabric behind the wall would serve to mitigate this erosion in the future, though it would be impossible to excavate the soil behind the bulkhead without disrupting the foundation to park facilities.

Another apparent failure existing in the bulkhead is a longitudinal crack beneath the central axis of the cap that runs nearly the entire length of the bulkhead (*See Photos 12.1, 12.2, 12.4-12.6*). This crack is likely due to improper coverage of concrete over the steel reinforcement. As with other areas discussed in this report, cracks like this allow rain and saltwater to enter the concrete cap. When this water reaches the steel reinforcement, it causes it to swell and rust. This rust is present on nearly the entire length of the crack.

At a minimum, the concrete should be broken away from the steel where the longitudinal crack is present and the cap should be cast to provide adequate coverage to the steel reinforcement. This should help to prevent saltwater and freshwater intrusion. It should also be noted that there are areas of spalling beneath the Kane Concourse/96th St. Bridge which adjoins Surfside Park bulkhead to the north (*See Photo 12.7*). Some of the concrete has been broken away so much that the entire steel reinforcement cage may be seen. It is assumed that the portion of the bulkhead belongs to FDOT and is not the immediate responsibility of the Town of Surfside.



Photo 12.1: Longitudinal Spall Cracking in Cap, Rusted Reinforcement, Tieback Not Centered



Photo 12.2: Longitudinal Spall Cracking in Cap, Rusted Reinforcement



Photo 12.3: Excavated Tieback Rod in Good Condition



Photo 12.4: Longitudinal Spall Cracking in Cap, Rusted Reinforcement



Photo 12.5: Longitudinal Spall Cracking in Cap, Rusted Reinforcement



Photo 12.6: Longitudinal Spall Cracking in Cap, Rusted Reinforcement



Photo 12.7: Longitudinal Spall Cracking in Cap beneath FDOT Bridge

SECTION THREE

SUMMARY

Most of the bulkheads within the scope of this inspection are due for repair or replacement. With proper design, construction, and maintenance, a seawall or bulkhead can last for up to 50 years, though many require replacement as soon as 30 years or even earlier. It is estimated that many of the bulkheads mentioned in this report are 40+ years old and have exhausted their usable life.

As a means of prioritizing the bulkheads for remediation, the following categories have been assigned:

1. Severe damage to structural integrity and/or aesthetics:
 - a. Bulkhead 1: Carlyle Ave. & 88th St.
 - b. Bulkhead 5: End of 88th St. on Isle of Biscaya
 - c. Bulkhead 11: 95th St. and Bay Dr.
2. Moderate damage to structural integrity and/or aesthetics:
 - a. Bulkhead 2: Froude Ave. & 88th St.
 - b. Bulkhead 7: 90th St. and Bay Dr.
 - c. Bulkhead 9: 93rd St. and Bay Dr.
 - d. Bulkhead 12: Surfside Park
3. Minor damage to structural integrity and/or aesthetics:
 - a. Bulkheads 3 & 4: 88th St. Bridge
 - b. Bulkhead 6: Irving Ave. & Bay Dr.
 - c. Bulkhead 8: 92nd St. and Bay Dr.
 - d. Bulkhead 10: 94th and Bay Dr.

SECTION FOUR

RECOMMENDATIONS AND OPINION OF PROBABLE COST

Measures should be taken to replace most of the bulkheads. Under ideal circumstances, the Town of Surfside should consider a comprehensive replacement plan for the bulkheads to reduce shared costs for construction items such as mobilization. If the cost to repair a bulkhead that is 40+ years old are half the cost of replacing the wall entirely, and a repair will afford the town 10 years of useable life while the replacement will provide 50 years of useable life, it is in the Town's best long-term interest to replace the bulkheads. Assuming that the Town chooses to replace all bulkheads within the scope of this investigation except for the two beneath the 88th Street Bridge, which are recommended for repair, it is estimated that approximately \$960,000 in construction costs will be needed to complete the construction of the required replacements. This quote is based upon an average unit cost of \$1,200/LF provided by two local marine contractors.

It is understood that the Town may wish to replace only the bulkheads in the worst condition and make repairs to extend whatever usable life the remaining bulkheads may possess. As an alternative to replacing all of the bulkheads and based upon the categorization described in the summary above, the following recommendations are made:

1. Where severe damage to the structural integrity of the bulkhead has been observed, it is recommended that the bulkhead be replaced entirely.
2. Where the structural integrity of the bulkhead appears to be in salvageable condition but damage is moderate, it is recommended that the bulkhead be either repaired or replaced.
3. Where the bulkhead exhibits minor cracking or degradation, it is recommended that the bulkhead be repaired.

Title: **Comprehensive Everglades Restoration Plan Support**

Objective: To approve the Comprehensive Everglades Restoration Plan Support Resolution.

Consideration: The Comprehensive Everglades Restoration Plan (CERP) was developed in the 1990s with widespread public interest and support. Many public meetings were held and thousands of people provided input into the final plan – resulting in a widely supported plan that balances many competing interests.

In 2000, Congress authorized CERP, the largest environmental restoration effort in history. CERP will enhance Everglades wetlands and associated lakes, rivers, and bays in the 16-county region of south Florida. CERP projects will capture and store much of the 1.7 billion gallons of water a day currently lost to the Atlantic Ocean and Gulf of Mexico, to revitalize south Florida’s natural environment.

Both the U.S. Army Corp of Engineers (USACE) and the South Florida Water Management District (SFWMD) are working to centralize planning of four projects at the heart of the restoration and they are seeking public input and support before requesting Congressional approval of their Project Implementation Report for the Central Everglades Planning Process. Through this resolution, the Town of Surfside will demonstrate its commitment to and support of CERP.

RESOLUTION NO. _____

**RESOLUTION OF THE COMMISSION OF THE TOWN OF
SURFSIDE, FLORIDA SUPPORTING THE CENTRAL
EVERGLADES PLANNING PROJECT FOR THE
RESTORATION OF THE CENTRAL EVERGLADES,
PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, the Greater Everglades Ecosystem is an imperiled habitat; and

WHEREAS, Everglades National Park is critical to South Florida's tourism, with nearly a million visitors each year; 30 percent of whom are from outside the United States; and

WHEREAS, the Everglades ecosystem has continued to decline in the face of restoration delays and an expedited solution is needed to increase the quality, quantity, timing, and distribution of freshwater flows into the central Everglades, Everglades National Park, and Florida and Biscayne Bays; and

WHEREAS, increased deliveries of water south of Lake Okeechobee will reduce damaging discharges to the Caloosahatchee and St. Lucie estuaries; and

WHEREAS, the goal of the Central Everglades Planning Project (CEPP) is to significantly reduce planning times and deliver a finalized plan for a suite of restoration projects in the central Everglades within 18 months; and

WHEREAS, full support and funding by the State of Florida and the U.S. Congress is needed to implement this project that will restore and protect the regional water supply, create much needed jobs and strengthen the local economy.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE TOWN OF SURFSIDE:

Section 1. Recitals. The above and foregoing recitals are true and correct and are incorporated herein by reference.

Section 2. Approval and Support. That the Town of Surfside supports the completion of a Project Implementation Report (PIR) by the South Florida Water Management District and the U.S. Army Corps of Engineers through the CEPP by May 2013 that addresses key obstacles for restoring freshwater flows and implements meaningful ecological and economic benefits toward restoring America's Everglades.

Section 3. Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED and ADOPTED on this ____ day of _____, 2012.

Motion by Commissioner _____, Second by Commissioner _____.

FINAL VOTE ON ADOPTION

Commissioner Michelle Kligman _____

Commissioner Marta Olchyk _____

Vice Mayor Michael Karukin _____

Mayor Daniel Dietch _____

Daniel Dietch, Mayor

Attest:

Sandra Novoa, Town Clerk

**Approved as to form and legal sufficiency
For the Town of Surfside only:**



Lynn M. Dannheisser
Town Attorney

Sandra Novoa

From: Lynn Dannheisser
Sent: Tuesday, June 19, 2012 4:14 PM
To: Sandra Novoa
Cc: Lynn Dannheisser
Subject: Fwd: Item for next month Commissioner's meeting.

Sandra:

On the below item (first one), the Commissioner would like to amend to qualify the first clause to say " When a Commissioner gives advance notice that s/he will be absent..."

Thanks.

Lynn

Sent from my iPad

Begin forwarded message:

From: Marta Olchyk <molchyk@townofsurfsidefl.gov>
Date: June 18, 2012 3:11:56 PM EDT
To: Lynn Dannheisser <ldannheisser@townofsurfsidefl.gov>, Roger Carlton <RCarlton@townofsurfsidefl.gov>, Daniel Dietch <ddietch@townofsurfsidefl.gov>
Cc: Martha Olchyk <olchykom@aol.com>
Subject: Item for next month Commissioner's meeting.

I would like for you to include the following motion as an agenda item:

When there is a Commissioner (s) absent from the Commissioner's Regular monthly meeting neither one of these two items should be included in the agenda :
 Expenditures for salaries, wages, fringe benefits for any/ all Surfside employees including but not limited to all current, or future executive, legislative, supervisors and any/ all other Surfside personnel.
 Additional expenditure for any future obligations in the form of purchase orders, contracts, not included in the current budget approved should not be included in the agenda either.

If you think they should be two different motions please prepare them as such.
 Thanks so much,
 Marta

Sandra Novoa

From: Lynn Dannheisser
Sent: Monday, June 18, 2012 5:50 PM
To: Marta Olchyk; Roger Carlton; Daniel Dietch
Cc: Sandra Novoa
Subject: RE: Item for next month Commissioner's meeting.

Commissioner:

Speaking only to the procedural issues, these might be more appropriate for discussion first under Section 9 of the Agenda. Then, if the Commission so desires or directs it can become a legislative item. I am copying Sandra for agenda purposes.

Lynn

From: Marta Olchyk
Sent: Monday, June 18, 2012 3:11 PM
To: Lynn Dannheisser; Roger Carlton; Daniel Dietch
Cc: Martha Olchyk
Subject: Item for next month Commissioner's meeting.

I would like for you to include the following motion as an agenda item:

When there is a Commissioner (s) absent from the Commissioner's Regular monthly meeting neither one of these two items should be included in the agenda :

Expenditures for salaries, wages, fringe benefits for any/ all Surfside employees including but not limited to all current, or future executive, legislative, supervisors and any/ all other Surfside personnel.

Additional expenditure for any future obligations in the form of purchase orders, contracts, not included in the current budget approved should not be included in the agenda either.

If you think they should be two different motions please prepare them as such.

Thanks so much,
Marta



Town of Surfside Commission Communication

Agenda Item #: 9C

Agenda Date: August 15, 2012

Subject: Selection of Design for 95th Street Project: Collins Avenue to Hardpack

Background: The Administration brought forth the concept of upgrading 95th Street from Abbott Avenue to the hardpack as a linkage between the residential areas on Collins Avenue and the commercial district on Harding Avenue. After much discussion the decision was reached to retain Bermello Ajamil (from a preapproved rotation of firms) to design only the segment from Collins Avenue to the hardpack (Resolution No. 2012-2093 – Attachment 1).

Analysis: Bermello Ajamil has produced five alternatives. The Base study is what we will have if the sidewalks are upgraded as part of the construction of the seven new townhouses and the new crosswalks are installed on Collins Avenue. Option 2A is the preferred alternative from the standpoint of constructability, maintenance and cost. Options 1, 3, 4 and 4A are all interesting, however, are not feasible for a variety of reasons. The alternative designs make up Attachment 2.

Financing: The Development Agreement for the Grand Beach Surfside hotel provides \$200,000 for this project. The developer of the 9501 Collins project originally agreed to \$100,000, increased that amount to \$150,000 by foregoing a security deposit paid nearly six years ago and has further agreed to an additional \$35,000 for a total of \$185,000. This means that \$385,000 is available for the project. Approximately \$67,000 is required for design leaving a balance of \$318,000. Staff is working with Bermillo Ajamil and a number of contractors to value engineer the project.

Recommendation: It is recommended that the Town Commission accept Option 2A and authorize the Administration to seek bids. When that process is over a final package including funding and costs will be brought for final approval.

Roger M. Carlton, Town Manager

Bill Evans, Public Works Director

RC/dh

RESOLUTION NO. 2012-2093

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, CONFIRMING THE AWARD TO BERMELLO AJAMIL FOR THE SCHEMATIC DESIGN OF THE 95TH STREET END UPGRADE; AUTHORIZING AN EXPENDITURE NOT TO EXCEED \$67,000; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town of Surfside Commission adopted Resolution No. 11-2048 accepting a donation in the amount of \$100,000 from Greystone Residential, LLC (the 9501 Collins Avenue Townhome Project) toward upgrading the 95th Street End from Collins Avenue to the hard pack; and

WHEREAS, Greystone Residential LLC has added \$50,000 to the available funds by releasing the deposit made to the Town; and

WHEREAS, the Grand Beach Surfside Hotel Development Order requires the Developer to provide \$200,000 to the project; and

WHEREAS, Bermello Ajamil was awarded participation in the Town's rotation of architects and engineers by Resolution No. 2010-1981, and

WHEREAS, the Town Administration has moved forward to award the design of this block which was accepted using Bermillo Ajamil in amount of \$67,000 during the June 12, 2012 Town Commission meeting; and

WHEREAS, it is in the best interest of the Town to confirm the award of the design for the 95th Street End project and the agreement with Bermello Ajamil in the amount of \$67,000.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The above-stated recitals are hereby adopted and confirmed.

Section 2. Approval and Authorization. The Town Commission authorizes and confirms a Task Order with Bermello Ajamil in the amount of \$67,000 the cost of which will be provided from the \$350,000 developer contribution referenced above.

Section 3. Effective Date. This Resolution shall be effective immediately from adoption hereof.

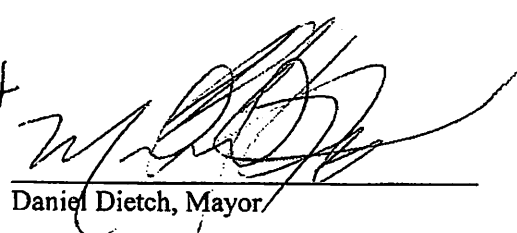
PASSED and ADOPTED on this 17 day of July, 2012.

Motion by Commissioner Kligman, second by Commissioner Olchyk.

FINAL VOTE ON ADOPTION

Commissioner Michelle Kligman
Commissioner Marta Olchyk
Vice Mayor Michael Karukin
Mayor Daniel Dietch

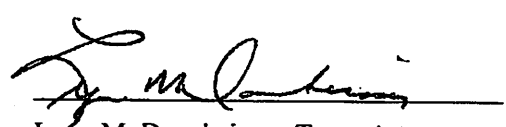
yes
yes
yes
Absent

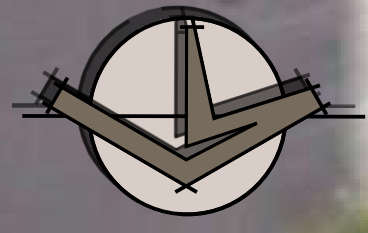

Daniel Dietch, Mayor

ATTEST:


Sandra Novoa, CMC
Town Clerk

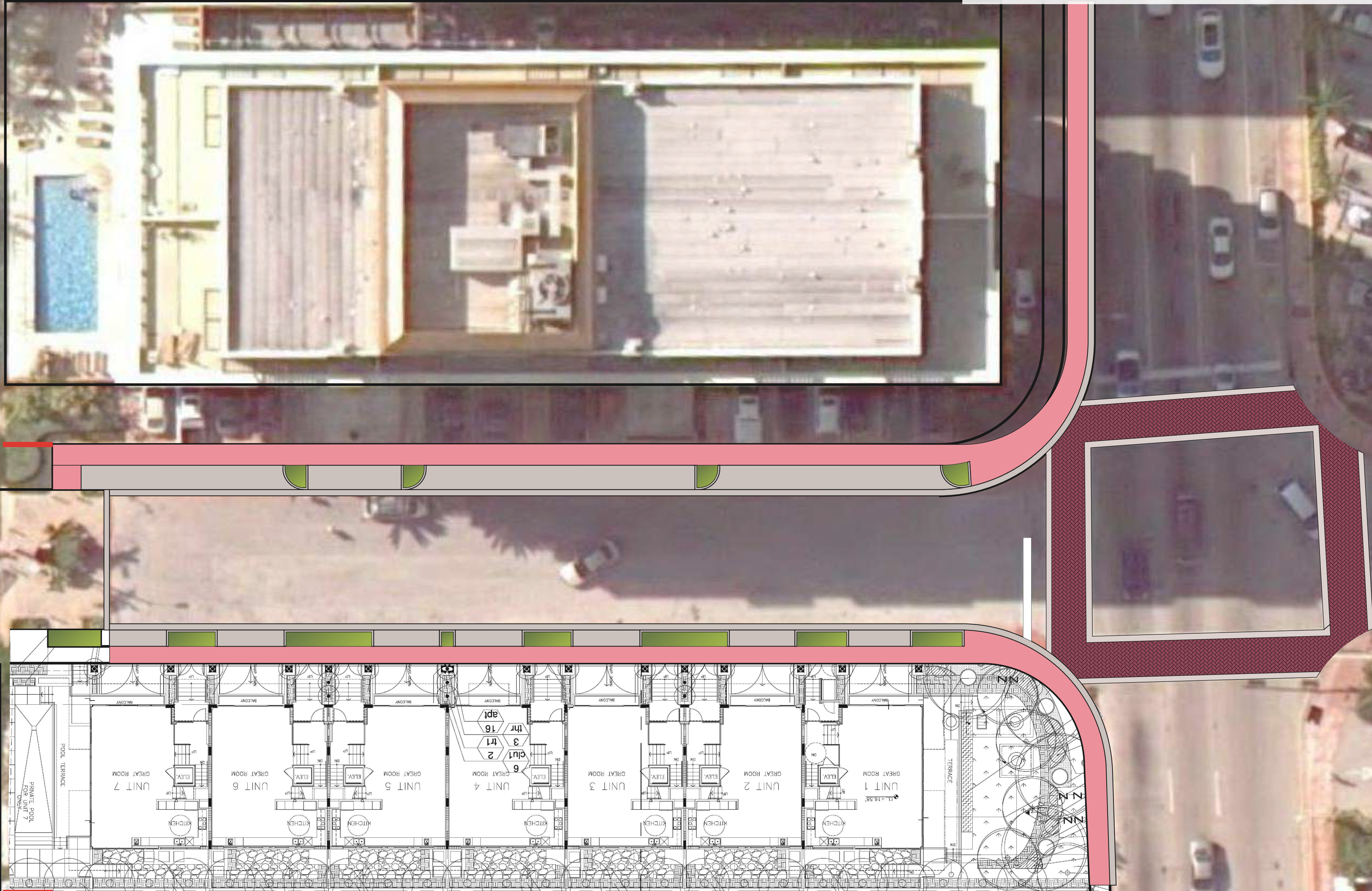
**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY FOR THE TOWN OF SURFSIDE ONLY:**


Lynn M. Dannheisser, Town Attorney



0' 16' 32' 48'

Base



95th Street - Collins Ave. - Surfside
TOWN OF SURFSIDE, FLORIDA
07-30-2012



0' 16' 32' 48'

Streetscape Option #1

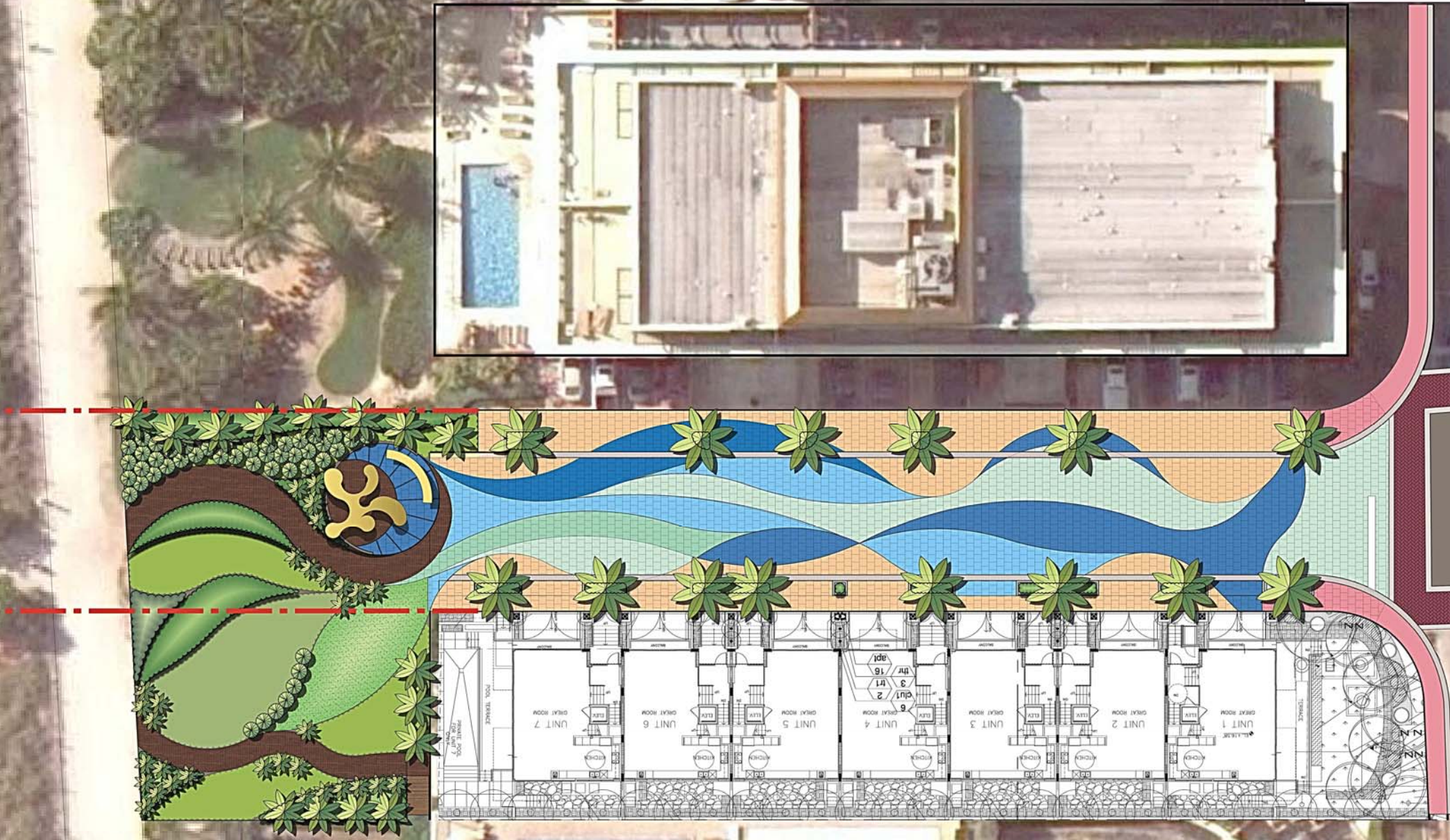


95th Street - Collins Ave. - Surfside
TOWN OF SURFSIDE, FLORIDA
07-30-2012



0' 16' 32' 48'

Streetscape Option #2a





0' 16' 32' 48'

Streetscape Option #3



95th Street - Collins Ave. - Surfside
TOWN OF SURFSIDE, FLORIDA
07-30-2012

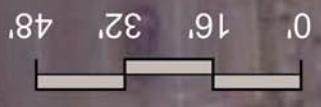


0' 16' 32' 48'

Streetscape Option #4



95th Street - Collins Ave. - Surfside
TOWN OF SURFSIDE, FLORIDA
07-30-2012



Streetscape Option #4a



95th Street - Collins Ave. - Surfside
TOWN OF SURFSIDE, FLORIDA
07-30-2012



Town of Surfside Commission Communication

Agenda Item: 9D

Agenda Date: August 15, 2012

Subject: Miami-Dade Library System and Surfside Resident Library Card Reimbursement

Background: As part of the closure of the Surf-Bal-Bay Library in 2010, and in an effort to provide Surfside residents access to library services, the Town Commission authorized a policy of reimbursing the cost of one Miami-Dade Library Card per household per year.

Initially the cost per card was fifty dollars (\$50.00) and the program was based on similar initiatives offered by Bal Harbour and Bay Harbor Islands to their residents. At that time the Surfside Shuttle's route was adjusted to include a stop at the library located at 7501 Collins Avenue in Miami Beach. With the recent interlocal agreement with the Sunny Isles Shuttle, Surfside residents can also now easily access the newer library branch at 18070 Collins Avenue. The library card furthermore entitles the user to download books and information via online access.

Presently the cost per card is one hundred dollars (\$100.00). Residents must secure their card from a library branch and then bring their receipt, proof of Surfside residency and photo identification to the Town Hall Front Office. Once completing a reimbursement form and all documents are verified by Town Staff, a reimbursement check is issued to the resident within thirty days. The Finance Department maintains records to manage the one card per household per year policy. The present Fiscal Year 11/12 budget has \$15,000.00 allocated for this initiative. This equates to 150 household reimbursements and reflects the typical yearly usage of this program.

Miami-Dade Library is now offering a service whereby the Town would be billed monthly for cards issued to Surfside residents. This service would require a change in the existing reimbursement system and would eliminate the wait period presently experience by residents for reimbursement. An interlocal agreement would be required to begin this service.

Analysis: Miami-Dade Library does not have a method of controlling the number of cards issued per household. The Town would need to inform residents of the limit and rely on an honor system as a means of control. Furthermore, the Town is no longer able to maintain any type of records on Library Patrons per Florida State Statue (Attachment A). The new system would require residents to pick up an official Town approved library card application by presenting proof of residency and photo identification at Town Hall. They would then need to take this application to one of the following four branches only for card issuance: Miami Beach Regional, Sunny Isles, North Shore or Main Library.

Should the Town Commission authorize proceeding with an interlocal agreement with the Miami-Dade Library System, the item would be part of the September 19, 2012 Town Commission Agenda. The approved agreement would then be placed on the County Recreation and Culture Committee October 2012 Agenda with the Board of County Commission reviewing the item in November 2012.

Budget Impact: The Fiscal Year 12/13 Proposed Budget includes \$15,000.00 for this program. It is important to note that the cost of a library card could increase as evidenced by the one hundred percent (100%) increase recently instituted. Also, due to the State Statute the Town will no longer be able to manage the one card per household per year existing policy.

Staff Impact: Existing staff would be utilized to implement this new process or maintain an amended existing system to comply with the Statute.

Recommendation: Decline respectfully to participate in this program offering as the inconvenience to our residents seems greater as does the risk of abuse. By way of information, we have never received a complaint regarding the thirty day waiting period for reimbursement.



Department Head



Town Manager

**The 2010
Florida
Statutes(inclu
ding Special
Session A)**

Title XVIII

**PUBLIC LANDS AND
PROPERTY**

Chapter 257

**PUBLIC LIBRARIES AND STATE
ARCHIVES**

**[View Enti](#)
[Chapte](#)**

257.261 Library registration and circulation records.—

(1) All registration and circulation records of every public library, except statistical reports of registration and circulation, are confidential and exempt from the provisions of s. [119.07](#)(1) and from s. 24(a) of Art. I of the State Constitution.

(2) As used in this section, the term "registration records" includes any information that a library requires a patron to provide in order to become eligible to borrow books and other materials, and the term "circulation records" includes all information that identifies the patrons who borrow particular books and other materials.

(3)(a) Except in accordance with a proper judicial order, a person may not make known in any manner any information contained in records made confidential and exempt by this section, except as otherwise provided in this section.

(b) A library or any business operating jointly with the library may, only for the purpose of collecting fines or recovering overdue books, documents, films, or other items or materials owned or otherwise belonging to the library, disclose information made confidential and exempt by this section to the following:


1. The library patron named in the records;
2. In the case of a library patron less than 16 years of age, the parent or guardian of that patron named in the records;
3. Any entity that collects fines on behalf of a library, unless the patron is less than 16 years of age, in which case only information identifying the patron's parent or guardian may be released;
4. Municipal or county law enforcement officials, unless the patron is 16 years of age, in which case only information identifying the patron's parent or guardian may be released; or
5. Judicial officials.

(4) Any person who violates this section commits a misdemeanor of the second degree, punishable as provided in s. [775.082](#) or s. [775.083](#).

History.—s. 1, ch. 78-81; s. 1, ch. 89-18; s. 1, ch. 96-220; s. 112, ch. 96-406; s. 1, ch. 2003-13; s. 6, ch. 2003-126



MEMORANDUM

TO: Elected Officials
FROM: Roger M. Carlton, Town Manager 
CC: Lynn Dannheisser, Town Attorney and Miriam Maer, Acting Town Attorney
DATE: August 15, 2012
SUBJ: Public Information Campaign for Charter Amendment Election

BACKGROUND: The community has been very involved in the Charter Amendment process for nearly four years. A Charter Review Board was established by Resolution No. 2008-1840, May 27, 2008 and that Board met from October 6, 2008 through February 16, 2010 in a series of eight meetings, which were also televised. A comprehensive series of Charter Amendments was presented to the Town Commission on March 9, 2010 and the decision was reached to only place on the ballot the termination of the Personnel Appeals Board since many of its functions have been replaced by new state and federal legislation as well as the collective bargaining process. That initiative failed due predominately to a very weak public information campaign which in turn allowed the measure to be negatively cast as "taking away employee rights."

CONSIDERATION: During a public workshop held at the Community Center on April 30, 2012, the Town Commission determined to place four Charter Amendment measures on the ballot for November 6, 2012. Charter Amendment 2 was removed from the discussion on July 17, 2012. Therefore, three amendments will be on the ballot. These amendments include:

Charter Amendment 1: Preamble and Citizen's Bill of Rights

Charter Amendment 2: General and Special Elections of Commission Members (removed)

Charter Amendment 3: Mandatory Charter Review

Charter Amendment 4: Clarifying Density and Intensity (Height of Buildings)

In order for the citizens to understand the background and implications of these critically important initiatives, it is incumbent on the Town to develop a “value neutral” public information program. “Value neutral” means factually informative without suggesting how to vote.

Also during the July 17, 2012 Town Commission meeting a discussion was held regarding a “value neutral” public information campaign to help Surfside voters understand the issues. The Town Commission authorized the Town Manager and Town Attorney to detail the suggested program including costs.

RECOMMENDATION: The suggested program includes:

1. Advertising in the Miami Herald Neighbors three times to obtain a multiple placement discount. One time is required. It should be remembered that the purchase of advertising space is very competitive during a Presidential election and we need to commit the space as soon as possible. \$7,500
2. Mailing list cost to Surfside registered voters ranking those votes in accordance with the number of times they have voted in the last five elections. \$400
3. Two mailings to registered voters and production of materials. \$3,000
4. Two robocalls to registered voters. \$500
5. Speakers bureau visiting condominium board meetings. No cost
6. Use of Gazette, Town website and other materials distributed at various Town locations. \$1,000
7. Produce quality announcements for Channel 77 that would run for 30 days before the election. \$1,000

FISCAL IMPACT: The total cost of the public information program would be \$13,400 which is less than the \$20,000 estimated in the July 17, 2012 memorandum (**Attachment**). The Administration recommends this program to help our voters understand the critically important issues in a value neutral manner. Your approval of this allocation of not to exceed \$13,400 is recommended.

RC/dh



MEMORANDUM

TO: Elected Officials
FROM: Roger M. Carlton, Town Manager
CC: Lynn Dannheisser, Town Attorney
DATE: July 17, 2012
SUBJ: Public Information Campaign for Charter Amendment Election

BACKGROUND: The community has been very involved in the Charter Amendment process for nearly four years. A Charter Review Board was established by Resolution No. 2008-1840, May 27, 2008 and that Board met from October 6, 2008 through February 16, 2010 in a series of eight meetings. A comprehensive series of Charter Amendments was presented to the Town Commission on March 9, 2010 and the decision was reached to only place on the ballot the termination of the Personnel Appeals Board since many of its functions have been replaced by new state and federal legislation as well as the collective bargaining process. That initiative failed due predominately to a very weak public information campaign which in turn allowed the measure to be negatively cast as "taking away employee rights."

During a public workshop held at the Community Center on April 30, 2012, the Town Commission determined to place four Charter Amendment measures on the ballot for November 6, 2012. These amendments include:

Charter Amendment 1: Preamble and Citizen's Bill of Rights

Charter Amendment 2: General and Special Elections of Commission Members

Charter Amendment 3: Mandatory Charter Review

Charter Amendment 4: Clarifying Density and Intensity (Height of Buildings)

In order for the citizens to support these critically important initiatives, it is incumbent on the Town to develop a “value neutral” public information program. “Value neutral” means factually informative without suggesting how to vote.

The elements of a “value neutral” public information campaign include:

1. Advertising both required by law related to the ballot and dates of election as well as informational.
2. Collateral materials such as mailers, stories in the Gazette, handouts at special events and other traditional pieces that remain “value neutral”.
3. Educational program including meetings at the condos, speakers bureaus to attend events at the churches/synagogues and the Community Center, use of blogs, encouragement of absentee and early voters to participate and integration of the former Charter Review Committee members, where appropriate. A key element of the process is to have good graphics particularly to explain the density clarifying amendment and to ensure that the mailers are read and not trashed when they are received.
4. Advocacy by a private group or individual could also be an element of this effort. Advocacy is not constrained by the “value neutral” requirement of the public information campaign, for example, a small fund is raised by private individuals and businesses who believe in good government and reform. That group prepares the advertisements and mailers it wishes to use independently of the Town Staff.
5. Finances: the required advertising for the referendum will be approximately \$5000. It is recommended that an additional \$15,000 be set aside in the FY 12/13 budget for the “value neutral” public information campaign. If this amount is acceptable, a more detailed plan will be developed and presented to the Town Commission.

It should be remembered that the purchase of advertising space is very competitive during a Presidential election and we need to commit the space as soon as possible.

RC/dh



**Town of Surfside
Commission Communication**

To: Mayor and Members of the Town Commission

From: Roger M. Carlton, Town Manager

Date: August 15, 2012

Subject: Water/Sewer/Storm Drainage Project History and Status

Recommendation: It is recommended that the Town Commission accept this report which includes the history of the project and explains the previously authorized partial refinancing of the water/sewer/storm drainage (WSSD) debt issued by Regions Bank with funds provided and supplemented by the Florida State Revolving Fund (SRF).

Background: The Town's WSSD system on average is more than 60 years old. The elements of the system include water lines in residential back yards which have not been permitted by Miami Dade County for many years and which were so clogged (tuberculated) that fire flow is in question; sanitary sewers and laterals that were either in poor condition or had been repaired so often that the original line no longer existed; a storm drainage system that was grossly inadequate to handle heavy storms and tidal influences that also discharged unclean runoff into Biscayne Bay and was the subject of a more than 10 year old Consent Decree with the Miami Dade County Department of Environmental Resources (DERM), now Permitting, Environment and Regulatory Affairs (PERA); and a 65 year old force main that served both Bal Harbour Village and Surfside and carried sewage under Byron Avenue to a connector at 75th Street in the City of Miami Beach. This force main had never been inspected because it could not be shut down.

Prior to taking on the most comprehensive capital project in the Town's history, the Town was historically incurring repeated expensive emergency repairs; wasting more than \$200,000 per year due to the cost of infiltration/inflow as pipes either lost water or accepted rain/ground water that had to be treated as sewage; failing to establish a renewal and replacement fund to gradually replace the systems and putting the Town at risk of expensive litigation from regulatory agencies.

The two year ago and the current Town Commission took the initiative to undergo this very significant project that included the following actions:

1. A preliminary analysis by Ojito and Associates, Inc. had been submitted on March 3, 2006 that developed a scope of work for the project (Attachment 1). This report was reviewed by Calvin, Giordano and Associates after the firm was retained (Attachment 2).

2. TischlerBise was retained to study the rates necessary to allow the project to be funded including a progressive rate structure that would encourage conservation. This initial study (Attachment 3) was used to develop a rate ordinance that was adopted as an element of the FY 10/11 Budget. Those rates are still in place even though the rate study proposed rate adjustments in each of the next five years (Attachment 4). The initial rate adjustments were adopted by the Town Commission for FY 10/11. FY 11/12 and FY 12/13 (not yet adopted by the Town Commission) have not needed additional rate adjustments for a variety of complex reasons including this partial refinancing with SRF funds at a much lower interest rate that will be explained later in this memorandum.
3. A Citizen's Advisory Committee was appointed that provided substantial expertise to guide the project in its formative stages and met again on July 12, 2012 to review this partial refinancing. The original committee included Gerard Chenevert, Walter Lugo, Irving Levine, Jason Nevader, Marty Oppenheimer, Pete Hernandez and Bertha Goldenberg. Some of the members have left, however, Abraham Issa who has substantial financial expertise has joined.
4. Sergio Masvidal and Marissa Wortman of PFM Group, were retained as financial advisors and JoLinda Herring, Bryant Miller Olive, was retained as bond counsel. These individuals and their firms have substantial municipal financing experience particularly with the State Revolving Fund.
5. Calvin Giordano and Associates, which had been selected through a competitive procurement, was authorized by the Town Commission to complete the project design and to serve as the construction inspection/manager for a fixed price.
6. The construction documents were completed and the Town Commission approved a scope of work which included replacement of the majority of the water system; repair or replacement of the sanitary sewer system and upgrades to the sewer lift stations located on Byron Avenue at 93rd and 89th Streets; upgrades and expansion of the storm drainage system with three new lift stations; and, additive alternates for a street tree program, street sign replacement, traffic calming upgrades and improvements to the street ends throughout Town if the funds were projected to be available when the base water/sewer/storm drainage project nears completion.
7. Bal Harbour Village approached the Town to join in the construction of a new sewer force main on Collins Avenue from 97th Street to 73rd Street (including two blocks requested by Miami Beach) with each municipality paying 50 percent of the cost. Bay Harbor Islands has funded the cost of an emergency interconnect to the new force main in the event their own line on Collins Avenue cannot function. Bal Harbour Village advanced the entire cost of the new force main, managing the construction with their own consultant and our Staff's support. The project is now complete and operational. This had to be done on an expedited basis to finish before the FDOT repaving project was scheduled to begin since FDOT rules do not allow major utility construction for five years after a repaving project. The old line on Byron Avenue will soon be inspected to determine its future. When that is done, a 50 year Memorandum of Understanding will be developed regarding both force mains and Surfside's share of the construction will be fully paid. There will be more on how the force main project was funded later in this memorandum.

8. After a public prequalification process, the CGA designed project was publically advertised and seven (7) bids were received and reviewed. Staff and consultant review was extensive and the project was awarded to Ric-Man International by the Town Commission on June 14, 2011 with a 16 month substantial completion period for three phases beginning August 8, 2011 ending December 14, 2012 (Attachment 5). Even with the extensive rain we are experiencing this summer, the project is on schedule.
9. A project management team meets weekly led by Public Works Director Bill Evans and CGA Project Manager Chris Giordano. Ric-Man senior staff attends as well as the CGA inspection team and others as necessary. The Town Manager attends as needed to resolve issues and keep the team focused on the goal of timely completion within budget as adjusted for factors in this memorandum and with minimal impact on the community.
10. A project website has been established (www.utilityupgradeproject.com) that provides up to date information to citizens and data regarding the number of inquiries to management.
11. Mayor Daniel Dietch has established a platinum service policy that essentially requires two hour response to calls from residents regarding a myriad of issues. On average Staff deals with 10-15 calls daily.

The above eleven points establish the history of the project and how we have implemented the project to date. The next section of this recommendation will define the financial history of the project and explain the benefits of a partial refinancing of the Regions Bank loan using the Florida State Revolving Fund.

Project Financing: This section of the comprehensive update for the WSSD project will explain how the project was financed originally and how the financing will evolve to complete the project while providing the ability to hold down rates paid by our residents and commercial businesses to the lowest level possible. The beginning of this section is an explanation of enterprise funds (non property tax supported operations like WSSD) in general. The rest of the section explains how these principles have been applied to the completion of the WSSD project.

Utilities such as water and sewer operate like businesses in a government context. This means that rates are charged to the customers based on their consumption (water) and an amount is added for sewer since the sewage is not measured with individual meters as is done for water although there are master meters at the Town limits to ensure that the County's and Miami Beach's billings to Surfside are accurate. There are often minimum charges because the infrastructure must still be operated and maintained and debt service funded even if customers are on a vacation for extended periods of time or homes are empty. If bills are not paid for water and sewer, Staff often works out a payment plan or eventually turns off the water service. The Town is eventually paid when a property changes hands. Focus on collecting bad debt in the Water Sewer Fund has reduced the amount currently owed to \$59,385 from the \$190,130 that was past due for more than 150 days two years ago.

Costs of providing service include the cost of wholesale water (Miami Dade County), the cost of sewage treatment (City of Miami Beach transmits our sewage to its southernmost point at Government Cut and then Miami Dade County treats that sewage at its Virginia Key Plant), costs of operation including personnel, small repairs and supplies; the cost of debt service and the cost of funding reserve accounts.

The major cost element for water and sewer is the wholesale cost of water and the cost for treatment of sewage. The underlying cost is determined by Miami Dade County since Miami Beach only adds a 5 percent surcharge for transmission of our sewage. Staff vigorously reviews Miami Dade County proposed rate adjustments to ensure that the wholesale customers are paying only a fair share of the total cost of operating the Miami Dade County systems (Attachment 6).

Debt service is a function of annual principle reduction and semiannual interest payments currently made to Regions Bank for a \$16 million loan amortized over a 20 year schedule with a final payment to be made in the fifteenth year. The debt was structured this way to hold down payments in the early years. The fifteenth year "bullet" was to be funded by gradually building up reserves so it would not be necessary to refinance in the future when the payment came due. The loan covenants were approved by the Town Commission on April 12, 2011 (Attachment 7) and require that the revenues of the system exceed the cost of operation and debt service by 10 percent defined as 1.10 coverage. The excess flows to a series of fund "buckets" which includes operating and maintenance (O & M), debt service, rate stabilization and eventually an excess reserve which is available for any legal expense approved by the Town Commission. The flow of funds to these "buckets" is audited every year by our external auditor as is the debt service coverage calculation. The Town is in compliance with all covenants in the Regions Bank loan agreement.

The Storm Water Utility is slightly different. This Enterprise Fund assesses an annual fee that is calculated by the type of structure (single family, multi-family or commercial). The revenues are used to sweep streets, maintain the storm drainage system, fund the debt service and build up reserves to appropriate levels. The Storm Water Utility debt service costs also must meet the coverage requirements. Once the overall debt service funds are set aside from the both water/sewer and storm drainage funds, they are combined to meet at least 1.10 times the annual debt requirement. All of this is externally audited annually and appears in the Town's Comprehensive Annual Financial Report (CAFR). The debt service coverage levels are also discussed in the Town's annual budget process to ensure that rates are set to meet all requirements.

With this financial background, it is appropriate to move to the process that established our current financing:

1. The August 26, 2010 TischlerBise rate study was amended in October 2010 and was based on cost estimates for the WSSD project that were very preliminary. The study did not incorporate the Collins Avenue force main project nor did it include the stormwater portion of the project and the four additive alternates. This study was accepted by the Town Commission as part of the FY 10/11 Budget process. In essence this was the first time in conjunction with various grant applications that a clear policy direction was made to go forward with the project. The additional revenues from the rate adjustments started to accumulate and build reserves. The initial cost of completing design and permitting was also funded from this source.
2. With a clear decision to move forward, CGA completed the design and bid documents. The project budget was established at \$19,018,938 including the basic cost of construction, a contingency which could be used for the additive alternates if funds were projected to remain near the time of project completion, the cost of design and inspection services and the cost of the Town's share of the Collins Avenue force main. This cost estimate was based on the scope of work defined in the engineering plans as well as the costs of issuance of the Regions Bank

loan. The final cost would not be known until bids were received and awarded. In debt parlance, the project costs are known as the “uses of funds.”

3. The “sources of funds” at that time included \$1,872,500 of grants from the “Better Building Communities” Countywide voter approved General Obligation bond issue and from the State of Florida, a reimbursement from Indian Creek Village for settlement of a ten year old lawsuit (drainage improvements on Surfside Boulevard), the \$16 million Regions Bank financing and transfers from the Miami Dade County half penny sales tax. This transfer would be used for road restoration which Miami Dade staff has approved. The combined sources and uses table was accepted by Regions Bank and established this initial estimated project cost.
4. The Town’s former Finance Director and Town Manager authorized CGA to retain an expert in the State Revolving Fund (SRF) process in early 2010. When the new Town Manager was retained this effort was reinvigorated and the required SRF Master Plan was adopted by the Town Commission in a public hearing held in January, 2011 (Attachment 8). At that time, the plan envisioned \$9,312,881 being borrowed from the SRF. The benefits were a significantly lower interest rate (then 2.5 percent), the lowest construction cost environment in modern times, a twenty year amortization rather than fifteen year and the potential for partial loan forgiveness (estimated to be \$2-3 million in approximately four years) subject to legislative approval. Offsetting these advantages was the one year or more necessary for loan approval by the State of Florida which put the Town in jeopardy of an impending increase in the cost of the more than eight miles of pipe needed for the project, a slightly higher debt service coverage of 1.15, an impending FDOT construction moratorium and the need to get started due to the very deteriorated condition of the system (two major breaks had occurred in Miami Beach within a month before the decision to go forward was made by the Town Commission). The Town Commission weighed all these factors and made the decision to go forward with the Regions Bank loan while directing Staff to continue to pursue the SRF funding as well. That decision proved to be beneficial since we are currently more than 63 percent complete with the WSSD project, the cost savings were achieved, time deadlines were overcome and nearly a year was saved in project start-up. A report regarding the SRF process was made to the Town Commission on January 17, 2012 and authorization was granted to submit and accept the State Revolving Fund application (Attachment 9). This direction was reaffirmed with a status report accepted by the Town Commission on May 8, 2012 (Attachment 10). The result is a draft copy of the State of Florida Clean Water State Revolving Fund Construction Loan Agreement for the funding amount of \$9,312,881 (Attachment 10A).
5. Since SRF approval was received, Staff has been working closely with our Financial Advisor and Bond Counsel to finalize the new Sources and Uses. This is necessary to close on the loan. As has been mentioned many times in the Points of Light and the CGA monthly report, the underlying principle of utilizing SRF funding is to provide sufficient funds to complete the project while eliminating or reducing the need for a rate increase for the longest time possible.
6. The construction cost for the project has increased due to many factors enumerated below:
 - Collins Avenue force main extended length required by City of Miami Beach - \$150,000.
 - Adding 115 multifamily residential units serving nearly 450 dwelling units along Collins Avenue/Harding Avenue due to worse than expected condition of the water lines. This was

also explained in earlier Town Commission discussions and the direction was given that everyone in Town should have service that was either replaced or repaired - \$1,133,825.

- Replacing four times the curb and gutter originally envisioned due to deteriorated conditions greatly exceeding estimated quantities - \$216,000.
- Increasing the Contractor's scope for emergency repairs of the old systems not caused by the construction - \$84,303.
- Adding additional drainage inlets and replacing existing drainage inlet structures that were in disrepair or located in the wrong area allowing water to pond too long - \$105,734.
- Adding the closure of Byron Avenue north bound and other traffic calming on Abbott Avenue as requested by the residents in that area - \$84,750.
- Additional asphalt removal due to improper overlay in a previous repaving project - \$107,932.
- Increased restoration costs for driveways and landscaping for 1100 homes. The decision to fund the entire installation cost and repair for each home was made by the Town Commission early on in this process - \$307,300.
- Increase the number of new meters to complete the microwaveable readable system - \$54,636.
- Modifying the materials and logistics for the subcontractor to perform investigations and paving work in the Collins Avenue/Harding Avenue corridor to minimize traffic impacts - \$166,530.
- Lining in lieu of replacing 349 sewer laterals on Collins Avenue and Harding Avenue particularly in the Downtown area - \$194,050.
- Adding 48 water services to single family residential units along 88th Street due to worse than expected conditions - \$62,000.
- Additional quantities of sewer main point repairs required in lieu of lining due to pipe breakages which have occurred, exacerbating the time between initial video and construction - \$33,950.
- Additional work to complete the interconnects between Surfside's pump stations and the newly installed force main on Collins Avenue - \$27,564.
- Additional work (fire hydrants, reroute existing water services and interconnects) as requested by the Town for to reduce future maintenance costs and for logistics - \$126,792.

- Increase number of single water services (vs. double water services) to minimize impacts to residents behind curb disruption - \$91,910.
 - Perform electrical work required to relocate (and straighten) existing FPL power poles at the pump station locations - \$22,476.
 - Increased Ductile Iron Pipe (DIP) in lieu of plastic pipe (PVC) at intersections. The DIP allows the water mains to be placed with less cover (closer to the surface) due to the DIP greater strength. The Town preferred this option for future service/maintenance of the system - \$65,521.
 - Potential claim from the Contractor regarding unsuitable subsurface material encountered - \$39,375. Under negotiation.
 - Potential claim from the Contractor regarding sewer cleaning and lining preparation, totaling \$473,665. To date the Town has rejected this potential claim submitted by the Contractor. Discussions to resolve are continuing, however, funding is provided.
 - Offsetting these costs increases are various savings by purchasing materials (no sales tax) and streamlining construction procedures - \$200,000 credit.
 - The above cost savings and real or potential expense increases create a net increase for the project in the amount of \$3,026,392 or 15.9 percent. This will still leave a contingency of \$1,268,049 which is comprised of \$618,049 for the additive alternates and \$650,000 for any further unforeseen issues.
7. When the current Regions Bank loan plus the SRF loan are closed, the project will carry a total debt of \$20,820,326 (Attachment 11). This amount is net of the \$4 million in proceeds from the SRF loan used to reduce the amount of the Regions Bank loan. The manner that this is done is by paying down \$4 million of the Regions Bank loan with maturities after the 15 year bullet described earlier. The estimated sources and uses for the project are enumerated in (Attachment 12). The actual sources and uses for this loan will be finalized when the project is completed. It is important to note that the total debt could be reduced by \$1,268,049 if the Town Commission does not build the additive alternates and we do not need the extra contingency. This is because there is a very significant difference between the Regions Bank loan where all the funds are borrowed at closing and the SRF funding which is a reimbursement after the actual costs are advanced by the Town. In essence the \$9,312,881 is a maximum loan potential which may not be exceeded. Further enabling this transaction is the fact that the SRF interest rate is 2.12 percent fixed for the 20 year term of the loan rather than the 4.72 percent rate for the Regions Bank loan. Another factor is that the terms of the Regions Bank loan allow the first \$4 million to be paid without a prepayment penalty. That is why only \$4 million is being prepaid since the formula used to calculate the prepayment penalty cost nearly 25 percent of the amount prepaid. Further, the SRF funds can only be used for sewer and storm drainage. Therefore the water portion of the project is not eligible. It is also

important to remember that we are able to seek legislative forgiveness of a portion of the debt in the future.

8. To summarize the status of the project, SRF financing in the amount of \$9,312,881 will be utilized to refund \$4 million of the existing Regions Bank loan at a lower interest rate, complete the sewer/storm drainage project and fund the costs of issuance of \$25,000, SRF onetime fee of \$186,258 (nonnegotiable) and \$100,000 for capitalized interest on the SRF. Capitalized interest is used to pay a portion of the interest during construction. Annual debt service for the combined loan will be \$1,387,608 or less if we do not borrow all the funds as discussed above and we are successful in negotiating the disputed cost increases. Debt service coverage will meet all requirements of both loan documents and the rates charged to our customers will not have to increase as a result.
9. The Water/Sewer/Storm Drainage Citizens Advisory Committee was reconvened on July 12, 2012. After review of the combined financial structure, the Committee recommended the transaction to the Town Commission. The group has been invited to the August 15, 2012 Town Commission meeting to present their views.
10. One final note. None of this factors in the potential rate adjustments from Miami Dade County over the next five years due to the very deteriorated condition of their systems. When and if this happens, the Town Commission can make annual decisions regarding passing these increases through to our customers or using the rate stabilization fund or a combination of the two. The Black and Veatch 2012 rate study did include sewage disposal cost increases of 5.5% in FY 12/13 and 3.0 % for FY 13/14 and beyond. Fortunately, Miami Dade County will not implement the rate increase for FY 12/13 thereby providing a year of relief. The capital needs of Miami Dade County WASD are extensive and could result in four years of rate increases beginning in FY 13/14 (Attachment 13 A-C).

Where Do We Go From Here?

There are a number of steps necessary to complete the WSSD project by the end of 2012. These include:

1. Close on the SRF funding which is scheduled for August 24, 2012. The funds will be drawn down monthly as construction requests (draws) are submitted by the contractor and reviewed by the Town. If all goes according to plan and the weather holds the project will be substantially complete by the end of December 2012.
2. Complete the CGA design of the traffic calming devices authorized by the Town Commission on May 8, 2012 (Attachment 14). In conjunction with review of the proposed devices (rotaries, speed tables and speed humps as well as signage) by the Town Commission and Miami Dade County, a meeting should be held to garner input from our residents. Based on the outcome of this process, decisions should be made in October, 2012 so that the work can be done before Ric-Man demobilizes.
3. If after the final estimate to complete is available (when we reach 90% construction completion), the Town Commission will be requested to determine if it wishes to go forward

with the additive alternates, or lessen the total amount of debt if the total SRF funds are not needed. This decision does not have to be made at this time.

4. A project closeout memorandum will be prepared when the final costs are known, all change orders up and down are reviewed and releases are received from all parties. Acceptance of the closeout memorandum by the Town Commission allows any retainage to be released. This is the same process that was used to close out the Community Center project without any litigation.
5. Staff will refocus its efforts in conjunction with the Bal Harbour Village and Bay Harbor Islands to convince Miami-Dade County to go forward with the north force main. When the WSSD project is complete, we will have a new or restored water, sewer and storm drainage system Townwide, a new force main interconnect with Miami Beach and a new emergency bypass force main to carry our sewage north if that becomes necessary. While this is not a glamorous project, it is an extraordinary and critically necessary project that will serve the people of Surfside and our neighbors for generations to come.

It is important to thank our Town team including Bill Evans, Randy Stokes, Donald Nelson, Mayte Gamiotea and Andria Meiri for their hard work; Chris Giordano, Bob McSweeney, Sabrina Baglieri, Bruce Bernard, JC Echavarria and Ryan Spradlin of CGA for their good design and detailed project supervision; Rene Castillo, Victor Menocal and Luis Hernandez of Ric-Man International for their seven day a week construction and sensitivity to the citizens of Surfside; many subcontractors, and the Miami-Dade County Departments of Water and Sewer (WASD), PERA and Health for their quality inspection and support in many areas. Finally to our Police Department for their ongoing effort to maintain traffic during a very difficult time.

Based on all the aforementioned information your acceptance of this report for the partial Regions Bank/SRF refinancing is recommended.



Roger M. Carlton
Town Manager



Bill Evans
Public Works Director



Donald Nelson
Finance Director

RC/dh

ATTACHMENT

“1”



March 3, 2006


Mr. Agustin Socarrás, PE, Chief
W&WW Conveyance Section
Miami-Dade County DERM
33 SW 2nd Avenue
Miami, Florida 33130-1540

RE: Town of Surfside
Sanitary Sewer Evaluation Study
Dated March 3, 2006

Dear Mr. Socarrás:

Enclosed is the Town of Surfside's Sanitary Sewer Evaluation Study prepared by our office at the Town's request. Should there be any questions regarding this submittal please do not hesitate to contact me.

Respectfully,
Ojito & Associates, Inc.



Osvaldo A. Ojito, PE
President

OAQ/mf

Enclosures

cc: W. D. Higginbotham, Town Manager (with full enclosure)

HAND DELIVERED

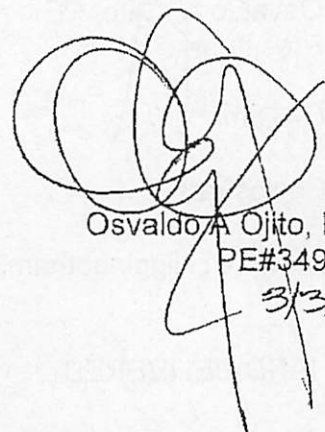
RECEIVED BY: _____ Date: _____



Town of Surfside

Miami-Dade County, Florida.

SANITARY SEWER EVALUATION STUDY (SSES)


Osvaldo A. Ojito, PE
PE#34900
3/3/06



Prepared by:
Ojito & Associates, Inc.
EB6130
March 3, 2006

TABLE OF CONTENTS

Section 1. - Summary	01
Section 2. - Introduction	02
2.1 Infiltration and inflow	02
2.2 Regulatory Compliance.....	02
2.3 Scope of Study	03
Section 3. - Service Area	04
3.1 Town of Surfside	04
3.2 Climate	05
3.3 Soils and Groundwater	05-6
Section 4. - Sanitary Sewer System	07
4.1 General Description	07
4.2 Pump Stations	07
4.3 Sewer Lines	08
4.4 Sewer Manholes	08
4.5 Storage Capacity	08
4.6 Sanitary System Maximum Allowed I/I Calculation.....	09
Section 5. - Rainfall & Tidal Data	10
5.1 Rainfall Measurement	10
5.2 Tidal Elevations	10
5.3 Aquifer Pump Test	11
Section 6. - Water Usage	12
6.1 Water Metering	12
6.2 Average Daily Flow	12
Section 7. - Sewage Flow	13
7.1 Wastewater Metering	13
7.2 Average Daily Flow	13
Section 8. - Sanitary Sewer Inspections & Testing	14
8.1 Manhole Inspections	14
8.2 Gravity System Test	14
8.3 Smoke Testing Program	14-15
Section 9. - Storm Water Systems	16-17
Section 10. - Determination of Infiltration & Inflow	18-22
Section 11. - Corrective Action Plan	23

SECTION 1 - SUMMARY

Wastewater collection systems generally experience varying degrees of infiltration/inflow (I/I) from weather-related events and groundwater conditions. Sanitary Sewer Evaluation Studies (SSES) provide the means by which to quantify I/I conditions, identify the I/I sources, and serve to develop a cost-effective correction plan. Excessive infiltration/inflows are undesirable as they reduce the capacity of a sewer system and may cause sewage overflows. Because of this, I/I are regulated at the federal, state and local levels. A local regulation is established by County Ordinance limiting the volume of I/I to 5,000 gallons per inch-mile of gravity sewers. There are also financial considerations in evaluating I/I, as it increases disposal costs of the Town of Surfside through the City of Miami Beach and adds to the costs of operation, maintenance and replacement of the pump stations. These may make the reduction of I/I a cost effective fiscal undertaking, even at I/I levels that are legally maintainable.

A sanitary transmission force main shared by the Village of Bal Harbour and the Town of Surfside conveys sewage through the Miami Beach system with ultimate transmission to the Virginia Key sewage treatment plant. Contractual agreements between Surfside, Bal Harbour and the City of Miami Beach address the regulation of pressure in the shared force main system as well as instantaneous flow rates that may be discharged to the City of Miami Beach's system.

The operating characteristics of the shared sanitary force main need constant monitoring. This is because any increase in pressure or flows by Bal Harbour or pressure increases at the force main's point of connection to Miami Beach impacts the ability of Surfside's pump stations to operate at design conditions and can result in extended pumping hours. It is anticipated that on-going discussions with Bal Harbour will result in a collaborative effort to upgrade the Surfside pump stations and include coordinating run times between stations to reduce coincident operation as feasible. The intent is to maximize individual pump station performance.

The existing conditions of two pumped drainage systems installed by the Florida Department of Transportation (FDOT) to serve State Road A1A also appear to have an impact on Surfside's sanitary system. The FDOT has identified a number of difficulties and is proposing remedial actions. It is anticipated that existing conditions may be significantly contributing to inflow into the sanitary system due to chronic flooding in the FDOT's drainage areas.

It has been established that a significant amount of extraneous flow enters the Town of Surfside's sanitary sewerage system. Infiltration/Inflow was determined not to be legally excessive, although inflow and infiltration caused by rain events is significant. Although no further corrective action is required by the local regulations, inflow and rain induced infiltration should be further studied to decide what solutions may be undertaken to mitigate the effects of these extraneous flows.

SECTION 2 - INTRODUCTION

2.1 Infiltration and Inflow

Wastewater collection systems generally experience varying degrees of ground water infiltration and inflow (I/I) from extraneous sources. The Sanitary Sewer Evaluation Study (SSES) is the means by which to quantify I/I conditions, identify the infiltration and inflow sources, and develop a cost-effective correction plan.

The Guidelines for conducting an SSES are based on the U.S. EPA's Sewer System Infrastructure Analysis and Rehabilitation Handbook - October 1991, EPA/625/6-91/030. The EPA handbook adopted the following definitions:

"Infiltration" covers the volume of ground water entering sewers and house connections from the soil, through defective joints, broken or cracked pipes, improperly made connections, manhole walls, etc.

"Inflow" covers the volume of any kinds of water discharged into sewer lines from such sources as roof leaders; cellar and yard area drains; commercial and industrial so-called clean water discharges; drains from springs and swampy areas; etc.

"Infiltration / Inflow" is a term for those flows of the two types of entry waters are involved, without distinguishing the source.

A hybrid form of extraneous flows is referred to as *"Rain Induced Infiltration"* or RII. This is infiltration that results from elevated groundwater levels associated with a rainfall storm event.

2.2 Regulatory Compliance

The requirement for municipalities to assess and control I/I from weather-related events and groundwater conditions is addressed by Miami-Dade County Ordinance 96-166, effective November 12, 1997 and incorporated to Chapter 24 of the Code of Miami-Dade County.

The ordinance requires all publicly and privately owned or operated sanitary sewer collection and transmission systems to complete a Sanitary Sewer Evaluation Survey (SSES). The SSES is divided into three phases:

- Phase I: Completion of a preliminary system survey and flow measurement to determine which pump station basins need I/I reduction.
- Phase II: Submittal of a final rehabilitation plan for each pump station basin.
- Phase III: Completion of rehabilitation work and final flow measurement to determine compliance.

The Miami-Dade County Code (24.13.1) establishes a maximum I/I rate of 5,000 Gallons per Day / Inch-Mile of sanitary sewers.

2.3 Scope of Study

The Sanitary Sewer Evaluation Study for the Town of Surfside includes the following:

- 1. Data Collection:**
 - a. Wastewater Flow data
 - b. Potable Water Usage data
 - c. Rainfall data
 - d. Tidal Information
 - e. Geographical and Maps and Atlases
 - f. Operational reports
 - g. System history
 - h. Regulatory information
 - i. Geographic and climate data
- 2. Internal Televising of the entire sanitary system**
- 3. Inspection of all system manholes**
- 4. Data reduction and analysis.**
- 5. Determination of I/I volumes and need for corrective action**
- 6. Conclusions and recommendations.**

SECTION 3 – SERVICE AREA

3.1 Town of Surfside

The Town of Surfside is situated on a barrier island, between the City of Miami Beach to the South and the Village of Bal Harbour to the North, and encompasses the area from 87th Terrace to 96th Street. It is bounded by the Atlantic Ocean to the East and the Intracoastal Waterway to the West. Over 100 commercial establishments are located in the Town's Business and Shopping District between 94th and 96th Streets on Harding Avenue along A1A. Hotels and resorts line a mile of Surfside's oceanfront and Collins Avenue. It has a population of 4,909 according to the 2000 Census.

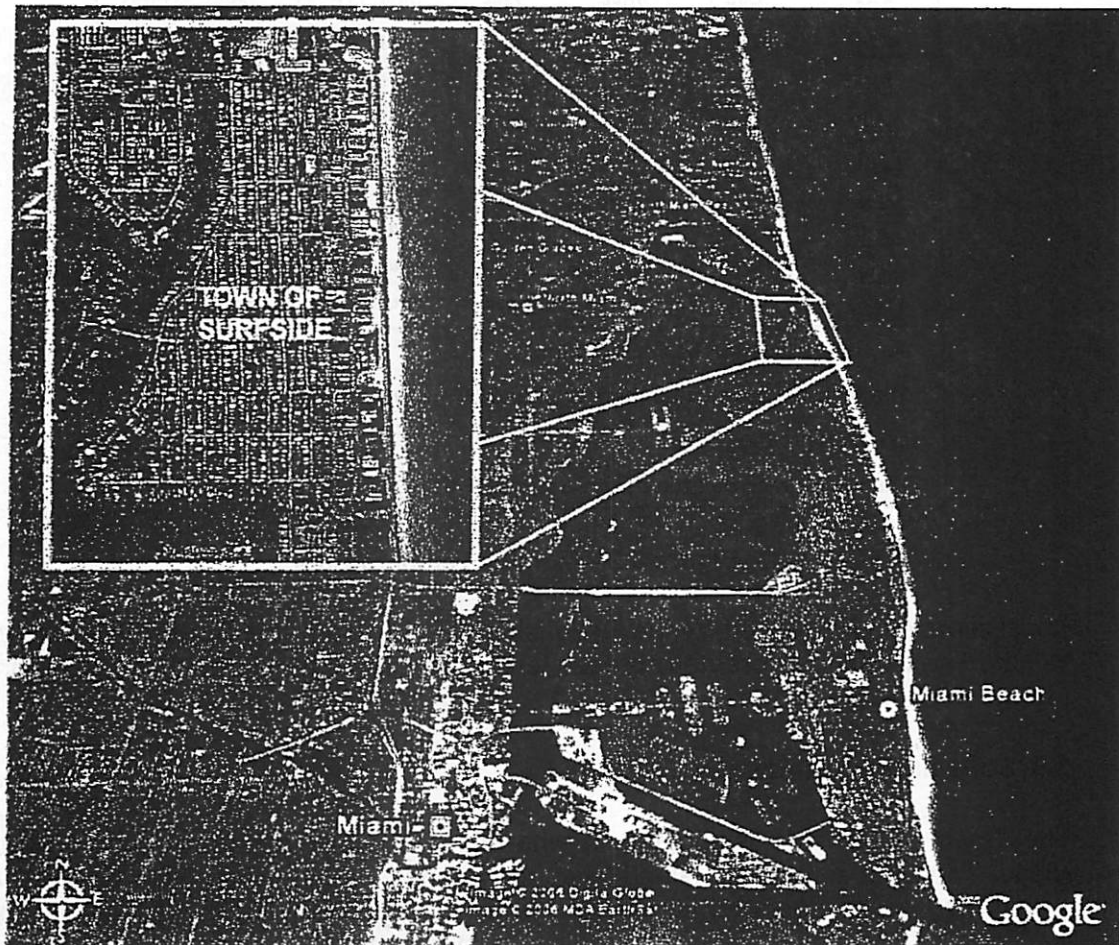


Figure 3.1 – Location Map

3.2 Climate

The Town of Surfside is located in a sub-tropical zone. Precipitation has averaged 72 inches per year for 2003 and 2004. For month-by-month rainfall data, refer to Appendix C.

Figure 3.2 below lists monthly temperature data.

Month	Avg. High	Avg. Low	Mean	Record High	Record Low
Jan	73°F	63°F	68°F	86°F (1964)	32°F (1977)
Feb	73°F	63°F	68°F	88°F (1982)	37°F (1996)
Mar	75°F	66°F	71°F	92°F (1977)	32°F (1980)
Apr	79°F	70°F	74°F	94°F (1971)	46°F (1987)
May	82°F	74°F	78°F	95°F (1974)	58°F (1992)
Jun	86°F	77°F	81°F	97°F (1985)	65°F (1967)
Jul	87°F	78°F	83°F	93°F (2000)	70°F (1975)
Aug	87°F	78°F	83°F	98°F (1958)	67°F (1982)
Sep	86°F	78°F	82°F	96°F (1973)	67°F (1985)
Oct	83°F	75°F	79°F	95°F (1977)	54°F (1989)
Nov	78°F	70°F	74°F	90°F (1969)	39°F (1970)
Dec	75°F	65°F	70°F	86°F (1948)	32°F (1989)

July is the average warmest month.
 The highest recorded temperature was 98°F in 1958.
 On average, the coolest month is February.
 The lowest recorded temperature was 32°F in 1977.

Figure 3.2 – Monthly Temperatures

Local climate is influenced by the just offshore Gulf Stream, the South East Trade Winds. The local on-shore daily breeze tends to maintain the common summer time afternoon showers inland.

3.3 Soils and Groundwater

The Town of Surfside is located in what was originally a natural coastal barrier island. The East side of the island faces the Atlantic Ocean, while the west side was a tidal mangrove vegetated flat fronting North Biscayne Bay. The West boundary of the Town and Biscaya Island were delineated with a concrete seawall that was then hydraulically filled with bay bottom materials. Near surface soils within the Town are thus basically natural sands and fill. The areas near the west boundaries below the fill were simply backfilled and still include marls and other organic soils with significant roots and other plant material remaining.

The highest ground surface elevations averaging +11.0' MSL are found along the top of the original barrier island, generally along Collins Avenue, the North bound portion of State Road A1A. Harding Avenue, the South bound segment of A1A, is at the west foot of the barrier island and has typical elevations around +4.0 feet MSL. The areas West of Harding average between +3.0 and +4.0' MSL with the lowest recorded centerline elevation of +3.32'. The lowest known elevation on a Town road is +2.72, at the curb line of 92 Street at an inlet (FR92-C) near the intersection with Froude Avenue.

Groundwater is seasonally influenced by the tides and by storm events and both of these important factors to I/I are addressed in detail in Section 5 – Rainfall and Tidal Data. In general, daily tidal elevation fluctuations are dampened as they travel into the Town and only marginally influence the daily groundwater elevation changes.

Groundwater elevations are directly affected by rainfall events, forming a fresh water perched aquifer upon the underlying main phreatic surface. This storm related elevation increase in the groundwater returns to the seasonal normal in proportion to the magnitude of the storm event, typically a few days.

SECTION 4 – SANITARY SEWER SYSTEM

4.1 General Description

The Town of Surfside operates a municipal sewage collection and transmission system. This system, installed in 1948, is divided in two mini-systems and corresponding pump stations. In total, 48,863 feet of gravity lines, 750 feet of force mains and two pump stations make up the entire system. A transmission force main in Byron Avenue, owned by Bal Harbour is shared with that municipality for wastewater conveyance to the Miami Beach system and ultimate disposal to the Virginia Key MD-WASD Regional Treatment Plant.

Standard construction materials originally used were vitrified clay gravity main and service lines, brick, mortar and stucco manholes and cast iron force mains. The force main materials have been upgraded to PVC in recent years after continued maintenance problems. Sewer laterals were installed with the gravity lines. New buildings were connected to these laterals with asbestos-cement piping as the prevalent material. Poor workmanship, together with the poor choice of material has caused this portion of the system to be known to be an important contributor to infiltration.

4.2 Pump Stations

Surfside's two sewage-pumping stations were rehabilitated in 1988. Major improvements to the stations included the addition of stand-by emergency power generators, pump water seals and flood-proofing. This section provides a brief description of the pump station equipment as follows:

Sewage Pumps & Motors: The four sewage pumps (two in each station) are ENPO/Cornell vertical, dry pit, non-clog sewage pumps (Model 6 NHTA) powered by a 60 HP US Motors open drip proof RV motor. The purpose of the pumps is to pump raw sewage from the wet well (a sump for the area's gravity sewer) into the Bal Harbour force main for conveyance to the City of Miami Beach's transmission system. The suction and discharge lines are of ductile iron pipe and are valved for easy isolation of the pumps for maintenance. Maintenance procedures include periodic checks on the shaft packing to observe proper lubrication, greasing of the bearings on the pump, and checking both the motor and pump for excessive vibration and heat. The pumps are operated via a duplex control panel which was refurbished from the prior installations.

Sump Pumps and Motors: The two sump pumps (one per station) are Marley Hydromatic submersible pumps Model SP40. They are of integral design complete with electric motor and high and low operating level/switches. Their function is to maintain the dry well free of water which accumulates in the sump. The discharge is pumped through a PVC pipeline into the wet well. Maintenance includes maintaining the suction screen free of obstructions and periodic checks for heat and excessive vibration.

Seal Water Pumps and Motors: These 4 pumps (2 per station) are Burks Model ETSM and are powered by Dayton ½ HP industrial/municipal duty electric motors. Their purpose is to maintain a positive pressure of fresh water to the sewage pump seal for the purpose of lubrication. These two pumps work in an alternating fashion in order to equally wear both units. Maintenance for these pumps, in addition to checking for excessive heat and vibration, includes greasing the pump power bearings and fittings provided on the motor bearings.

Generator, ATS and Appurtenances: The generator automatically furnishes emergency power in

case of a commercial power interruption. The two generators (one per station) are liquid cooled natural gas powered 100 KW Model 87A 02079S standby generators. Maintenance includes checking oil and coolant levels, greasing bearings, changing filters and periodic exercising and tune-ups. Upon power failure, the generator starts automatically and power is transferred by the automatic transfer switch (ATS). Little maintenance is required in the switch besides exercising. After commercial power is restored, the switch transfers back power on a timed sequence.

4.3 Sewer Lines Inventory

Figure 4.2 below summarizes the combined linear feet of gravity sewer lines tributary to both sewage-pumping stations. For a detailed inventory of each of the pump station mini-systems, refer to Appendix B.

SANITARY SEWER SYSTEMS - LINEAR FEET OF PIPE AT VARIOUS ELEVATION RANGES											
SIZE	ELEVATION										TOTAL
	-2 to -1	-1 to 0	0 to 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8	
8"	-	3,084	17,507	10,709	346	329	830	822	899	149	34,675
10"	-	7,094	2,602	431	529	324	177	157	32	-	11,346
12"	-	1,659	-	-	-	-	-	-	-	-	1,659
15"	1,080	103	-	-	-	-	-	-	-	-	1,183
TOTAL:	1,080	11,940	20,109	11,140	875	653	1,007	979	931	149	48,863

Fig. 4.3 – Sanitary Sewer Lengths

4.4 Sewer Manholes Inventory

For a comprehensive list of all sanitary sewer manholes, by pump station mini system; listing all rim and invert elevations refer to Appendix C-1. An inspection report of each of the manholes is attached as Appendix C-2.

4.5 Sanitary System Storage Capacity.

The sanitary sewer system's storage capacity consists of the storage provided in the two pump stations' wet wells for normal operation and that available in emergency conditions above the normal operation wet well level of the pump stations and within the gravity collection systems' pipes and manholes.

Table 4.5 summarizes the calculated capacities in pipes and manholes for the collection systems in the Town of Surfside. The amount of storage available in the wet wells is approximately 2,000 gallons normal operating and an additional 6,000 gallons in emergency storage to elevation +3.0.

The amount of storage capacity available for emergency conditions is about 250,000 gallons. This amount is equivalent to about 25 percent of the average daily flow of sanitary sewage generated in the Town of Surfside. Note that the above calculations do not consider the privately owned lateral service lines.

Gravity Pipes				
Dia. (in)	PS-1	PS-2	Total	Volume CF
8	14,683	19,988	34,671	12,096
10	9,068	2,277	11,345	6,185
12	559	1,100	1,659	1,303
15	879	982	1,861	2,283
				21,867
Manholes				
	PS-1	PS-2	Total	Volume CF
	78	79	157	9,860
Total Volume available in CF				31,726
Total Volume available in gallons				237,312

Table 4.5

4.6 Sanitary System Maximum Allowed I/I Calculation.

I/I must fall below a maximum rate of 5,000 Gallons Per Day per Inch-mile of sanitary sewer. The number of inch-miles within the Town is calculated from the system inventory shown in Figure 4.3 as follows:

SIZE	LENGTH FT	LENGTH MILES	TOTAL IN/MILES
8	34,675	6.57	52.56
10	11,346	2.15	21.50
12	1,659	0.31	3.72
15	1,183	0.22	3.30
TOTAL	48,863	9.25	81.08

8.17 average Size $\frac{81.08}{9.25}$

Based on the above total inch-miles of gravity sewer, the maximum I/I allowed under the County Ordinance is: 405,400 gallons per day.

SECTION 5 - RAINFALL AND TIDAL DATA

5.1 Rainfall Measurement

Rainfall data was obtained from the South Carolina Department of Natural Resources, Southeast Regional Climate Center, and Water Resources Division for the Miami Beach Station. This data consisted of daily precipitation readings from January 2003 through April 2005.

Total rainfall for 2003 was 78.75 inches, followed by 65.17 inches in 2004. During 2004, December experienced a minimum of 0.40 inches and September a maximum of 15.81 inches. Average monthly precipitation for the first four months of 2005 is comparable to the corresponding period in 2004.

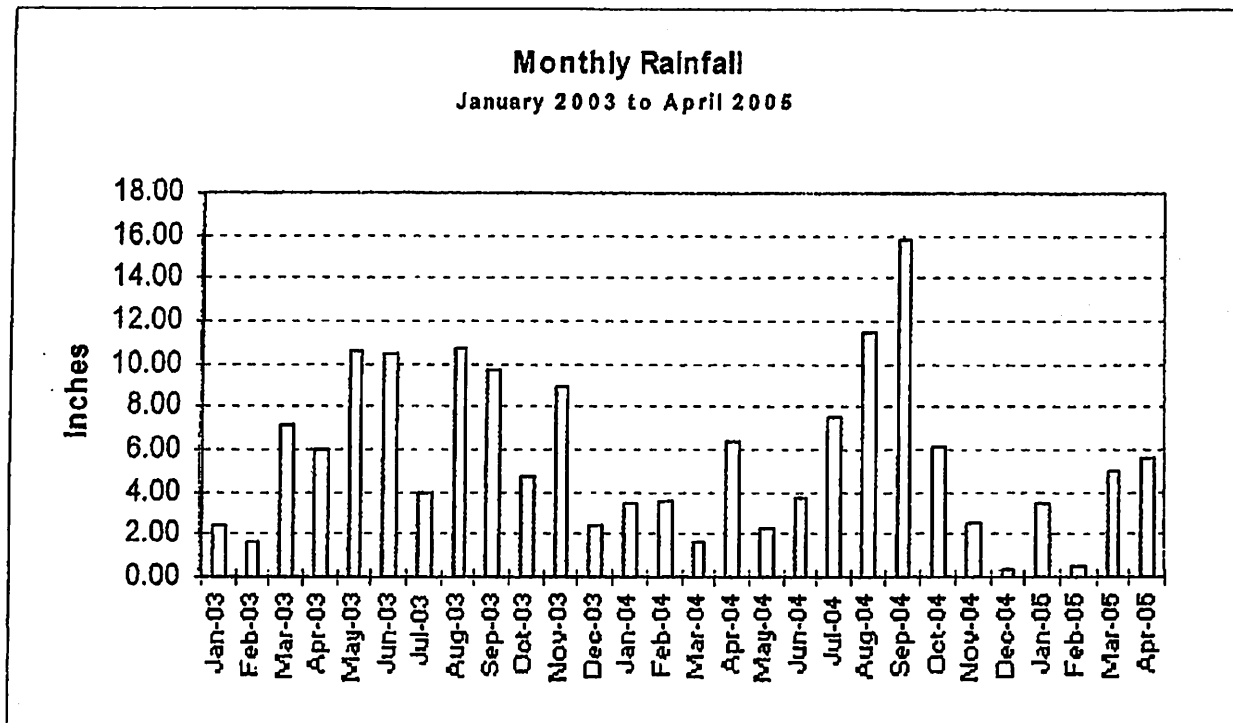


Fig. 5.1 – Monthly Precipitation

5.2 Tidal Elevations

Phreatic elevations within the Town of Surfside are related to average tidal levels and rainfall events. Tidal levels do not coincide between the Ocean and bay. Actual water table levels vary according to distance from the Ocean or Bay and soil composition with dampening and delay occurring and increasing with distance from shore. The principal phreatic determinants are the mean tide elevations. Daily tidal influence is minimized and phreatic levels are less than maximum and higher than minimum. Lows and highs occur later inland than near shore. These effects were quantified at one location during an aquifer pump test described elsewhere in this report.

Tidal levels were obtained for the study period from the National Ocean Service (NOAA) Ocean and Lake levels Division for the Virginia Key, Biscayne Bay Station. Adjustment factors were provided to correct for time, elevation and location as applicable to the study area.

The maximum low to high monthly difference is approximately 4.50 feet and the minimum one-day differential is about 2.84 feet. Mean sea level elevation varies from around -0.31 MSL to +0.87 MSL.

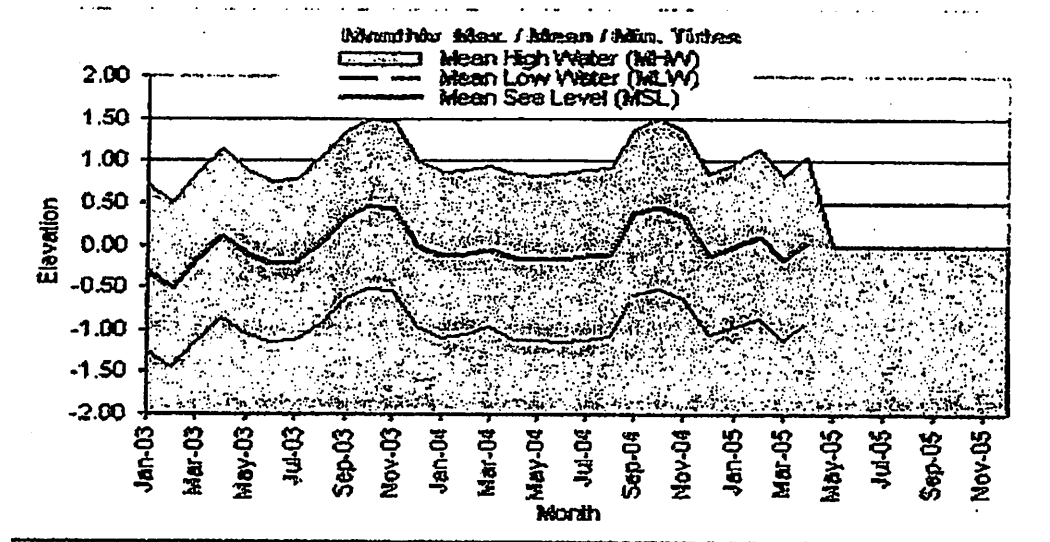


Figure 5.2 – Tidal Data

5.3 Aquifer Pump Test

A gasoline spill at the Town of Surfside's Public Works Maintenance facility resulted in required corrective action, which included a Remedial Action Plan. Part of the research required for the proper evaluation of the underground conditions at the site included an aquifer pump test to determine its characteristics. This test involved the monitoring of water table elevations before, during and after groundwater pumping operations. The intent was to determine the effect the removal of groundwater at a given rate has on the local phreatic levels and then the time taken to return to normal after pumping ceases. This data was analyzed and interpreted to derive the aquifer's transmissivity and storage coefficient. The test was done in the original barrier island medium to coarse sands where the Public Works Dept. complex is located.

A time lag of about 47 minutes was observed between the ocean tides and the lower aquifer of the limestone formation at a depth of 40 feet. This formation was found to begin at 35 feet from grade at the test site. A lag of 147 minutes was measured between the shallow aquifer above the underlying limestone formation.

During a one and one half-day period, the phreatic level at the shallow wells (representative of groundwater levels) was continuously monitored electronically. A difference of only 0.6 feet was measured between highest and lowest levels in approximately three tidal cycles. About 1.25 feet difference in elevation was measured at the lower aquifer depth in the same period.

SECTION 6 - WATER USAGE

6.1 Water Metering

Water use records are useful in the determination of I/I because there is a relationship between water used and sewage produced. Although there are regional as well as seasonal variations in this water/sewage ratio, the flows, when combined with other data can yield a good sewage base flow amount above which flows would indicate I/I. The availability of good records relating to rainfall, sewage flows and water use as well as any other identifiable factors is needed to properly interpret this data.

Until February 1996, the Town of Surfside purchased water for distribution through a single metered connection in Harding and 88 Street. The Town presently has three metered connections to a Miami Dade Water And Sewer Department water main along Byron Avenue, at 88 Street, 91 Street and 95 Street. A daily record with monthly totals is maintained by Surfside's Water Department. Water usage is fairly constant with expected minor variations between the wet and dry seasons. For month-by-month metered water data refer to data provided in the Appendix section.

6.2 Average Daily Flow

Figure 6-1 below depicts the monthly average daily water use from January 2003 through April 2005. During this period, an average daily maximum of 1.11 million gallons per day (MGD) was observed in April 2005, and a minimum of 0.88 MGD was observed in June 2003 and September 2004. The overall average daily flow was 1.01 MGD. The high flow observed was 26% higher than the low flow. For month-by-month metered water data refer to Appendix

Higher dry (winter) season flows are attributable to the tourist season increase in population.

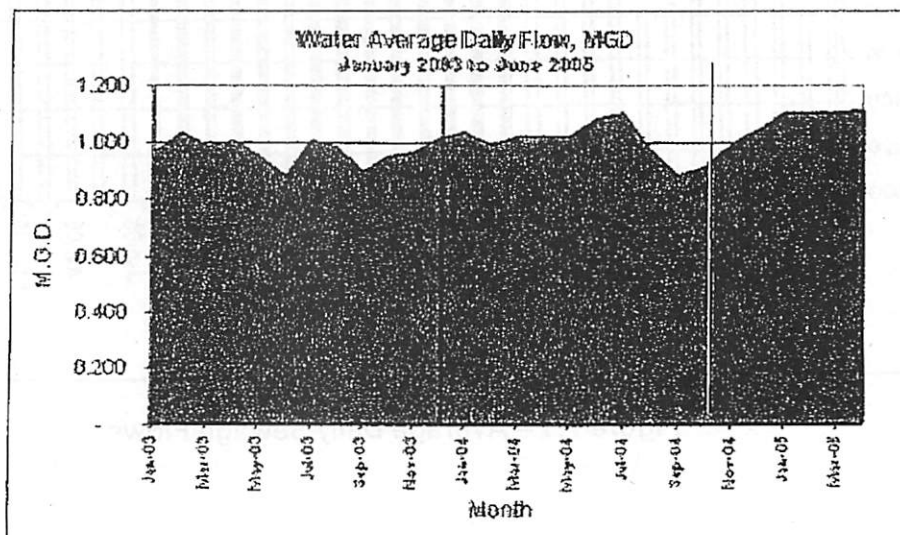


Figure 6-1.

SECTION 7 – SEWAGE FLOW

7.1 Wastewater Metering

The Town of Surfside maintains daily readings of sewage flows at the two pumping stations. In addition, pump motor run times are also recorded. It is a requirement that pump running hours records be compiled on a daily basis and reported to the Dade County Department of Environmental Resources Management (DERM).

Sewage flow readings have been the primary indicator of the presence of measurable I/I in Surfside's system. During this period, an average daily flow of 1.100 MGD was recorded for 2003, and 1.175 MGD in 2004. Minimum average daily flows of 0.791 MGD and 0.937 MGD were recorded in 2003 and 2004, respectively. Average daily flows for the first four months of 2005 were 7% higher than the corresponding period in 2004.

Probably due to increased flows or pressures in the transmission facilities to and through the City of Miami Beach, pumps operate at less than their design pumping rates during the wet season. The pump running hours and power usage evidences this.

7.2 Average Daily Flow

The following chart depicts average daily sewage flows - including infiltration and inflow - for the period of January 2003 to April 2005.

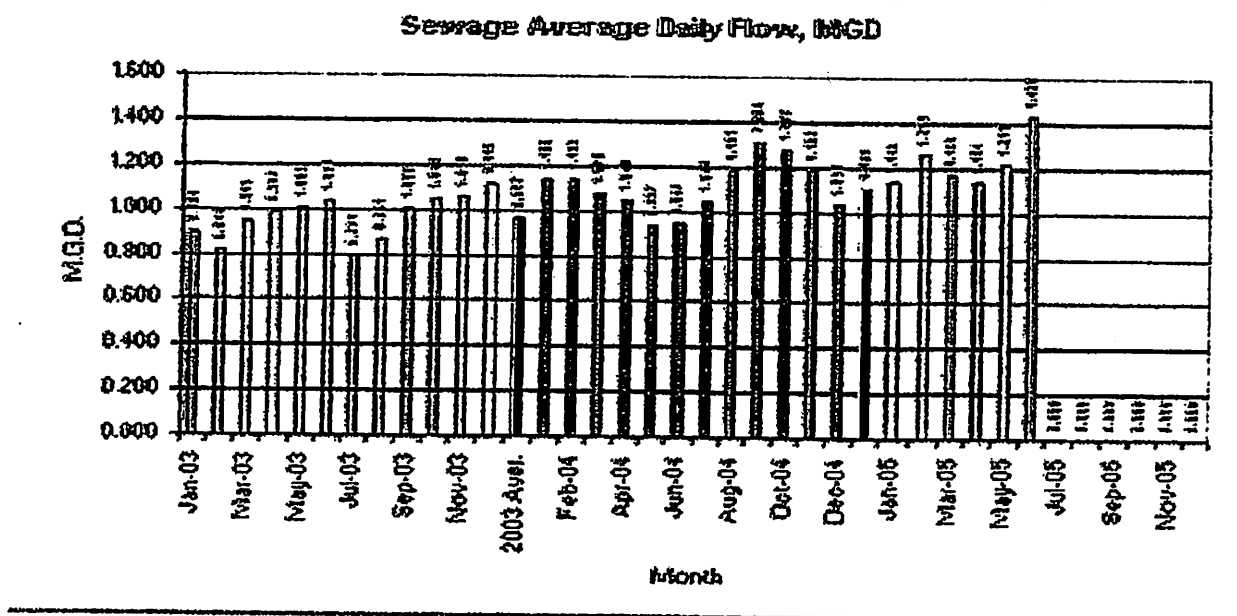


Figure 7.1 – Average Daily Sewage Flows

SECTION 8 – SANITARY SEWER INSPECTIONS & TESTING

8.1 Manhole Inspections

Each Manhole in the system was opened, inspected visually and relevant information was recorded on a field form. A copy of all field forms is included in the Appendix and a sample form is shown at right as figure 8.1

The location and information regarding flow direction and invert was coordinated with the system's utility atlas. This entire inspection program was completed in 2002.

8.2 Gravity System Test

A two-phase Gravity System Test and Seal program was first completed in 1987. The program consisted of the hydrostatic testing of individual sewer pipe joints and the sealing with quick setting chemical grout. The program targeted only the deepest sections of sewer mains to better use limited funds on the basis that the deeper sections are generally under water. These lines experience higher external static water pressures and would thus be expected to generate the highest infiltration rates.

Cleaning and televising of the sections to be sealed were part of the program. Inspection reports for each individual segment were prepared. These reports include observation of visible leaks, conditions of the pipe and actions taken. Based on analysis of before/after data, it was concluded that at the time a reduction of infiltration of approximately 15 percent was achieved.

A second cleaning and televising program was completed in 2002, when the entire system was inspected. A sample of a line segment report is shown at right as figure 8.2.

Fig. 8.1

Fig. 8.2

8.3 Smoke Testing Program

Smoke testing is a cost effective and rapid method for detecting infiltration / inflow sources in sewer systems. Specific sources readily detected include faulty or illegal roof, yard, and area drain

connections, sewer cross connections, broken or open clean-outs, and structural damage or leaking joints in the main line or service laterals.

In an effort to quantify and locate specific sources of I/I in the wastewater collection system, the first phase of a comprehensive smoke testing and physical survey was conducted within a 25- block area of the Town in 1996.

Individual line sections were isolated and smoke was introduced into the wastewater collection system using a gasoline operated blower and three minute smoke candles. All defects observed were documented and color photographs of each defect taken.

A total of 13,851 linear feet of sanitary sewer were tested and 29 defects were photographed and documented in a corrective action report for each location. The defects included broken service laterals, broken and missing clean-out caps, and a smoke from a manhole labeled "storm sewer".

SECTION 9 – STORMWATER SYSTEM

9.1 Background

The Town's drainage system was gradually installed as development occurred. Only 91 and 92 Streets were shown to have drainage infrastructure as of 1947 discharging to a pump station at the West end of 92 Street. The last installations of the existing system were completed in 1955 according to archival records.

9.2 General

Surfside's storm water collection and disposal system consists of flooded positive drainage collection systems directly discharging to Intracoastal waters. A pump station near the seawall assists one system draining 92 Street. Gravity pipes are mostly concrete. Inlets and manholes exist at all nodes.

There are other drainage systems within Surfside that are owned by the FDOT. State Road A1A is a one-way pair corridor that includes Collins Avenue (North) and Harding Avenue (South) in the Town of Surfside. Major drainage and roadway improvements were completed in 1996 by the Florida Department of Transportation (FDOT) to provide storm water disposal for this section of the highway. These improvements are being studied for retrofitting due to recurrent issues with their maintenance and performance.

96 Street at the North end of the Town is also a State Road and drainage within this corridor was recently upgraded by the FDOT. This system's storm water is directed to a storm water pump station with design discharges to deep wells and overflows to the Intracoastal waters.

The Town streets originally included grassy swales and two lanes of pavement. The local roads were later expanded in width to allow on-street parking on both sides and curb and gutters. This had two effects; a decrease in the time of concentration and an increase in impervious areas. These factors have been compounded by increased development and corresponding reduction in impervious area throughout the Town. Also there is an adverse physical fact due to the low prevailing ground elevations and thus there is minimal available head for storm water disposal. Tidal waters sometimes emerge above inlet grates during extreme tide conditions.

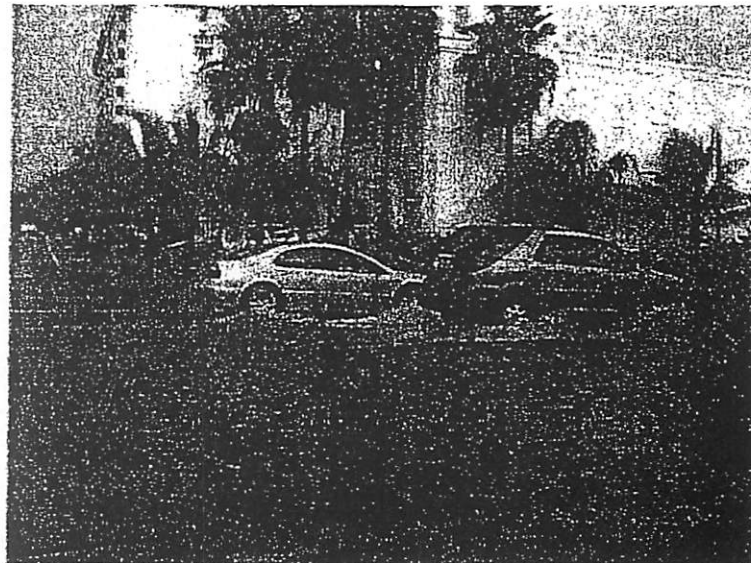


Fig. 9.1 - Flooding in Harding Avenue (SR A1A)

9.3 Effect on Sanitary Sewers

Inflow from chronic flooding during and immediately after

storm events and rain induced infiltration result and are demonstrated by the data collected for this report. Phreatic levels are elevated as a magnified perched aquifer over the normal groundwater levels as a result of rain events. This increased groundwater elevation results in greater infiltration from the lengths of submerged service pipe and greater heads at infiltration producing defects.

SECTION 10 – DETERMINATION OF INFILTRATION & INFLOW

10.1 General

One of the primary purposes of this study is the determination of infiltration inflow. Proving the existence of I/I and its subsequent quantification is required to determine whether a remedial action plan is required per Miami-Dade County Code criteria. These findings are also required to do a cost effective analysis of any required remediation.

10.2 Determination of I/I using Wastewater Flow Data.

Existing flow records as previously mentioned are used for determining I&I. The procedure includes the following:

1. Determine theoretical wastewater production rate
2. Determine total yearly infiltration / inflow
3. Determine total yearly infiltration
4. Determine total yearly inflow
5. Determine peak infiltration
6. Determine peak inflow
7. Determine peak infiltration/inflow

10.3 Theoretical Wastewater Production Rate

The theoretical wastewater production rate is the rate of wastewater flow expected if there were no I&I. The use of an assumed per capita flow does not yield accurate enough values. Inaccuracies generally stem from the regional and seasonal fluctuation in actual use and fluctuation in the local and seasonal population. In this study we use water consumption data as a one factor to determine wastewater production, as there is a stable relationship between water purchased and that returning as sewage in an established and fully developed community such as Surfside.

In general, between eighty percent (80%) and ninety percent (90%) of non-industrial water purchased should return as sewage. This is a useable parameter for the Town of Surfside as there are no industries within its limits that would require special consideration depending on specific water usage. Validation for this initial return figure and a better estimate can be obtained by examining daily water/sewage ratios during long dry periods thus eliminating all inflow and rain induced infiltration. As it is known that some infiltration occurs from pipes always below the phreatic surface, the theoretical production ratio is actually lower than the lower flows in this "dry" period and can be better approximated.

Daily data water purchased, sewage pumped and rainfall were tabulated for the entire period (See the Appendix for the totality of the data). Inspection shows that wastewater to water ratios were as low as seventy percent (70%) in a single day on February 10, 2003. The highest ratio occurred on the same date as the greatest day of precipitation, on September 6, 2004 of 265%. For this period, we use the extreme lowest day ratio of 70% as a conservative value of wastewater production ratio to water purchased.

The chart at right shows the theoretical wastewater production plotted with the actual recorded flows. Total estimated I&I for the 28 month period is 298 million gallons, total theoretical wastewater is 600 million gallons and total recorded flows were 898 million gallons. I&I are then fifty percent (50%) of the theoretical wastewater or thirty seven percent (33%) of recorded flows. At the last I/I study completed in 1998 the corresponding percentages

established for I/I were 60% and 37% respectively. Thus, even though this study is using a 70% return value as opposed to the 75% used on the prior study, there is a reduction of about 11 percent on the infiltration component of total sewage production since the last I/I report.

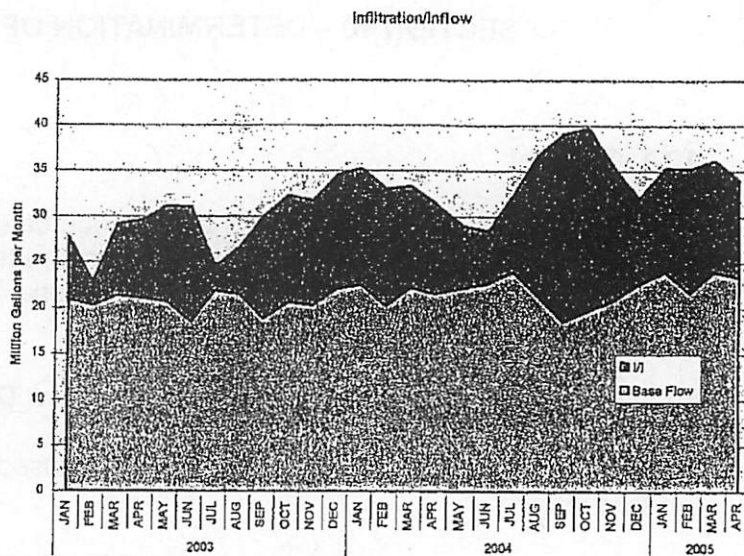
The fact that the recorded flows plot never dips below the theoretical wastewater production serves to validate the expectation that no significant exfiltration exists in the system. This can also be assumed as the system never operates in a surcharged condition and a significant portion of the system is below the ground water level. Total I/I based on the theoretical base sewage production is calculated at 350,588 GPD over the entire 850 day period.

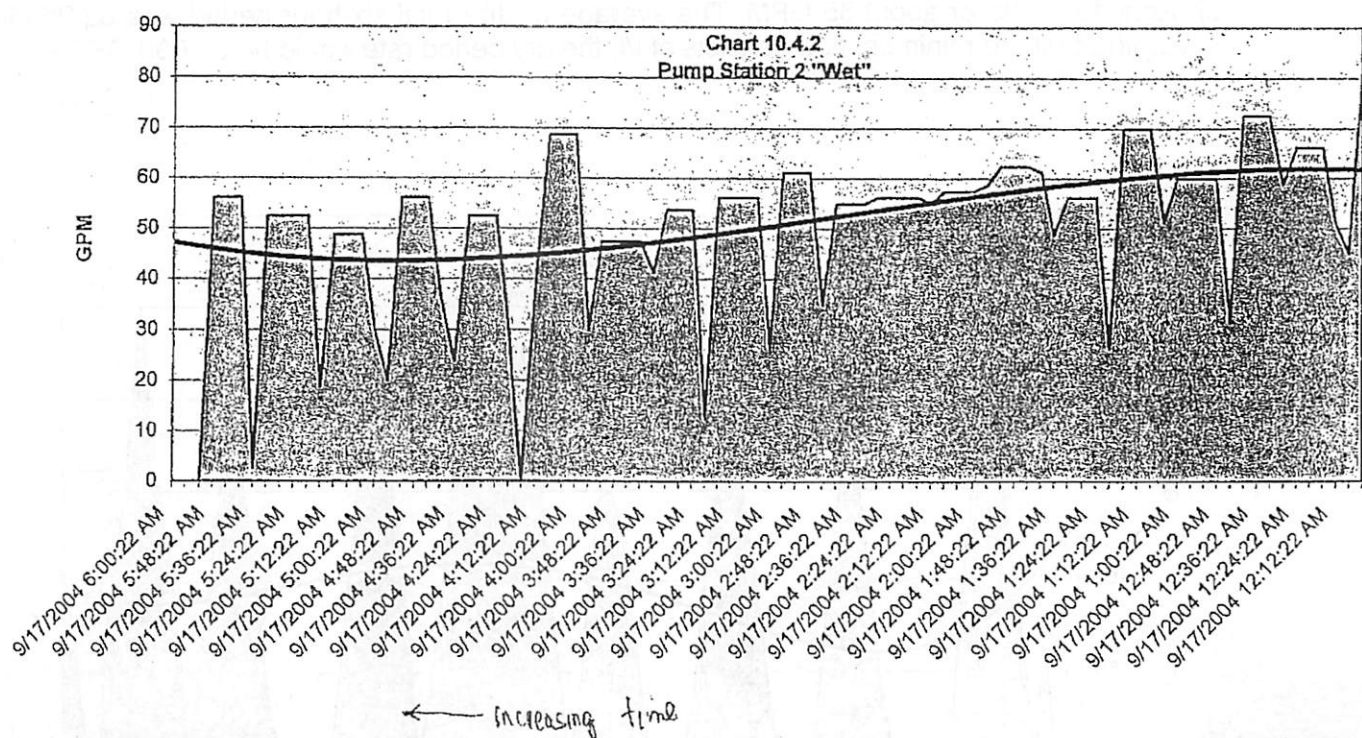
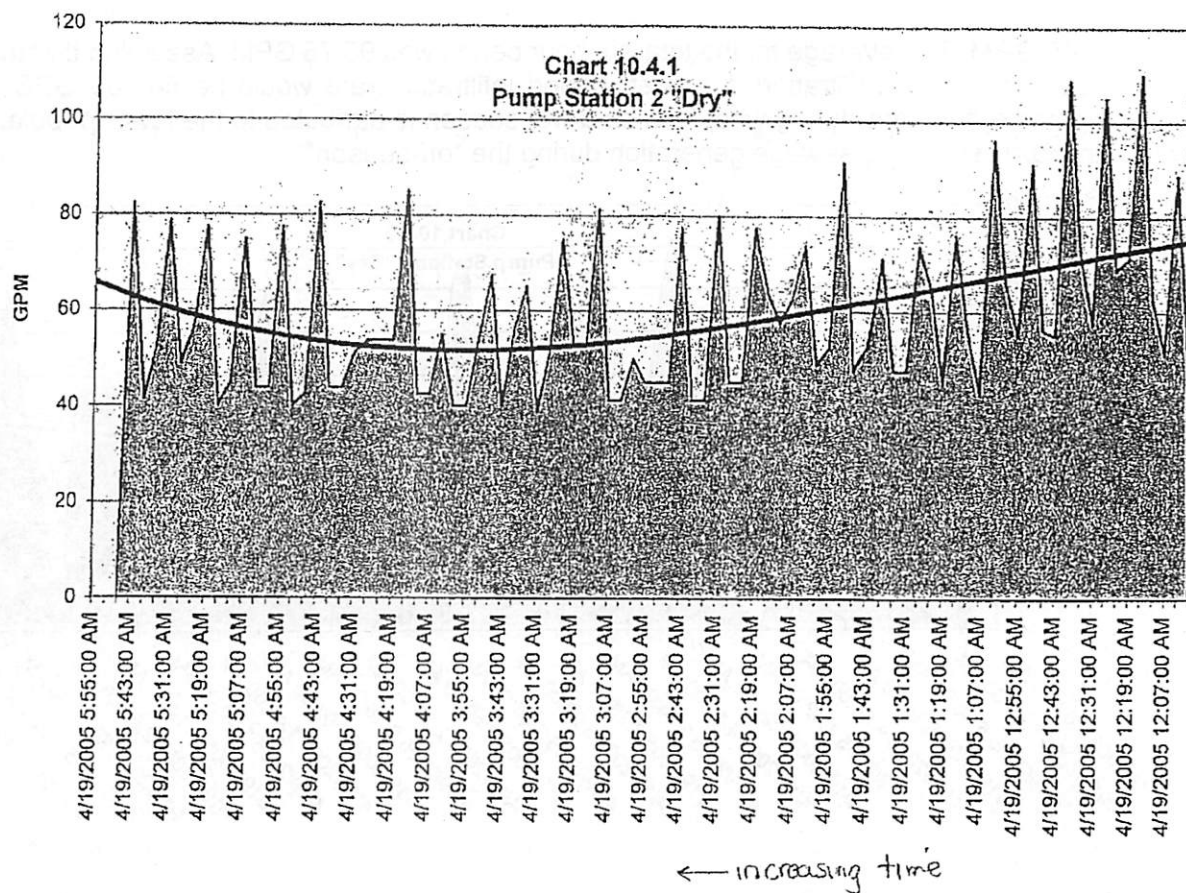
10.4 Night time flow monitoring

Data loggers were installed at the two Surfside Stations to record various parameters including total flow at timed intervals. Data for both "dry" and "wet" day, including one day immediately after Hurricane Francis on September 17, 2004 was obtained from the Maintenance Contractor for this report. Nighttime reduced data is included in the Appendix. The entire dataset is not included in print form due to the number of pages required (About 100 pages per date range per station).

It should be noted that PS number 1 is at the North end of the Town where more commercial and higher density development exists. Pump Station 1 has a greater design capacity than PS #1 due to higher density and historical flows.

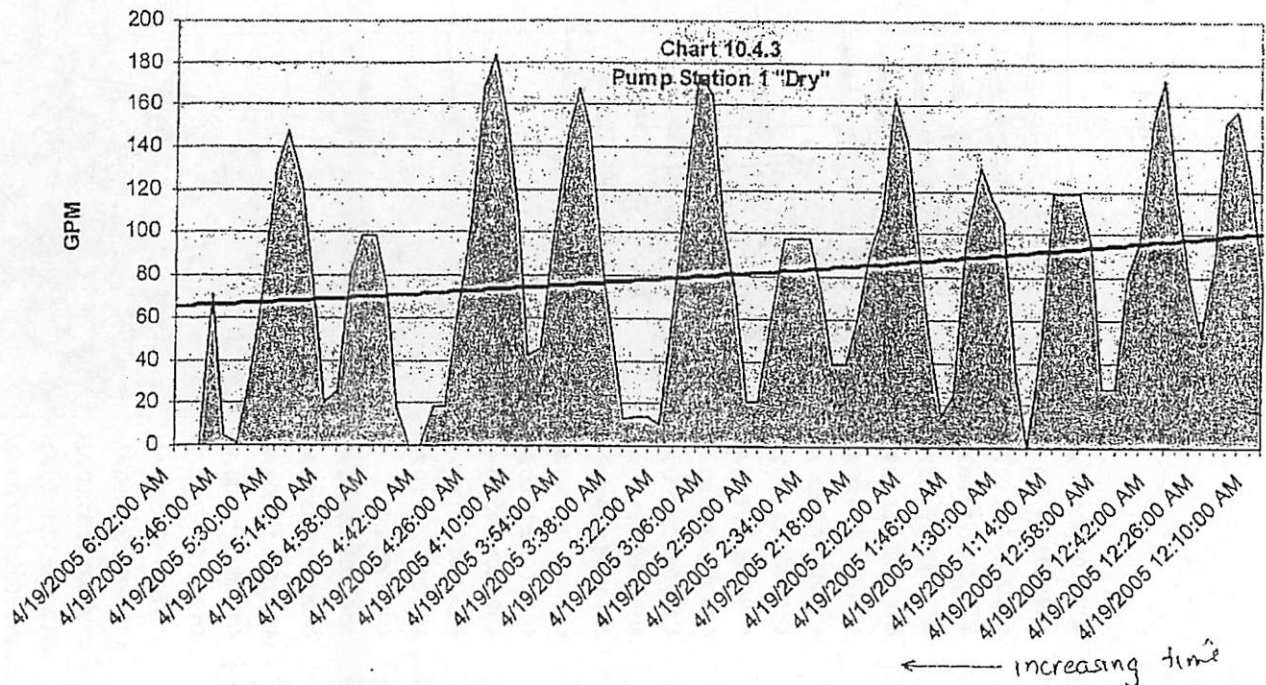
Pump Station 2 "nighttime" flow data was used to prepare Chart 10.4.1 "Pump Station 2 "Dry". The 20 minute average flow data was smooth curve fitted yielding a minimum flow rate around 4:00 AM on April 19, 2005 of 50 GPM. The average for the total six-hour period was 62.5 GPM. Assuming that the minimum flow consists of infiltration, the dry period infiltration rate would be 72,000 GPD.



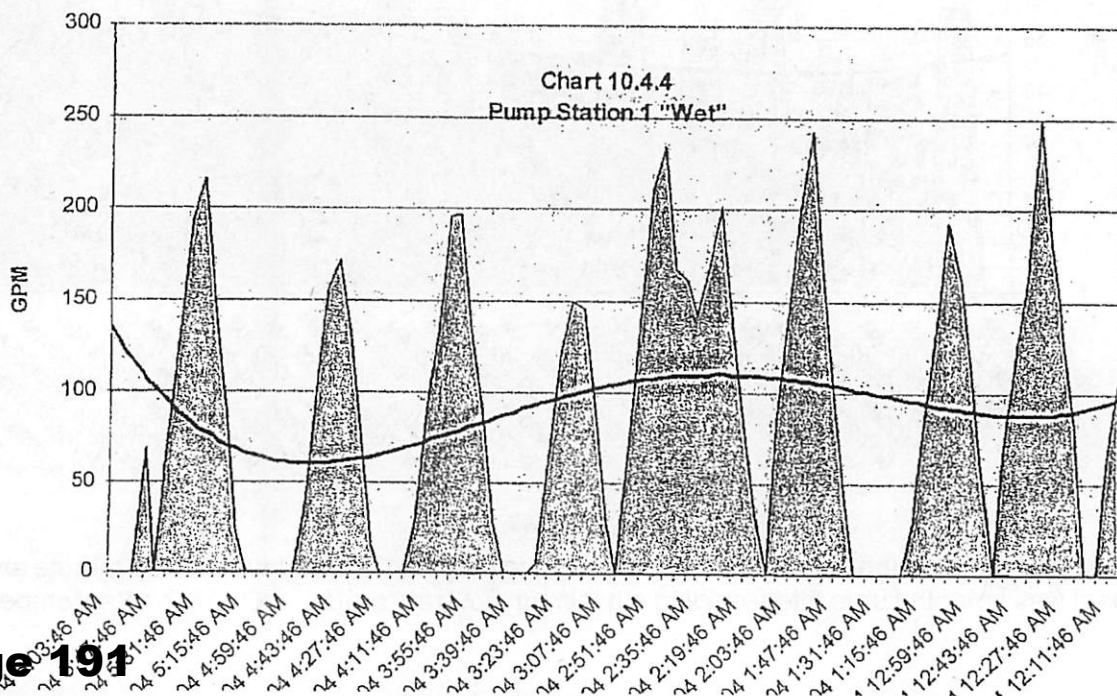


Pump Station 2 "nighttime" flow data was used to prepare Chart 10.4.2 The 20 minute average flow data was smooth curve fitted yielding a minimum flow rate around 4:00 AM on September 17, 2004,

of 45 GPM. The average for the total six-hour period was 95.75 GPM. Assuming that the minimum flow consists of infiltration, the "wet" period infiltration rate would be 64,800 GPD. The lower nighttime flow rate during what is to be a wet season is attributed to the lower population density and corresponding sewage generation during the "off-season".



Pump Station 1 "nighttime" flow data was used to prepare Chart 10.4.3 "Pump Station 1 "Dry". The 20 minute average flow data was smooth curve fitted yielding a minimum flow rate around 5:45 AM on April 19, 2005 of about 65 GPM. The average for the total six-hour period was 32.96 GPM. Assuming that the minimum flow consists of I/I, the dry period rate would be 93,600 GPD.



Pump Station 1 "nighttime" flow data was used to prepare Chart 10.4.4 on the next page. The 20-minute average flow data was smooth curve fitted yielding a minimum flow rate around 5:00 AM on September 17, 2004, of 60 GPM. The average for the total six-hour period was 135.40 GPM. Assuming that the minimum flow consists of infiltration; the dry period infiltration rate would be 64,800 GPD.

Base infiltration calculated on the basis of the total measured minimum flow for both dry and wet seasons for each of the two stations is:

Pump Station Number One Mini-System – 65 gpm X 1440 = 93,600 GPD

Pump Station Number Two Mini-System – 50 gpm X 1440 = 72,000 GPD

Total infiltration for the Town of Surfside is then 165,000 GPD

165,600

10.5 Inflow and RII

The I/I report completed by O&A in 1998 found a clear relationship between rainfall and RII and Inflow. This condition remains and can be easily seen in the Chart "Utility 7 Rainfall Data – 2003" in the Appendix. There is also a relationship between seasonal high tides that was established in that earlier report.

10.6. Conclusions Regarding I/I.

The I/I rates within the Town of Surfside fall within the acceptable limits established by Miami Dade County Ordinance of 5,000 gallons per day per inch per mile. These are summarized as follows:

Pump Station Number One Mini-System = 93,600 GPD Using Night Time Flow Rate

Pump Station Number Two Mini-System = 72,000 GPD Using Night Time Flow Rate

Total combined I/I is then 165,000 GPD Using Night Time Flow Rate

Total combined I/I is then 350,588 GPD based on the theoretical base sewage production

From Section 4.6, the maximum I/I allowed by County Ordinance is 405,400 gallons per day.

No further action is required, but it is recommended for inflow and RII reduction to be the primary focus of any I/I mitigation efforts.

$$\frac{165.6}{405.4} = 0.408, 40.8\% \text{ of the } \frac{5,000 \text{ gal}}{\text{in.-mile}}$$

SECTION 11 – CORRECTIVE ACTION PLAN

11.1 General

There is no corrective action required based on County ordinance compliance. There is nevertheless a significant component of I/I resulting from rain events that need further study to find a practical reduction of these flows. The following actions and process should continue and be implemented for this purpose:

11.2 Inflow correction measures for consideration

We recommend the following actions:

1. Install of manhole frame inserts to reduce or exclude inflow due to flooding.
2. Implement a lateral inspection and replacement program¹.
3. Continue requiring the inspection and replacement of existing laterals in new construction.
4. Enforce the Town's Code regarding full on-site retention of storm water flows.
5. Support the FDOT in implementing a feasible and performance based solution to the chronic flooding problems along A1A.
6. Continue efforts to obtain solutions including innovative processes for the reduction of storm water contributions to the existing disposal system of the Town.

¹ Laterals in the Town are the responsibility of the property Owner. Because of this a funding mechanism should to be developed for the program to be thoroughly completed in a cost effective manner, benefiting from the economies of scale inherent in a Town-wide program.

APPENDIX TABLE OF CONTENTS

Appendix 1. – 2004 Rainfall Data Sewage to Water Ratios

Appendix 2. – Utility Average Daily Flows, Precipitation and Tidal Data

Appendix 3. – Utility Precipitation and Pump Stations Hours Monthly Data

Appendix 4. – Sewage to Water Ratio Analysis

Appendix 5. – Sewage Pump Stations Daily Flow and Running Hours

Appendix 6. – Daily Water Purchases

Appendix 7. – Sewer Manholes

Appendix 8. – Sanitary Collection Pipe Inventory

Appendix 9. – Sanitary Collection System Inspection Summary

Appendix 10– Sanitary Sewer Manhole Observation

Appendix 11– Night Time Readings – Data for Section 10, Charts 10.4.1 to 10.4.4

Appendix 12– Charts

- Water Average Daily Flow, MGD
- Sewage Average Daily Flow, MGD
- Utility Rainfall Data
- Monthly Rainfall Data
- Sewage ADF by Day of Week
- Pump Station Hours vs. Rainfall
- Monthly – Maximum/Mean/Minimum Tides

Appendix 13. – Sanitary Sewer Map

ATTACHMENT

"2"



SSSES Report Analysis and Update

Purpose of the Report

The purpose of this report is to review, re-analyze and update the Town of Surfside's Sanitary Sewer Evaluation Study (SSES) data originally presented by Ojito & Associates on March 3, 2006, as well as data from other sources. The Ojito report contains the necessary background information for the Town's sewer collection system, the system history, component descriptions and an analysis of the sewer system's performance.

The Ojito report also shows that the city is in compliance with the 5,000 gal/day/inch-mile when using monthly averages. However, for significant rainfall events, there is an inflow relationship which is somewhat masked using monthly averages. In addition, there is also a relationship with elevated tides as pointed out in the Environmental Resources Management letter dated March 14, 2006.

Analysis of the Data

After studying the Town of Surfside's operating data, it was noted that one of the effluent flow meters was tailing off during the end of the Ojito 18-month data time frame of January 2004 through May 2005. Flow meters were to be calibrated every year; however the last confirmed calibration was in January, 2004, and the calibration in 2005 was not performed. Therefore we believe the data for pump basin 2 is considered unreliable starting January 2005. For this reason, only calendar year 2004 has been re-analyzed.

The data has been re-analyzed using a daily value for sewage flows, not a monthly average as shown in the Ojito Report. Water purchases (See Table 1) are assumed to be fairly consistent at 1.00 MGD. Losses for cooling tower evaporation, sprinklers and leakage were calculated and have been deducted from the water purchase total.

Water Purchased

Days	Month	Month	AVG GPD	Avg MGD
31	Jan-04	31,155,696	1,005,022	1.01
28	Feb-04	27,905,636	996,630	1.00
31	Mar-04	33,708,620	1,087,375	1.09
30	Apr-04	30,698,668	1,023,289	1.02
31	May-04	28,246,724	911,185	0.91
30	Jun-04	35,946,636	1,198,221	1.20
31	Jul-04	32,984,556	1,064,018	1.06
31	Aug-04	31,715,948	1,023,095	1.02
30	Sep-04	26,494,908	883,164	0.88
31	Oct-04	26,155,316	843,720	0.84
30	Nov-04	31,856,572	1,061,886	1.06
31	Dec-04	30,133,180	972,038	0.97
Average Daily			1,005,804	

Table 1

Engineering
Construction Engineering
& Inspection
Municipal Engineering
Transportation Planning
& Traffic Engineering
Surveying & Mapping
Planning
Landscape Architecture
& Environmental Services
Construction Services
Indoor Air Quality
Data Technologies
& Development
Emergency Management
Services

1800 Eller Drive, Suite 600
Fort Lauderdale, FL 33316
Phone: 954.921.7781
Fax: 954.921.8807

www.calvin-giordano.com

This report also analyzes the collection system for each of two basins. Water or sewer records do not provide a convenient or obvious determination as to how to divide the purchased water between the two basins. The Town is supplied via a looped water distribution system metered at three locations. An attempt was made to apportion the water between the two basins using total dwellings/lots within each basin. The physical dividing line between the two basins is 91st Street. Using this parameter, approximately 45% of the incoming water is assumed to enter the northern basin (Basin 1), with the remaining 55% entering the southern basin (Basin 2) as shown in the following table:

	Total	Basin 1	Basin 2	Basin 1	Basin 2
Homes	1,387	667	720	48%	52%
Business	80	0	80	0%	100%
Apartments	85	28	57	33%	67%
Total	1,552	695	857	45%	55%

Table 2

The resulting Inflow and Infiltration (I/I) analysis is based on this split.

Adjustment Losses to Incoming Water

Adjustments have been made to the incoming water, which include sprinklers, cooling tower losses and leaks. Brief descriptions of these adjustments are as follows:

- Sprinkler losses were based on sprinkler accounts. Because not all dwellings have a separate meter, an average of 272,362 gallons per day (GPD) was calculated, using Town's water bill summary. The total adjustment for sprinklers was determined to be 27% of the daily water flow.
- Cooling tower losses have been estimated at 28,837 gallons per day. This is based on 2,500 apartment units and some commercial units, located in approximately 10 buildings, as reported by the Town. An estimated cooling cycle value of 520 BTU/cooling cycle was used, 6 cycles per hour, for a total BTU usage of 3,120 BTU/hr per unit. Applying some cooling tower rules of thumb provided a water usage rate of 11.5 gal/day/unit.
- Leakage was determined using a standard formula for the maximum allowable per AWWA C600.05. Leakage for each basin was determined to be 320 GPD for Basin 1 and 395 GPD for Basin 2.

A summary of the losses are as follows:

Standard Losses Based on Basin

	Basin 1	Basin 2	
Inflow Split	45%	55%	
Sewer Split	49.9%	50.1%	
Inch-Mile	40.9	40.2	
Sprinklers	0.27	0.27	%
Cooling Tower	9,471	19,279	GPD
Leakage	320	395	GPD

Table 3

Determination of Infiltration and Inflow

The daily flow was determined by using the average water purchased by the Town for each monthly period. The purchased water as reported through master meters was apportioned 45%/55% to Basin 1 and Basin 2, respectively. Sprinklers, cooling tower losses and leakage was then deducted and apportioned using the same percentages. The inflow/infiltration was determined to be the adjusted flow for purchased water less the recorded sewage flow. The total inch-mile for each basin was then divided into the corresponding infiltration daily total (See Figure 1). Each day was compared to see if any were over the 5,000 GPD/inch-mile criteria as specified by Miami-Dade County Ordinance Section 24-42.2.

Infiltration and Inflow Results

The results indicate that rainfall and tides are the main cause of Inflow. The inflow analyzed shows that the 5,000 GPD/inch-mile criteria were exceeded 216 total days for Basin 1, whereas Basin 2 exceeded the limit 104 total days for the year. Table 4 reveals that the majority of the days were between 5,000 and 6,000. I/I in excess of 10,000 only occurred 22 and 12 times during the period for each basin, respectively.

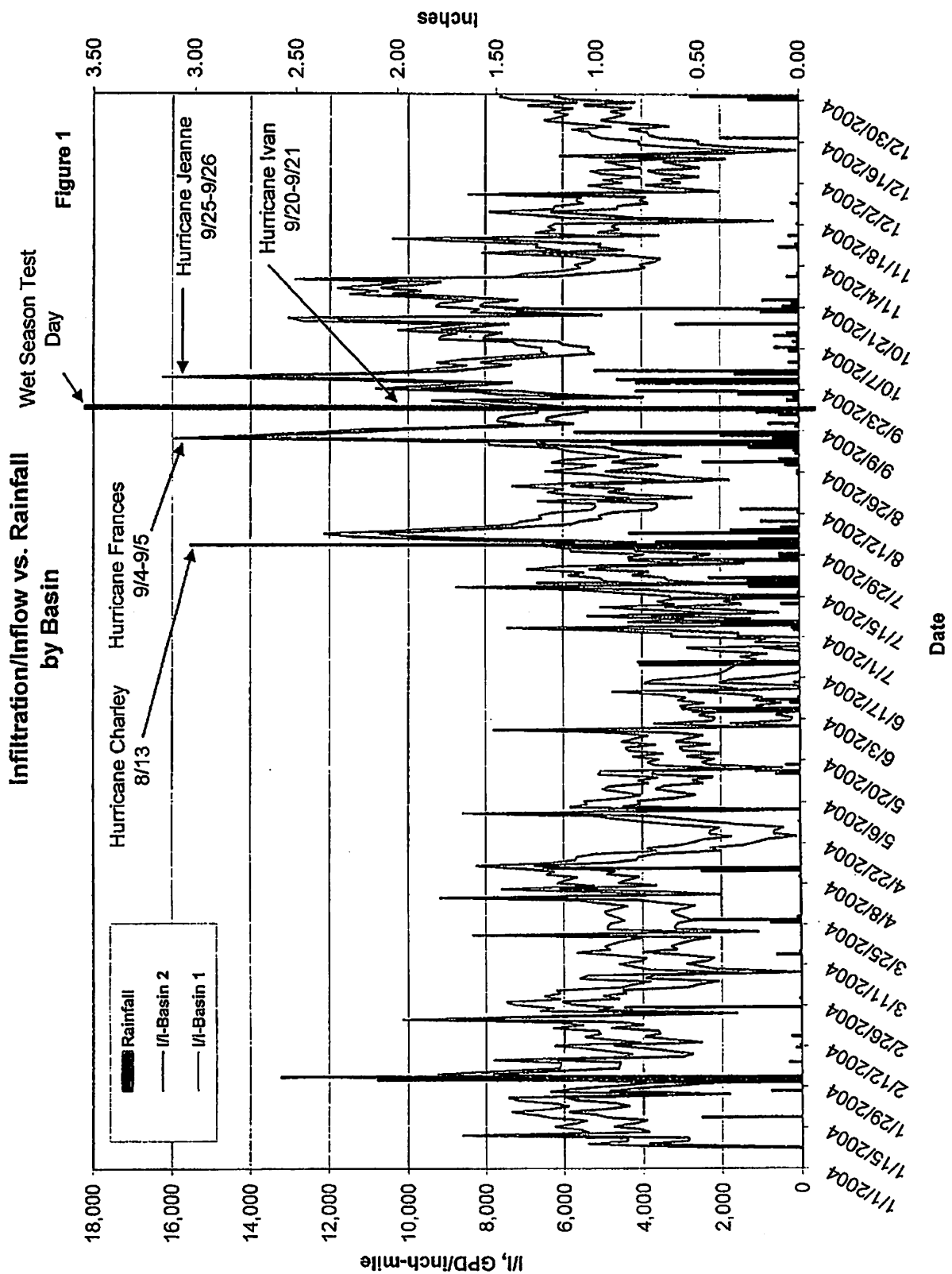
Number of Days over, by Range				
GPD /inch-mile	Basin 1		Basin 2	
5-6,000	74	34%	31	30%
6-7,000	56	26%	25	24%
7-8,000	30	14%	16	15%
8-9,000	20	9%	13	13%
9-10,000	14	6%	7	7%
>10,000	22	10%	12	12%

Table 4

Figure 2 demonstrates that significant I/I is due to tidal cycles during storm events and hurricanes.

Proposed Solution

Based on the analysis, the Town approved the first phase of the Inflow/Infiltration remediation program during its June 12, 2007 meeting. The 1st Phase will consist of installing dish-type sewer gaskets (high density polyethylene co-polymer) on all manholes. Installation is expected to begin August 2007. The 2nd Phase of the program will be to monitor and disconnect illegal downspout connections to the sanitary sewer system and to repair broken sewer laterals. Concurrently with these mechanical repairs the Town will work diligently to reach agreement with other transmission system operators to coordinate pump operating conditions.



Effluent Flow vs. Tidal Level

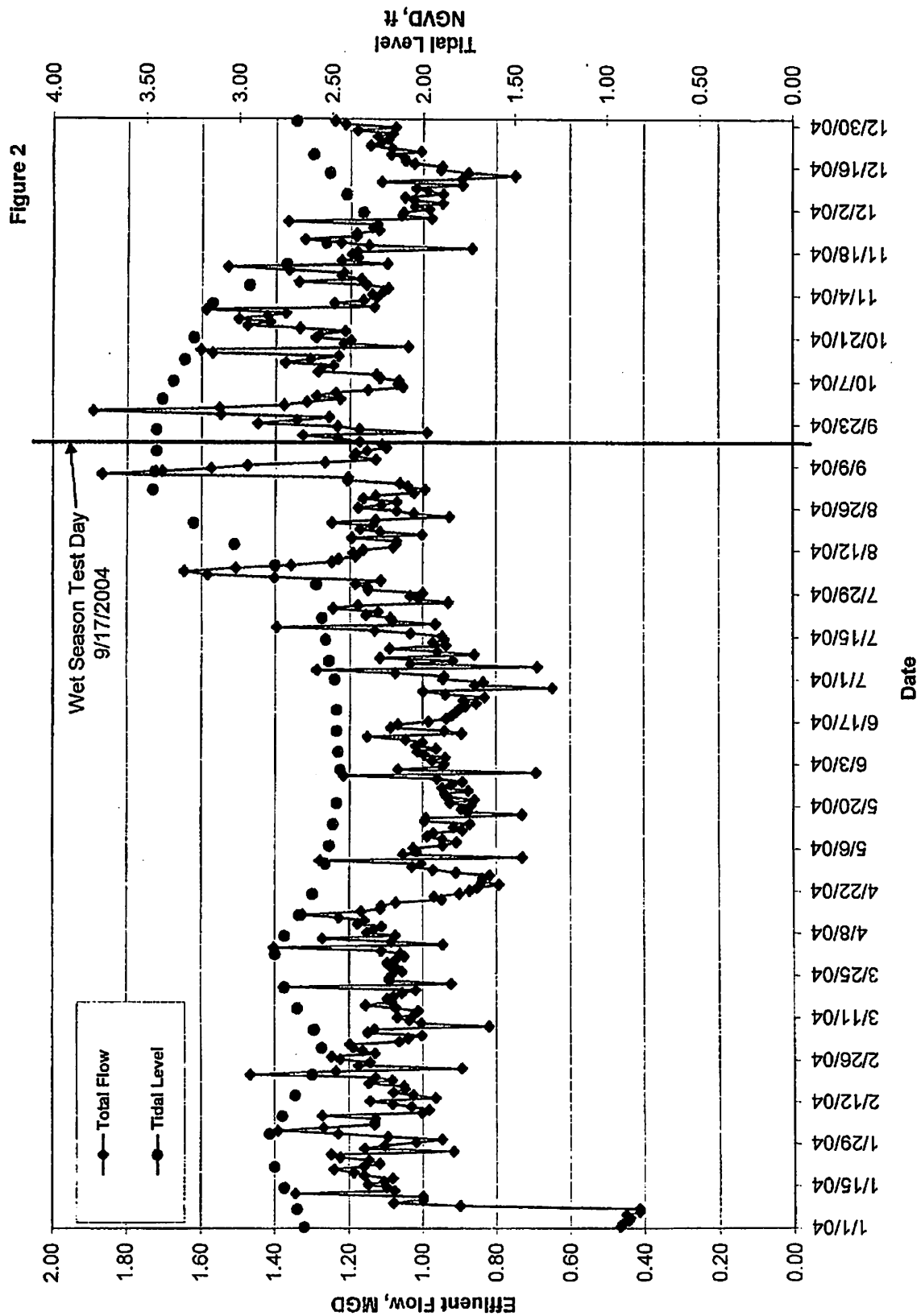


Table 5

TOWN OF SURFSIDE
SANITARY COLLECTION SYSTEM PIPE INVENTORY

Pump Station No. 1

49.9% of total feet

PIPE SIZE	ELEVATION											% of feet	in-miles
	(-2 to -1)	(-1 to 0)	(0 to 1)	(1 to 2)	(2 to 3)	(3 to 4)	(4 to 5)	(5 to 6)	(6 to 7)	(7 to 8)	FT		
8"	-	198	7,271	5,353	-	329	553	602	316	63	14,685	60.2%	22.25
10"	-	6,176	1,810	357	455	250	20	-	-	-	9,068	37.2%	17.17
12"	-	559	-	-	-	-	-	-	-	-	559	2.3%	1.27
15"	83	-	-	-	-	-	-	-	-	-	83	0.3%	0.24
SUB-TOTAL	83	6,933	9,081	5,710	455	579	573	602	316	63	24,395	100.0%	40.93

50.4%

Pump Station No. 2

50.1% of total feet

PIPE SIZE	ELEVATION											% of feet	in-miles
	(-2 to -1)	(-1 to 0)	(0 to 1)	(1 to 2)	(2 to 3)	(3 to 4)	(4 to 5)	(5 to 6)	(6 to 7)	(7 to 8)	FT		
8"	-	2,886	10,236	5,356	346	-	277	220	583	86	19,990	81.7%	30.29
10"	-	918	792	74	74	74	157	157	32	-	2,278	9.3%	4.31
12"	-	1,100	-	-	-	-	-	-	-	-	1,100	4.5%	2.50
15"	997	103	-	-	-	-	-	-	-	-	1,100	4.5%	3.13
SUB-TOTAL	997	5,007	11,028	5,430	420	74	434	377	615	86	24,468	100.0%	40.23

49.6%

TOTAL	1,080	11,940	20,109	11,140	875	1,653	1,007	979	1,931	149	48,863		81.16
--------------	--------------	---------------	---------------	---------------	------------	--------------	--------------	------------	--------------	------------	---------------	--	--------------

100.0%

ATTACHMENT

“3”

Town of Surfside
Florida



Water and Sewer Rate Study

October 12, 2010

TischlerBise
Fiscal, Economic & Planning Consultants

43460 Ridge Park Drive
Suite 200W
Temecula, CA 92590
T: 951.719.8478
F: 301.320.4860
www.tischlerbise.com

October 12, 2010

Mr. Martin D. Sherwood, CPA, CGFO
Finance Director
Town of Surfside
9293 Harding Avenue
Surfside, Florida 33154

Dear Mr. Sherwood,

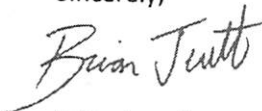
TischlerBise is pleased to present this final report on the long-term financial plan and rate study conducted for the Town of Surfside's Water and Sewer Enterprise Fund.

This report was undertaken as the Town is facing several challenges to continuing its high-quality utility operations. The focus of this study is to ensure that the utilities have sufficient revenues to meet their operational, capital and proposed debt service obligations and that rates are set proportionate to the costs of providing utility service to each customer class. Our report outlines the approach, methodology, findings, and conclusions of this study.

This report has been prepared using generally accepted rate setting techniques. The Town's utility accounting, budgeting, and billing records were the primary sources for the data contained within the report. Furthermore, we have worked closely with Town staff and the Town Commission over the course of this project. The conclusions contained within this report provide the Town with a set of recommendations to provide stable defensible funding for continued high-quality operations. We are confident that the results developed based on the cost of service analysis will result in fair and equitable rates to the Town's users.

It was a pleasure working with you, and we also wish to express our thanks to Gary Word, Fernando Rodriguez, Catherine Colonna, and other staff members at the Town, along with John Messerian at Calvin, Giordano & Associates, for the support and cooperation extended throughout the study.

Sincerely,



Brian Jewett
Vice-President
TischlerBise, Inc.

Table of Contents

Table of Contents	iii
List of Figures & Tables	iv
Executive Summary	1
Overview of the Rate Study Process	1
Financial Plan Summary	2
Organization of the Report	6
Project Background	7
Key Financial Plan Objectives.....	8
Rate Setting Principles	10
Established Principles & Guidelines	10
Revenue Requirements.....	11
Financial Planning	11
Rate Design	12
Rate Setting Principles Summary	12
Utility Enterprise Fund Budget Analysis.....	13
Project Assumptions	13
Utility Revenues and Expenditures	13
Water Rate Analysis	17
Revenue Requirements Analysis.....	17
Cost of Service Analysis.....	19
Rate Design Analysis	22
Sewer Rate Analysis.....	28
Revenue Requirements Analysis.....	28
Cost of Service Analysis.....	30
Rate Design Analysis	32

List of Figures & Tables

Table of Contents	iii
List of Figures.....	iv
Executive Summary	1
Figure 1: Comprehensive Rate Study Interrelated Analysis.....	2
Figure 2: Water System Financial Projection Using Current Water Rates	3
Figure 3: Sewer System Financial Projection Using Current Sewer Rates	3
Figure 4: Water System Financial Projection Using Proposed Water Rates	4
Figure 5: Sewer System Financial Projection Using Proposed Sewer Rates	5
Table 1: Proposed Water Monthly Base Service Charge	5
Table 2: Proposed Water Consumption Charge	6
Table 3: Proposed Wastewater Rate Structure	6
Project Background	7
Rate Setting Principles	10
Figure 6: Overview of the “Cash Basis” Design.....	11
Utility Enterprise Fund Budget Analysis.....	13
Table 4: Escalation and Input Assumptions	14
Table 5: Utility Enterprise Fund Revenue Projections	15
Table 6: Utility Enterprise Fund Expenditure Projections.....	15
Table 6: Utility Enterprise Fund Expenditure Projections (continued).....	16
Water Rate Analysis	17
Table 7: Water CIP and Funding Sources	17
Table 8: Water Revenue Requirements.....	18
Figure 7: Major Budget Components of Water System.....	19
Table 9: Water Fund Balance Information.....	20
Table 10: Classification of Water Expenses by Function.....	21
Table 11: Allocation of Revenue Requirements by Functional Percentages	21
Figure 8: Consumption Charge Approaches	23

Table 12: Fixed Montly Base Charges by Meter Size	24
Table 13: Meter Equivalency Ratios.....	24
Table 14: Customer Consumption Charge Structure	25
Figure 9: Customer Billing Analysis: Current & Proposed Water Rates.....	26
Figure 10: Customer Monthly Consumption Charge Analysis	26
Figure 11: SFR Rate Comparison –12,000 gallons.....	27
Sewer Rate Analysis.....	28
Table 15:Sewer CIP and Funding Sources	28
Table 16: Sewer Revenue Requirements	29
Figure 12: Major Budget Components of Sewer System.....	30
Table 17: Sewer Fund Balance Information	31
Table 18: Classification of Water Expenses by Function.....	32
Table 19: Allocation of Revenue Requirements by Functional Percentages	32
Table 20: Fixed Montly Base Charges by Account or Dwelling Unit and Sewer Flow Rate	34
Figure 13: Customer Billing Analysis: Current & Proposed Sewer Rates	35
Figure 14: SFR Rate Comparison –12,000 gallons.....	36

Executive Summary

The Town of Surfside retained TischlerBise to prepare a long-term financial plan and rate study for the water and sewer utilities to ensure each utility has sufficient revenues to meet operational, capital and projected debt service obligations. An additional but equally important objective of the analysis was to ensure that rates are set proportionate to the costs of providing utility service to each customer class. As part of this rate study, TischlerBise facilitated dialogue with the Town Commission and Town staff at several Commission meetings and project meetings. During these meetings, the Commission and staff made recommendations to be incorporated into the study where appropriate. This report documents the findings, analyses and recommendations of the comprehensive rate study effort.

The Town desires rates and fees that fully fund operations, maintenance, and future capital costs for infrastructure repair and replacement. The Town is facing several challenges to continuing its high-quality operations:

- Utility revenues are not keeping pace with increasing operational and capital costs.
- Purchased water costs and sewage disposal expenses have a volatile history and could spike again in the future.
- Utility infrastructure is aging and must be replaced soon to maintain high-quality service and minimize system water losses and sewer inflow/infiltration problems.

Therefore, the purpose of this analysis is to provide recommendations on changes to the current utility rate structures to meet these challenges and others identified during the course of the project.

Overview of the Rate Study Process

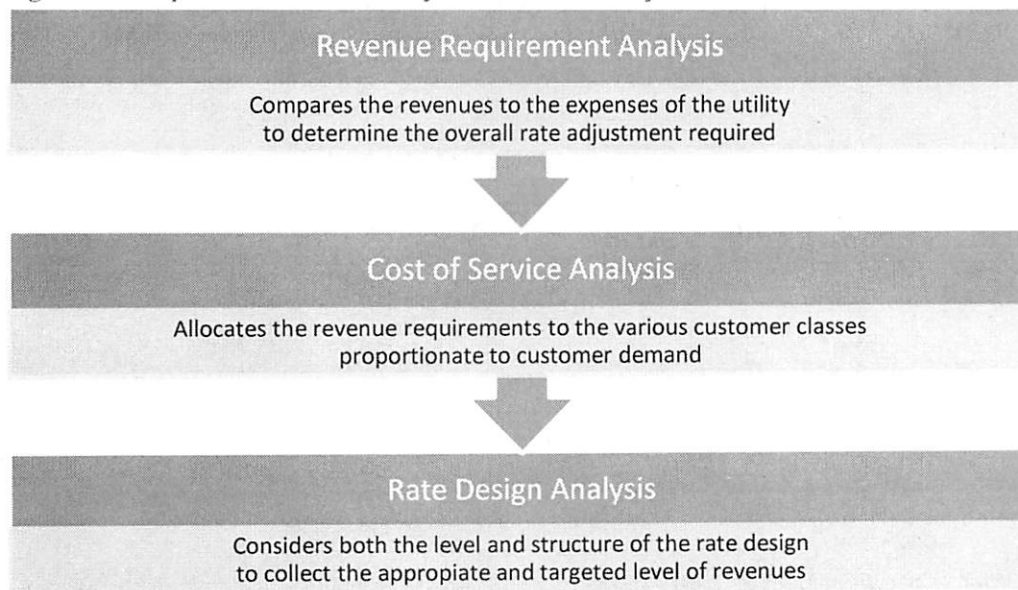
The financial planning and rate study efforts were conducted in coordination with Town staff and the Town Commission. During the course of the project, the consulting team facilitated several presentations and discussions with the Commission members and Town staff to review, explore and analyze rate setting principles and utility financial, operational and capital issues. The meetings consisted of presentations of information and data related to the Town's utility revenue needs, capital improvement plans, current rate structures, other relevant rate and financial issues. This process enabled the Town staff, Commission members and the consulting team to develop a multi-faceted understanding of financing planning issues, and to develop a broad consensus on a number of policy items and rate recommendations.

The scope of the study resulted in the development of cost-based water and sewer user charges through a comprehensive cost of service and rate design study process. Utility rates must be set at a level where a utility's operating and capital expenses are met with the revenues received from customers. This is a significant point, as failure to achieve this level may lead to insufficient funds being available to appropriately maintain the system and meet other obligations such as debt coverage ratios on future bonds. To evaluate the adequacy of the Town's existing rates, a comprehensive rate study was

completed. A comprehensive rate study typically consists of following three interrelated analyses (Figure 1 provides an overview of these processes).

- Financial Planning/Revenue Requirement Analysis: Create a ten-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, and retirement of projected outstanding debt. In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and Town fiscal policies.
- Cost of Service Analysis: Identifies and apportions annual revenue requirements to the different customer classes based on their demand on each utility system.
- Rate Design: Develops a fixed/variable schedule of rates for each customer class to proportionately recover the costs attributable to them. This is also, where other policy objectives can be achieved, such as discouraging wasteful water use. The policy objectives are balanced with the cost of service objectives to maintain the delicate balance between customer equity, financial stability and resource conservation goals.

Figure 1: Comprehensive Rate Study Interrelated Analysis



Financial Plan Summary

The graphs below (Figures 2 and 3) demonstrate the current and projected financial conditions of the water and sewer systems absent a comprehensive rate restructuring and assuming no rate increases over the next 5 years. As the figures illustrate, holding rate structures and rates constant will result in depleted reserve funds, potential General Fund borrowing, lower quality operations and deferred capital projects that are urgently needed.

Figure 2: Water System Financial Projection Using Current Water Rates

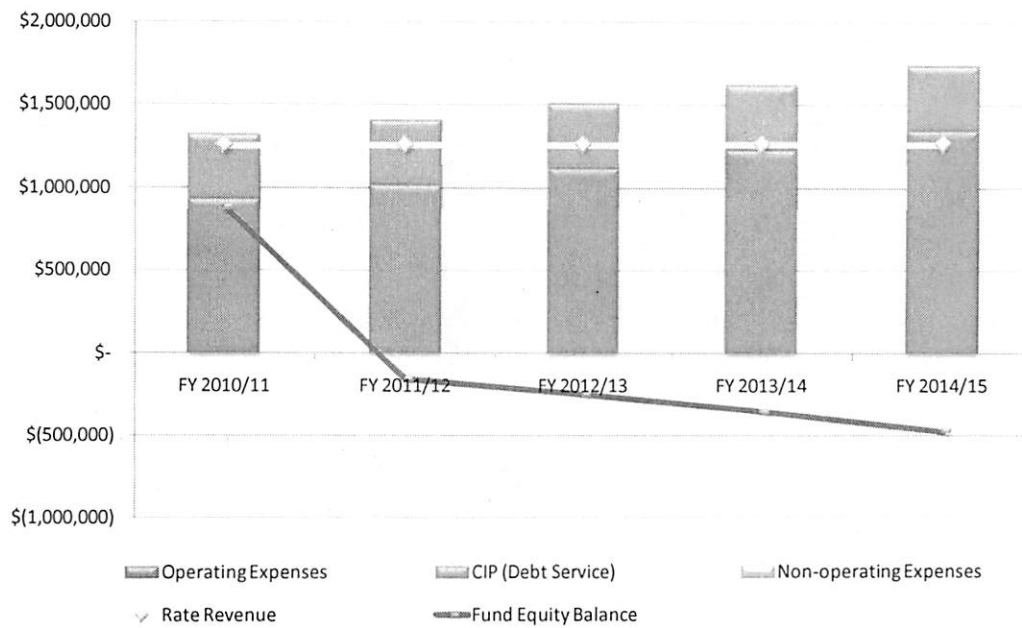
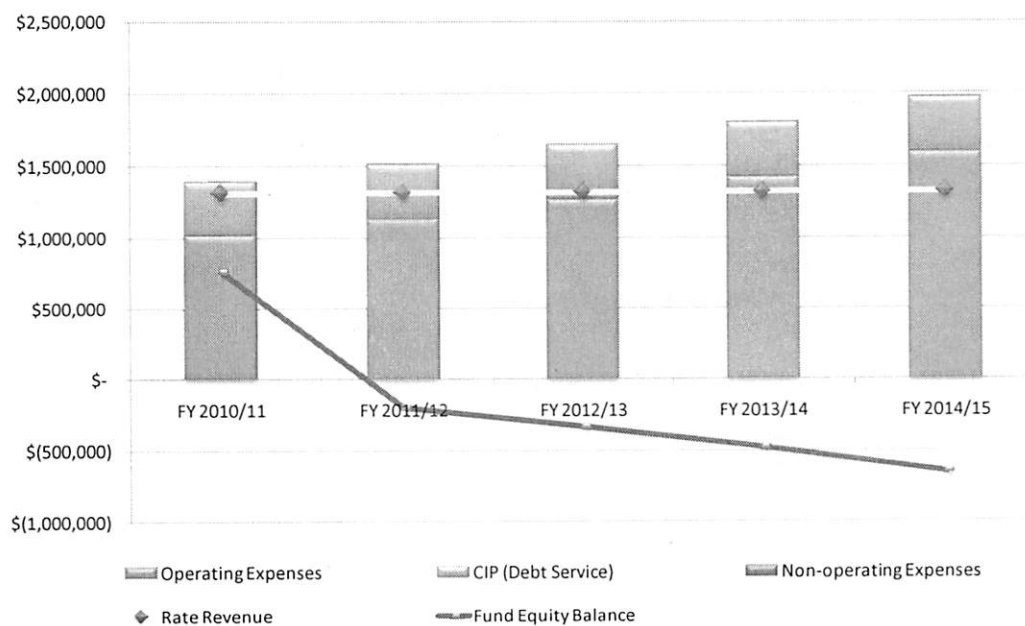


Figure 3: Sewer System Financial Projection Using Current Sewer Rates



The graphs below (Figures 4 and 5) demonstrate the projected financial conditions of the water and sewer systems assuming adoption of a comprehensive rate restructuring and recommended rate increases over the next 5 years. As the figures illustrate, the proposed rate structures and rate increases will enable the Town to continue its high quality operations, establish prudent reserve fund levels, and fund capital projects that are urgently needed primarily through a planned bond financing by Fiscal Year 2010/11.

Figure 4: Water System Financial Projection Using Proposed Water Rates

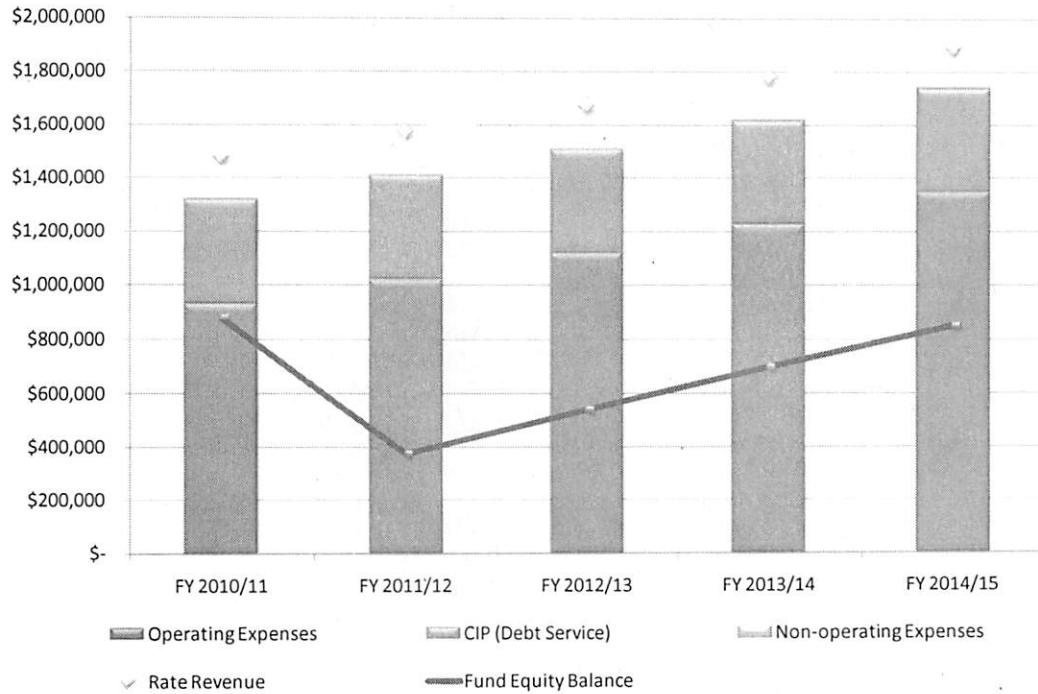
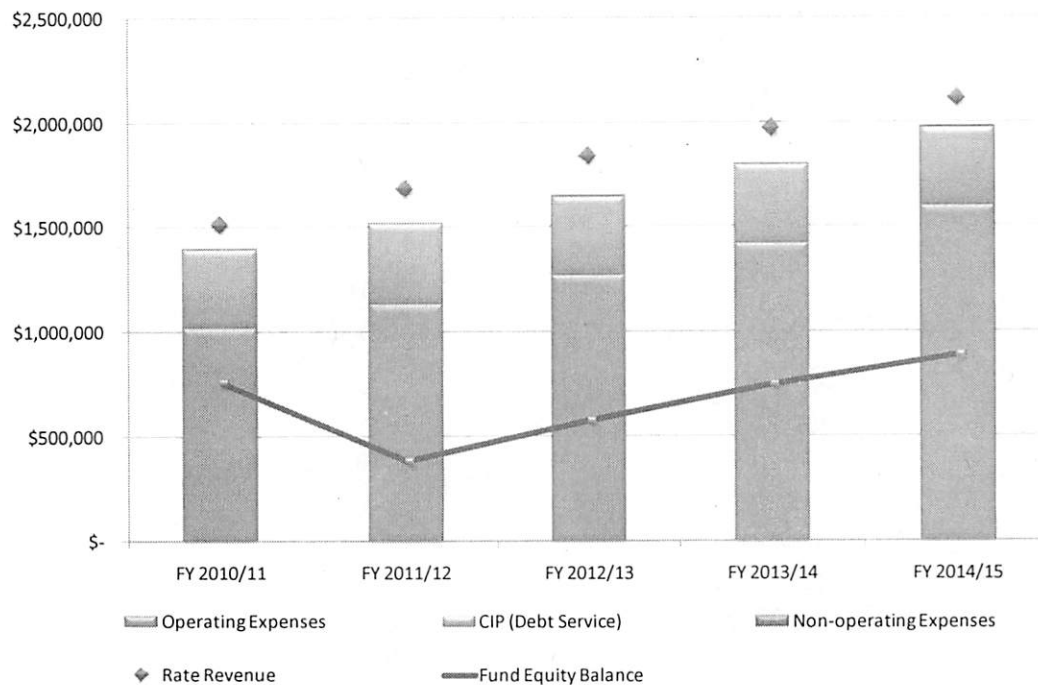


Figure 5: Sewer System Financial Projection Using Proposed Sewer Rates



After completing the financial plan and rate study, and after several meetings with the Town Commission and Town staff, the following tables (**Tables 1, 2 and 3**) present the rates for each utility system from Fiscal Year 2010/11 through Fiscal Year 2014/15. The following report provides detail regarding the supporting rate analysis and results.

Table 1: Water Monthly Base Service Charge

Meter Size	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
5/8"	\$ 13.90	\$ 14.60	\$ 15.33	\$ 15.94	\$ 16.58
1"	20.22	21.24	22.30	23.19	24.12
1 1/2"	30.76	32.30	33.91	35.27	36.68
2"	43.40	45.57	47.85	49.76	51.75
3"	72.90	76.54	80.37	83.58	86.92
4"	115.03	120.78	126.82	131.90	137.17
6"	220.37	231.39	242.96	252.68	262.79
8"	346.78	364.12	382.33	397.62	413.53

Sources: Town of Surfside; TischlerBise.

Table 2: Water Consumption Charge

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Single-Family Residential (1-4 units)										
Block 1 (0 - 6,000 gal/month)	\$	2.97	\$	3.12	\$	3.27	\$	3.40	\$	3.54
Block 2 (6,001 - 12,000 gal/month)	\$	3.56	\$	3.74	\$	3.93	\$	4.09	\$	4.25
Block 3 (above 12,000 gal/month)	\$	5.94	\$	6.24	\$	6.55	\$	6.81	\$	7.08
All Other Customers										
Uniform Rate	\$	3.67	\$	3.85	\$	4.05	\$	4.21	\$	4.38

Sources: Town of Surfside; TischlerBise.

Table 3: Wastewater Rate Structure

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Uniform Variable Rate	\$	5.41	\$	5.89	\$	6.31	\$	6.62	\$	6.95
	Per Account/Dwelling Unit									
Monthly Fixed Charge	\$	3.43	\$	3.74	\$	4.01	\$	4.21	\$	4.42

Sources: Town of Surfside; TischlerBise.

Organization of the Report

This report is organized to provide an overview of utility rate setting principles utilized in this analysis, followed by an analysis of the water and sewer enterprise fund budget, and finally a separate detailed review of each utility's revenue requirements and rate design process. The following sections comprise the long-term financial plan and rate study report:

- Project Background
- Rate Setting Principles
- Enterprise Fund Budget Analysis
- Water Rate Analysis
- Sewer Rate Analysis

Project Background

The Town of Surfside owns and operates water and sewer systems for residents and businesses within Town limits. As of Fiscal Year 2009/10, the water system provides service to approximately 1,551 residential and non-residential potable water customers and the sewer system provides service to approximately 4,061 residential and non-residential accounts and dwelling units. The Town operates each system as a self-supporting enterprise, with revenues and expenditures accounted for within one enterprise fund, separate from other Town enterprise and General Fund activities.

The Town's Public Works Department is responsible for operations and maintenance of water delivery and wastewater collection systems. The Town's potable water is provided by the Miami-Dade County Water and Sewer Department (MDWASD) which provides service for approximately two million customers in Miami-Dade County. The Town is serviced by the Hialeah-Prestion Water Treatment Plant service area. The source of water is from 45 shallow wells in the Biscayne Aquifer and augmented with five Upper Floridian Aquifer deep wells. Projected water supply to the Town is assured in accordance with the MDWASD Water Supply Plan.

Potable water is distributed to residents and commercial business by the Town via approximately 11 miles of cast iron pipe installed in 1938. Primary mains feeding the system run under the Town's streets and vary in size from 6-inches to 16-inches in diameter, which feed 3-inch and four-inch water lines located along the rear property lines. Disrepair and corrosion for over 70 years has created a fragile water distribution system that has repetitive breaks, loss of potable water, pavement restoration and other associated expenses. The 5-year Water Capital Improvement Program (CIP) addresses these major improvement needs within a two-year period beginning next fiscal year. A funding plan for these improvements is included in this rate analysis and consists of current reserve funding, a Building Better Communities (BBC) countywide bond referendum ratified in 2004, and a projected bond issuance secured by current and projected rate revenues.

The Town's sanitary sewer system is divided into two nearly equal area basins. It is interconnected with the MDWASD system; however, the Town maintains its own sewer collection system and two pumping stations. By agreement with the City of Miami Beach, the Town of Surfside and the Town of Bal Harbour share a sanitary force main that connects to the City of Miami Beach transmission system. The tri-agency agreement provides for the transmission of sewage via force mains to the MDWASD system and eventually to the treatment plant and disposal.

The Town's sanitary sewer collection system failed to meet the Miami-Dade County (MDCC) Infiltration/Inflow standards and exceeded the pump station run time limits. This situation prompted violation notices commencing in 1983. The non-conformance with the MDCC Section 24-42.2 resulted in a Consent Agreement that required the Town to complete a Sanitary Sewer Evaluation Study (SSES). The Sewer Rehabilitation Plan was broken into three phases to bring the Town into compliance with mandates from the U.S. Environmental Protection Agency, the MDCC, and the Miami-Dade County Department of Environmental Resources Management (DERM). The three phases are as follows:

- **Phase I:** This phase was completed by placing full dish gaskets on all manhole openings. In addition, any rainwater leaders found to be attached to the sewer lines will be disconnected from the sanitary sewer system. All service laterals are planned to be either replaced or lined to reduce infiltration of groundwater.
- **Phase II:** This phase includes the investigation of sewer problems using video, smoke testing and other techniques to determine the sources of infiltration and inflow. All broken sanitary lines will be repaired or lined, as determined by the analysis. Severely deteriorated manholes will be sealed with a “Supercoat” system or full liner to reduce infiltration. Costs and unit prices have been established for lining the moderately cracked pipes and point repairs for the broken pipes.
- **Phase III:** This phase will consist of renovating the existing pump stations and installation of emergency generators to bring the system back into compliance with the current law, codes and Consent Decree.

Similar to the water system, the sewer 5-year Water Capital Improvement Program (CIP) addresses these major improvement needs within a two-year period beginning next fiscal year. A funding plan for these improvements is included in this rate analysis and consists of current reserve funding and a projected bond issuance secured by current and projected rate revenues.

Key Financial Plan Objectives

Several objectives were identified during the study to guide decisions regarding the financial plans and rate structures. The major objectives of the study were:

- Utility rates should generate sufficient revenues to meet operating costs, capital program requirements through related debt service obligations, and maintain targeted reserves consistent with sound financial management practices (*see detailed reserve discussion below*)
- Utility rates should be set proportionate to the cost of providing utility service to each customer class to promote fairness and equity
- A financial plan that minimizes future rate impacts on existing and new customers
- Utility rate structures should be supported by a financial model that is easy to update should costs and assumptions change in the future beyond what was projected at the time of this report

Net Asset Targets – Currently the Town designates reserves as a component of Net Assets. The Net Asset balance consists of investment in capital assets and restricted and unrestricted assets for a combined water and sewer total net assets. Some of the funds have been utilized for capital assets while renewal and replacement are restricted for capital project needs. Finally, unrestricted net assets can be used for any future item related to the utility fund operations or capital needs. Currently, the Town does not have targeted fund net asset balance policies in place.

We recommend that the Town strive to meet target policy levels for three proposed restricted fund categories for each utility system:

- Unrestricted Net Assets – Operating Reserves (to be set up to 25 percent of each utility’s annual Operations and Maintenance Expenses). This component would ensure each utility system has

sufficient cash on hand to cover emergencies, working capital needs or unexpected contingencies associated with operating the utility. Three months or a 25 percent reserve balance is a standard within the utility rate setting industry and gives the Town adequate coverage.

- Restricted Net Assets – Renewal and Replacement Reserves (to be set up to 2 times annual renewal and replacement costs for the current 5-year improvement plan for each utility system). This component would ensure each utility system has sufficient reserves to cover future major capital repair and replacement (R&R) needs for a short-term period until Town officials decide to issue future debt if major upgrades or replacements are required, or minor R&R needs on an on-going basis without the need for additional borrowing. There is no industry standard amount to be set aside for future R&R needs. However, many rate structures and studies include some amount of future annualized capital project costs for their R&R reserves. For this analysis, we utilized the upcoming 5-year CIP for each utility as our basis and projected annualized impact of each CIP. We believe that a 2-year annualized figure will give the Town enough R&R reserves to fund future capital needs in the short term without relying on additional rate increases or emergency loans.
- Restricted Net Assets – Rate Stabilization Reserves (to be set up to 10 percent of each utility's current year projected rate revenues). This component would ensure each utility system has sufficient reserves to handle potential short-term cash flow interruptions associated with contracted water purchase and sewage disposal costs. While there is no industry standard for a target amount of rate stabilization reserves, our experience demonstrates a 10 percent figure is prudent and not a significant burden on utility rates.

In reviewing the above objectives, it should be noted that the Town has limited control over external forces such as growth, consumer behavior, and system usage. Recognizing these factors, we believe that the recommendations in this study provide a fair, reasonable, and balanced set of proposed rates and fees for the Town that, to the extent possible, meets these key objectives.

Rate Setting Principles

The primary objective of conducting a comprehensive rate study is to determine the adequacy of the existing rates (pricing and structure) and provide the basis for any necessary adjustments to meet the Departments operating and capital needs. The Town desires rate structures that fully fund operations, maintenance, and present and future capital costs. Furthermore, the Town desired to develop a conservation-based water and sewer rate structure. Water scarcity is a growing concern for South Florida communities. The most significant influence this situation places on the Town is large spikes in past water purchase costs from MDWASD. Therefore, significant consideration and dialogue took place between Town staff and the consulting team to review the existing rate structure and propose changes to meet this additional objective.

Over the past years, many generally accepted principles or guidelines have been established to assist in developing utility rates. The purpose of this section of the report is to provide a general background of the methodology and guidelines used for setting cost based utility rates. This will provide the reader with a higher-level understanding of the general process detailed later in this report.

Established Principles & Guidelines

As a practical matter, there should be a general set of principles to develop rates. The American Water Works Association (AWWA) establishes these principles in the M1 Manual – *Principles of Water Rates, Fees and Charges*. For sewer rate setting, the Water Environment Federation (WEF) establishes similar guidelines. These guiding principles help to ensure there is a consistent nationwide approach that is employed by utilities in the development of their rates.

Provided below is a short summary listing the established guidelines around which public utilities should consider when setting their rates. These closely reflect the Town's specified objectives.

- Rates should be cost-based and equitable, and set at a level such that they provide revenue sufficiency.
- Rates and process of allocating costs should conform to generally accepted rate setting techniques.
- Rates should provide reliable, stable and adequate revenue to meets the utility's financial, operation, and regulatory requirements.
- Rate levels should be stable from year to year (limit "rate shocks").
- Rates should be easy to understand and administer.

These guidelines, along with the Town's objectives, have been utilized within this study to help develop utility rates that are cost-based and equitable.

Revenue Requirements

The method used by most public utilities to establish their revenue requirements is called the “cash basis” approach of setting rates. As the name implies, a public utility combines its cash expenditures over a period of time to determine their required revenues from user rates and other forms of income. The figure below presents the “cash basis” methodology.

Figure 6: Overview of the “Cash Basis” Design

+ Operation and Maintenance Expenses
+ Taxes/Transfers
+ Capital Additions Financed with Rate Revenue
+ Debt Service (Principal and Interest)
= Total Revenue Requirements

Financial Planning

In the development of the revenue requirements, many assumptions are utilized to project future expenditures, customer and consumption growth, and necessary revenue adjustments. The Town’s budget documents are used as the initial starting point however; assumptions play a necessary role in projecting future required revenue.

Conservative growth assumptions and prudent financial planning are fundamental to ensuring adequate rate revenue to promote financial stability. The financial model developed by the consulting team appropriately considers the Town’s projected debt service coverage ratios and operating reserve balances. In addition, it is recommended that the Town begin recognizing some of the cost associated with future capital replacements that will allow the accumulation of a reserve for repair and replacement of depreciated items. This enables the Town to mitigate future rate increases as money for repair and replacement is collected automatically each year.

Rate Design

The final element, the rate design process, applies the results from the revenue requirements to develop rates that achieve the general guidelines and objectives of the Town. These objectives may include consideration of cost-based rates, but may also consider items such as ability to pay, continuity of past rate philosophy, conservation, encouragement of economic development, ease of administration, and legal requirements. While cost-based rates are an important objective, all objectives should be balanced appropriately.

While the general description of the utility rate setting process discussed in this section of the report is simplified and condensed, it does address the underlying fundamentals. One of the key principles for a comprehensive rate study is found in economic theory, which suggests the price of a commodity must roughly equal its cost if equity among customers is to be maintained – i.e. cost-based. For example, capacity-related costs are usually incurred by a water utility to meet peak use requirements. Consequently, the customers causing peak demands should properly pay for the demand-related facilities in proportion to their contribution to maximum demands. Through refinement of costing and pricing techniques, consumers of a product are given a more accurate price signal of what the commodity costs to produce and deliver.

The above fundamentals have considerable foundation in economic literature. They also serve as primary guidelines for rate design by most utility regulators and administrative agencies. This “price-equals-cost” theory provides the basis for much of the subsequent analysis and comment. This theory is particularly important, as the proposed rate, structure has been modified to encourage conservation, while maintaining this economic principle.

Rate Setting Principles Summary

This section of the report has provided a brief introduction to the general principles, techniques, and economic theory used to set utility rates. These principles, techniques, and economic theory were the starting point for this rate study and the groundwork used to meet the Town’s key objectives in analyzing and adjusting its utility rates.

Utility Enterprise Fund Budget Analysis

This section describes the assumptions utilized and budgetary figures presented and projected (revenue and expenditures) for purposes of the water and sewer utility rate analysis

Project Assumptions

For the Town of Surfside to more accurately project future revenues and expenditures, growth, inflation and financial factors are estimated for each utility system (Table 4).

Escalation Factors – Because of current economic conditions and the developed nature of the Town, we have applied a nominal growth rate to new customer connections for the projection period of five fiscal years. In addition to these factors, we have also included several escalation or inflation factors for various operating and capital items associated with both utilities. Where past annual increases were consistent, we applied historical percentages to our forecast analysis. Where past annual increases were volatile or lacked a consistent pattern, we applied percentage increases based on our past experiences in utility rate and projection analyses.

Financial Ratios and Inputs – Certain financial ratios and assumption are utilized to account for Town central service support of the utility systems, bond covenant debt coverage ratios and financing terms for project revenue bonds to be issued, and an affordability index to demonstrate the affect potential rate increases might have on Surfside customers household income levels.

Utility Revenues and Expenditures

Table 5 illustrates the line item revenues that will be incorporated into the rate analysis for each utility. Water sales and sewer service charges are presented with no rate increases and are inflated by a nominal growth factor of 0.25 percent per year to account for modest new connection growth. Other revenue items are assumed to remain flat to demonstrate a conservative projection analysis.

Table 6 presents the combined system utility fund expenditures based on the latest figures from the Fiscal Year 2010/11 utility budget and projected through FY 2014/15. Budget line items are categorized into functional components to be utilized in the forthcoming cost allocation analysis. Budget line items are escalated by various projection factors found in Table 4. The basis for escalation and the division of costs to each utility are located in the last three columns of Table 6. The division of costs is largely based on the ratio of the two largest line items in the fund: Water Purchases and Sewage Disposal. The exception to this approach is “Miscellaneous Maintenance – Water Tests” which applies solely to the water utility and allocated accordingly.

Table 4: Escalation and Input Assumptions

Description	Annual Figure	Notes
Escalators		
Residential Customer Growth Rate	0.25%	Annual Rate
Non-residential Customer Growth Rate	0.25%	Annual Rate
Personnel Costs	2.00%	Annual Rate
Water Purchases	12.00%	Annual Rate
Sewage Disposal Costs	15.00%	Annual Rate
Operating Costs	3.50%	Annual Rate
Capital Outlay (excl Improvements)	5.00%	Annual Rate
Depreciation Costs	2.00%	Annual Rate
Fund Equity Targets		
O&M Reserves	25.0%	25% of current year O&M
Water Capital Reserves	\$ 420,358	2x annualized costs of renewal and replacement of FY11-FY15 CIP
Sewer Capital Reserves	\$ 521,202	2x annualized costs of renewal and replacement of FY11-FY15 CIP
Rate Stabilization Reserves	10.0%	10% of current year projected rate revenues
Financial Ratios and Inputs		
Indirect Cost Allocation (GF Reimburse)	10.0%	of central service support to utility fund
Debt Service Coverage Ratio	125%	1.25x (net operating income/annual debt service)
Affordability Index	2.0%	of Surfside's Median Household Income
Bonds/Loans		
<u>Terms</u>		
Revenue Bonds Period (years)	20	
Revenue Bonds Interest Rate	5.00%	
Construction Amount	\$ 10,000,000	
Price Elasticity Applied to Consumption	3.0%	

Sources: Town of Surfside; TischlerBise.

Table 5: Utility Enterprise Fund Revenue Projections

Revenue Item	[----- Projected -----]				
	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Water Revenues					
Water Sales (no rate increase)	\$ 1,305,255	\$ 1,308,518	\$ 1,311,789	\$ 1,315,069	\$ 1,318,357
Tapping Fees	300	300	300	300	300
Penalties	870	870	870	870	870
Total Water Revenues	\$ 1,306,425	\$ 1,309,688	\$ 1,312,959	\$ 1,316,239	\$ 1,319,527
Sewer Revenues					
Sewer Service Charges (no rate increase)	\$ 1,407,825	\$ 1,411,344	\$ 1,414,873	\$ 1,418,410	\$ 1,421,956
Penalties	870	870	870	870	870
Total Wastewater Revenues	\$ 1,408,695	\$ 1,412,214	\$ 1,415,743	\$ 1,419,280	\$ 1,422,826
Miscellaneous Revenues					
Water Interest Income	\$ 1,064	\$ 1,064	\$ 1,064	\$ 1,064	\$ 1,064
Sewer Interest Income	1,064	1,064	1,064	1,064	1,064
Water Impact Fees	500	500	500	500	500
Sewer Impact Fees	500	500	500	500	500
Total Misc. Revenues	\$ 3,128	\$ 3,128	\$ 3,128	\$ 3,128	\$ 3,128

Source: Town of Surfside; TischlerBise.

Table 6: Utility Enterprise Fund Expenditure Projections

Budget Item	Budgeted 2010/11	Projected 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Escalation Basis	% to Water	% to Sewer
Personnel Expenses								
Regular Salaries	\$ 200,809	\$ 204,825	\$ 208,922	\$ 213,100	\$ 217,362	Personnel	47%	53%
Other Salaries	-	-	-	-	-	Personnel	47%	53%
Overtime	14,000	16,100	16,422	16,750	17,085	Personnel	47%	53%
Special pay	4,500	4,658	4,751	4,846	4,943	Personnel	47%	53%
Payroll Taxes	16,777	17,113	17,455	17,804	18,160	Personnel	47%	53%
Retirement Contribution	15,436	15,436	15,745	16,060	16,381	Personnel	47%	53%
Life & Health Insurance	33,512	33,512	34,182	34,866	35,563	Personnel	47%	53%
Workers Compensation	9,104	9,104	9,286	9,472	9,661	Personnel	47%	53%
Unemployment Compensation	-	-	-	-	-	Personnel	47%	53%
Total Personnel Expenses	294,138	300,747	306,762	312,898	319,156			

Table 6: Utility Enterprise Fund Expenditure Projections (continued)

Budget Item	Budgeted 2010/11	Projected 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Escalation Basis	% to Water	% to Sewer
Operating Expenses								
Professional Services	12,000	12,420	12,855	13,305	13,770	Operating	47%	53%
Lawsuits and Prosecutions	-	-	-	-	-	Operating	47%	53%
Physical Examinations	-	-	-	-	-	Operating	47%	53%
Accounting and Auditing	-	-	-	-	-	Operating	47%	53%
Water Purchases	672,000	752,640	842,957	944,112	1,057,405	Water Purchase	100%	0%
Sewage Disposal	725,389	834,197	959,327	1,103,226	1,268,710	Sewage Disposal	0%	100%
Other Contractual Services	1,500	1,553	1,607	1,663	1,721	Operating	47%	53%
Nuisance Abatement	-	-	-	-	-	Operating	47%	53%
Car Allowance	1,500	1,553	1,607	1,663	1,721	Operating	47%	53%
Travel & Per Diem	-	-	-	-	-	Operating	47%	53%
Board Expenses	-	-	-	-	-	Operating	47%	53%
Telecommunications	1,000	1,035	1,071	1,109	1,148	Operating	47%	53%
Postage	4,080	4,223	4,371	4,524	4,682	Operating	47%	53%
Electricity	40,198	41,605	43,061	44,568	46,128	Operating	47%	53%
Water and Sewer	-	-	-	-	-	Operating	47%	53%
Building Rental/Leasing	-	-	-	-	-	Operating	47%	53%
Equipment/Vehicle Leasing	16,170	16,736	17,322	17,928	18,555	Operating	47%	53%
Property and Liability Insurance	17,695	18,314	18,955	19,619	20,305	Operating	47%	53%
Maintenance Service/Repair Contracts	50,000	51,750	53,561	55,436	57,376	Operating	47%	53%
Building Maintenance	-	-	-	-	-	Operating	47%	53%
Equipment Maintenance	34,000	35,190	36,422	37,696	39,016	Operating	47%	53%
Grounds Maintenance	-	-	-	-	-	Operating	47%	53%
Miscellaneous Maintenance - Water Tests	5,000	5,175	5,356	5,544	5,738	Operating	100%	0%
Vehicle Maintenance	4,000	4,140	4,285	4,435	4,590	Operating	47%	53%
Printing & Binding	-	-	-	-	-	Operating	47%	53%
Promotional Activities	-	-	-	-	-	Operating	47%	53%
Other Current Charges	-	-	-	-	-	Operating	47%	53%
Office Supplies	2,000	2,070	2,142	2,217	2,295	Operating	47%	53%
Property and Maintenance	-	-	-	-	-	Operating	47%	53%
Landscape Improvements	-	-	-	-	-	Operating	47%	53%
Uniforms	2,846	2,946	3,049	3,155	3,266	Operating	47%	53%
Tires	-	-	-	-	-	Operating	47%	53%
Gasoline	2,500	2,588	2,678	2,772	2,869	Operating	47%	53%
Miscellaneous Operating Supplies	250	259	268	277	287	Operating	47%	53%
Road Materials	-	-	-	-	-	Operating	47%	53%
Subscriptions and Memberships	-	-	-	-	-	Operating	47%	53%
Conferences and Seminars	-	-	-	-	-	Operating	47%	53%
Depreciation	55,000	56,100	57,222	58,366	59,534	Depreciation		
Total Operating Expenses	1,647,128	1,844,492	2,068,115	2,321,615	2,609,116			
Capital Outlay (excl Improvements)								
Buildings	-	-	-	-	-	Capital	47%	53%
Machinery and Equipment	11,200	11,760	12,348	12,965	13,614	Capital	47%	53%
Total Capital Outlay (excl Improvements)	11,200	11,760	12,348	12,965	13,614			
Non-operating Expenses								
Transfer to General Fund ¹	60,421	62,536	64,724	66,990	69,334	Operating	47%	53%
Contingency/Reserve	83,811	-	-	-	-	Operating	47%	53%
Total Capital Outlay (excl Improvements)	144,232	62,536	64,724	66,990	69,334			
Total Expenditures less Improvements & Debt Service	\$ 2,096,698	\$ 2,219,535	\$ 2,451,950	\$ 2,714,467	\$ 3,011,220			

Water Rate Analysis

Revenue Requirements Analysis

The first step in developing the revenue requirements is to develop a projection of revenues from existing rates and expenditures for operations and capital needs. This analysis is demonstrated in Tables 5 and 6. The utility capital improvements project (CIP) needs for the water utility are summarized in **Table 7**. This table presents the water-related 5-year capital improvement plan as prepared by the Town's engineering consultant. The table lists the outside funding sources to be utilized for the capital projects including accumulated restricted and unrestricted net asset reserves, Build Better Communities (BBC) reimbursement monies, nominal water impact fees, and bond proceeds from a proposed revenue bonds issue for both water and sewer related capital construction projects. The combined effect of these outside funding sources is to eliminate the need for future rate revenues to directly fund these projects. However, the rates will be required to fund the debt service obligations on the revenue bonds.

Table 7: Water CIP and Funding Sources

Project	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Engineering/Architecture	\$ 83,200	\$ 31,000	\$ -	\$ -	\$ -	\$ 114,200
Construction	4,158,000	1,766,371	-	-	-	5,924,371
Prior CIP Appropriations	508,974	-	-	-	-	508,974
Total Water Capital Projects	\$ 4,750,174	\$ 1,797,371	\$ -	\$ -	\$ -	\$ 6,547,545
Less: Outside Funding Sources						
Water Impact Fees	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Restricted Net Assets - Repair & Replacement	660,000	-	-	-	-	
Unrestricted Assets	172,000	-	-	-	-	
BBC Reimbursement	715,000	-	-	-	-	
Revenue Bonds Proceeds	5,000,000	-	-	-	-	
Carry-over from Prior FY	-	1,797,326	455	955	1,455	
Total Outside Funding	\$ 6,547,500	\$ 1,797,826	\$ 955	\$ 1,455	\$ 1,955	
Balance to Carry Over to Next FY	\$ 1,797,326	\$ 455	\$ 955	\$ 1,455	\$ 1,955	
Net CIP Projects Funded from Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Town of Surfside; TischlerBise.

These components comprise the foundation of the revenue requirement analysis. Given the current economic climate, the consulting team facilitated several meetings with Town staff and committee members to assure the accuracy of financial and growth variables in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still encompass adequate funds to support the operational activities and capital projects throughout the study period. The revenue requirements analysis figure, presented below in **Table 8**, provides a basis for evaluating the timing and level of water revenue increases required to meet the projected required revenue for the study period. The percentages shown at the bottom of the figure show the recommended revenue adjustments. Please note that the required revenue increase percentages do not

equate to the rate increase for each customer. Rather, these percentage figures describe the amount of additional rate revenue required to meet all utility obligations and policies.

Table 8: Water Revenue Requirements

Description	Base Year [----- Projected -----]				
	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Operating Revenue					
Water Sales (before increase)	\$ 1,305,255	\$ 1,308,518	\$ 1,311,789	\$ 1,315,069	\$ 1,318,357
Tapping Fees	300	300	300	300	300
Penalties	870	870	870	870	870
Total Operating Revenue	1,306,425	1,309,688	1,312,959	1,316,239	1,319,527
Additional Rate Revenue Required					
	<i>Year</i>	<i>Revenue Increase</i>	<i>Months Effective</i>		
	2010/11	18.00%	12	234,946	235,533
	2011/12	5.00%	12	-	77,203
	2012/13	5.00%	12	-	81,265
	2013/14	4.00%	12	-	68,434
	2014/15	4.00%	12	-	71,349
Total Additional Water Sales Revenue				234,946	312,736
Total Required Revenue				1,541,371	1,622,424
O&M Expenses					
Personnel	137,087	140,167	142,970	145,830	148,746
Operations	121,590	125,846	130,250	134,809	139,527
Water Purchases (MDWSD)	672,000	752,640	842,957	944,112	1,057,405
Total O&M Expenses	930,677	1,018,653	1,116,178	1,224,751	1,345,679
Net Operating Income	610,694	603,771	591,565	555,692	510,561
Debt Service					
Annual Debt Service (Estimated)	388,154	388,154	388,154	388,154	388,154
Total Debt Service	388,154	388,154	388,154	388,154	388,154
Calculated Debt Coverage Ratio	157%	156%	152%	143%	132%
Targeted Debt Coverage Ratio	125%	125%	125%	125%	125%
Non-Operating Revenue					
Interest Income	1,064	1,064	1,064	1,064	1,064
Total Non-Operating Revenue	1,064	1,064	1,064	1,064	1,064
Non-Operating Expenses					
Capital Outlay (excl Improvements)	5,220	5,481	5,755	6,043	6,345
Rate Funded Capital Projects	-	-	-	-	-
Total Non-Operating Expenses	5,220	5,481	5,755	6,043	6,345
Net Income (Loss) ¹	\$ 218,384	\$ 211,200	\$ 198,720	\$ 162,559	\$ 117,126

1. Positive net income to be applied to fund balances.

Source: Town of Surfside; TischlerBise.

Figure 7 illustrates the breakdown of the major budget components of the water utility. As the chart demonstrates, the primary cost of operating the water utility is water purchase costs from MDWSD.

Figure 7: Major Budget Components of Water System

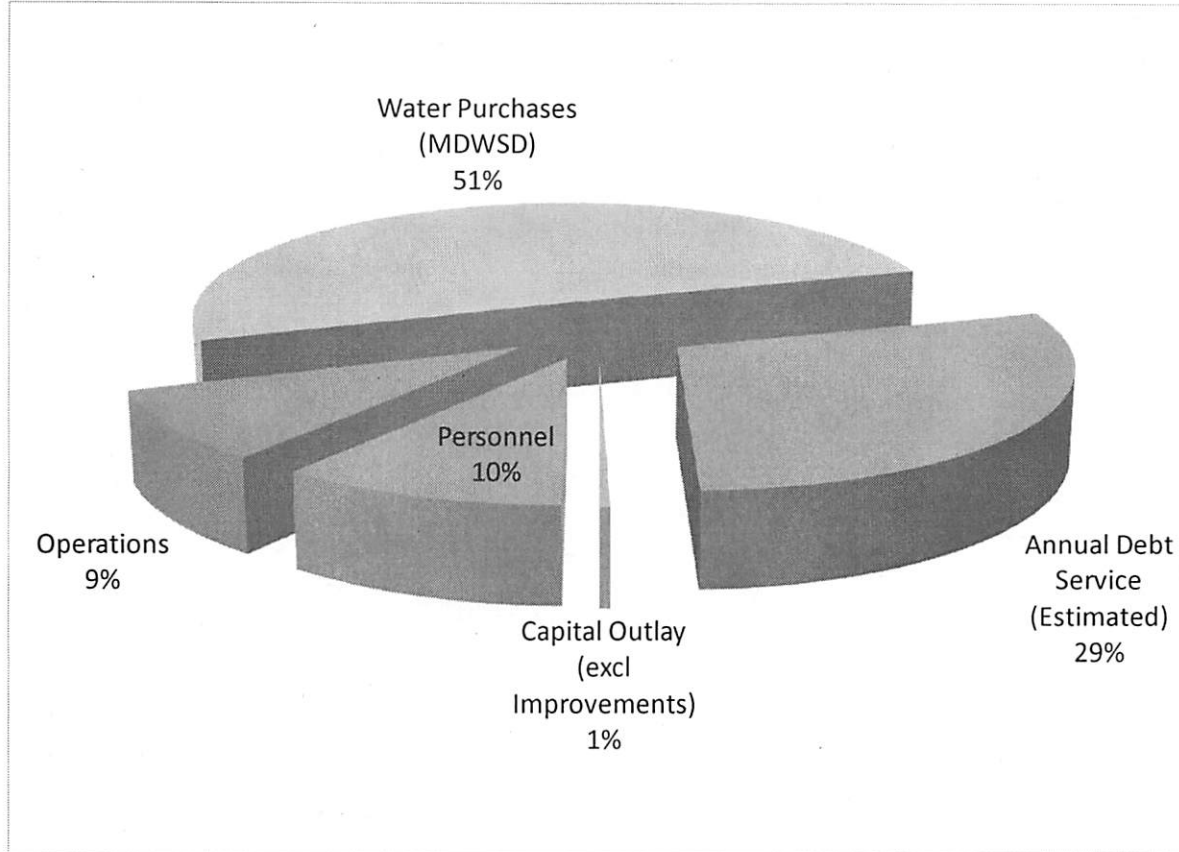


Table 9 on the next page presents the fund balance information utilizing the target fund balance figures for operating, capital and rate stabilization reserves.

Cost of Service Analysis

The cost of service analysis is a systematic process by which revenue requirements are used to generate a classification of fair and equitable costs in proportion to the service received for each user class. The cost of service allocation conducted in this study is established on the base-extra capacity method endorsed by the AWWA. Under the base-extra capacity method, revenue requirements are allocated to the different user classes proportionate to their use on the water system. Allocations are based on average day (base) usage, maximum day (peak) usage, meters and services, and billing and collection. Use of this methodology results in an AWWA-accepted cost distribution among customer classes and a means of calculating and designing rates to proportionately recover those costs.

Table 9: Water Fund Balance Information

	Base Year	Projected			
Description	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Total Fund Equity - Water Only					
Beginning FY 10/11 Balance ¹	\$ 880,000	See below for fund balance allocation (dependent on Town approval)			
Restricted Net Assets - Renewal & Replacement Reserves					
Beginning Balance	\$ 660,000	\$ 218,384	\$ 420,358	\$ 420,358	\$ 420,358
Restricted Net Assets to Fund Water CIP Projects	(660,000)	-	-	-	-
Surplus from CIP Program (after bond issue)	-	455	-	-	-
Deposit from Positive Net Income	218,384	201,519	-	-	-
Ending Balance	\$ 218,384	\$ 420,358	\$ 420,358	\$ 420,358	\$ 420,358
Target Balance: Up to 2x Annualized R&R	420,358	420,358	420,358	420,358	420,358
Target Met?	NO	YES	YES	YES	YES
% of Target	52%	100%	100%	100%	100%
Net Income Remaining	-	9,682	198,720	162,559	117,126
Restricted Net Assets - Rate Stabilization Reserves					
Beginning Balance	\$ -	\$ -	\$ 9,682	\$ 170,657	\$ 177,927
Deposit from Positive Net Income	-	9,682	160,975	7,270	7,580
Ending Balance	\$ -	\$ 9,682	\$ 170,657	\$ 177,927	\$ 185,507
Target Balance: Up to 10% of Rate Revenues	154,020	162,125	170,657	177,927	185,507
Target Met?	NO	NO	YES	YES	YES
% of Target	0%	6%	100%	100%	100%
Net Income Remaining	-	-	37,745	155,289	109,546
Unrestricted Net Assets - Operating Reserves					
Beginning Balance	\$ 220,000	\$ 48,000	\$ 48,000	\$ 85,745	\$ 241,034
Unrestricted Net Assets to Fund Water CIP Projects	(172,000)	-	-	-	-
Deposit from Positive Net Income	-	-	37,745	155,289	109,546
Ending Balance	\$ 48,000	\$ 48,000	\$ 85,745	\$ 241,034	\$ 350,580
Target Balance: Up to 25% of Current Year O&M	232,669	254,663	279,044	306,188	336,420
Target Met?	NO	NO	NO	NO	YES
% of Target	21%	19%	31%	79%	104%

1. Water utility's share of total enterprise fund equity balance.

Source: Town of Surfside; TischlerBise.

The resulting functionalization factors that appear at the bottom of Table 10 are utilized to allocate system operating and capital costs to each customer class based on the each class' demand on the system. In Table 11, the functionalization percentages are used to allocate revenue requirements between variable costs of the water system (base and peak demands) and fixed costs of the system (meters and services and customer accounts). The final totals are then used to design the fixed base charges based on meter size and the variable rates per 1,000 gallons consumed.

Table 10: Classification of Water Expenses by Function

Description	Total Water Expenses	Base Water Demand	Peak Water Demand	Customer Accounts	Meters & Services	Basis of Classification
Source of Supply						
Water Purchases	\$ 672,000	\$ 222,681	\$ 449,319	\$ -	\$ -	33.1% Base 66.9% Peak
Water Tests	5,000	1,657	3,343	-	-	33.1% Base 66.9% Peak
Total Source of Supply Expense	677,000	224,338	452,662	-	-	
Water Distribution						
Electricity	18,735	6,208	12,527	-	-	33.1% Base 66.9% Peak
Maintenance - Distribution	48,666	16,222	16,222	-	16,222	33.3% Base 33.3% Peak 33.3% Meters
Total Water Distribution Expense	67,401	22,430	28,749	-	16,222	
General & Administrative						
Personnel	137,087	-	-	68,543	68,543	50% Customers 50% Meters
Indirect Cost Allocation	28,160	-	-	14,080	14,080	50% Customers 50% Meters
Miscellaneous G&A	81,029	-	-	40,515	40,515	50% Customers 50% Meters
Total G&A Expense	246,276	-	-	123,138	123,138	
Capital Requirements						
Capital Outlay (excl Improvements)	5,220	2,088	2,088	522	522	40% Base 40% Peak 10% Customers 10% Meters
Debt Service	388,154	155,262	155,262	38,815	38,815	40% Base 40% Peak 10% Customers 10% Meters
Total Capital Requirements Expense	393,374	157,349	157,349	39,337	39,337	
TOTAL FUNCTIONALIZED COSTS	\$ 1,384,051	\$ 404,117	\$ 638,761	\$ 162,475	\$ 178,697	
FUNCTIONALIZATION FACTOR	100.0%	29.2%	46.2%	11.7%	12.9%	

Sources: Town of Surfside; TischlerBise

Table 11: Allocation of Revenue Requirements by Functional Percentages

Description	Functionalization					
	Factor	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Base Water Demand	29.2%	\$ 449,710	\$ 473,376	\$ 498,288	\$ 519,515	\$ 541,646
Peak Water Demand	46.2%	710,826	748,234	787,609	821,161	856,143
Customer Accounts	11.7%	180,806	190,321	200,337	208,871	217,769
Meters & Services	12.9%	198,858	209,323	220,339	229,725	239,512
Rate Revenue Required	100.0%	\$ 1,540,201	\$ 1,621,254	\$ 1,706,572	\$ 1,779,272	\$ 1,855,069

Sources: Town of Surfside; TischlerBise.

Rate Design Analysis

The final step of the rate study is the design of the water rates to collect the desired level of revenue determined in the revenue requirement analysis. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the water rate design for the Town.

Rate Design Balance

There is some flexibility in the design of the rate structure to meet the Town's pricing objectives while being consistent with cost of service principles. There are positives and negatives associated with the decrease in fixed revenue. Typically, a larger percentage of fixed rate revenue results in greater revenue stability since a greater percentage of total revenues are not influenced by fluctuations in consumption due to the weather. At the same time, the decrease in fixed revenue will improve equitability concerning cost recovery and the impact of conservation measures while reducing revenue stability, as users have greater control over their consumption and ultimately their bill. The fixed portion of the proposed water rates generates an estimated 25 percent of total rate revenue

Criteria and Considerations

In determining the appropriate rate level and structure, the consulting team, in conjunction with Town staff, analyzed various financial scenarios concerning the proposed adjustments and the implications attributed to those decisions.

A simplified list of some of the design considerations that were reviewed is listed:

- Consideration of the customer's ability to pay
- Clear and understandable rates
- Easily administered
- Conservation measures
- Revenue stability (month to month and year to year)
- Efficient allocation of resources
- Implementation of Capital Improvements (rate of improving the existing system)
- Fair and equitable (cost-based) rates

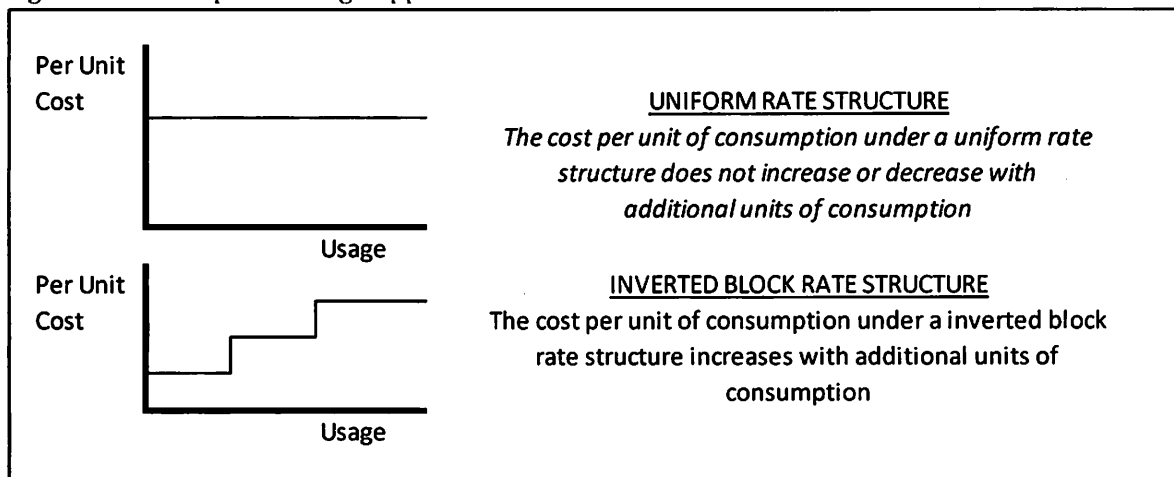
Every consideration has merit and plays an important role in a comprehensive rate study. When developing the Town's proposed rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as some of the criteria sometime conflict with one another, i.e. the customers ability to pay and cost-based. In designing rates, there will always be concessions between the various objectives; however, we attempt to ensure the proposed rates meet all of the leading objectives of the Town.

Overview of Existing Rate Structure

The Town has one water rate structure for its consumption charges: a uniform block rate structure. Regardless of consumption amounts (above a minimum allotment per meter size), the rate per unit of water (1,000 gallons) is consistent. There are some merits to this approach such as some degree of

certainly to a customer bill as well as a moderate incentive to conserve water. However, a more effective conservation pricing structure utilizes an inverted block, or inclining block, approach. This structure increases the marginal price of a unit of water above certain thresholds. Figure 8 provides an overview of the two rate structures.

Figure 8: Consumption Charge Approaches



The current water rate structure includes two components: a bi-monthly allotment of water use based on a customer's meter size and a consumption charge of \$3.54 per 1,000 gallons of water use. As discussed above, the consumption rate is the same rate regardless of customer class and does not increase or decrease with amount of water use. The bi-monthly charge includes minimum water amounts depending on meter size. For example, a customer with a 5/8 inch water meter is allotted 12,000 gallons of water use on a bi-monthly basis. This allotment is included in the fixed base charge. If a 5/8 inch meter customer uses no water up to 12,000 gallons during a billing period, the corresponding base charge is the same amount (currently \$42.48 for a 5/8 inch meter customer). If a customer consumes water above the allotted amount, the water bill is calculated using the consumption charge of \$3.54 per 1,000 gallons times the amount of water.

For this analysis, we recommend that the Town eliminate the minimum allotment approach and adopt a cost-based approach including a fixed meter charge based on a customer's meter size and a variable rate for water consumed on a 1,000-gallon basis. We have two reasons for this modification:

- **Customer Equity.** We believe the current rate system to be inequitable to a group of customers who use less water than the allotted amounts. The current rate structure penalizes efficient customers and customers that use less water due to being a smaller customer (by way of small family size, small business, etc.). An efficient or small customer will typically use less than 12,000 gallons in a two-month period. In fact, Town billing records for the past year indicate that approximately 34 percent of all water customers use less than 12,000 gallons in a bi-monthly period. Whether they use 1,000 gallons or 11,000 gallons, they are still billed at the 12,000-gallon amount, or \$42.48.

- **Revenue Stability and Cost-of Service-Based.** Every utility has certain costs that must be funded regardless of water consumption amounts. These costs are fixed and typically do not fluctuate. If a customer does not use any water during a billing period, there are still costs associated for past use and future service availability. These items include but are not limited to capital replacement for past use, maintenance of assets to provide water in the future, debt service, and customer service. A fixed charge system without minimum water allotments ensures the utility's fixed costs will still be met while creating a more equitable billing system.

Table 12 below presents the current and future fixed base charges by meter size in a monthly format. The fixed charges are calculated using a meter equivalent approach with the 5/8 inch meter as the baseline meter size in the analysis. As a meter size increases, the hydraulic capacity also increases thus allowing the customer to draw greater amounts of water when needed. With this greater ability to draw water, there is a corresponding increase in costs. Therefore, larger meters will have larger fixed charges associated with them. This approach is a standard in the water rate-making industry. **Table 13** presents the meter equivalency approach and corresponding meter ratios. To ensure clarification, the base charges for FY 2010/11 through FY 2014/15 do not include minimum water amounts.

Table 12: Fixed Monthly Base Charges by Meter Size

Meter Size	Current	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
5/8"	\$ 21.24	\$ 13.90	\$ 14.60	\$ 15.33	\$ 15.94	\$ 16.58
1"	28.32	20.22	21.24	22.30	23.19	24.12
1 1/2"	42.48	30.76	32.30	33.91	35.27	36.68
2"	63.72	43.40	45.57	47.85	49.76	51.75
3"	141.60	72.90	76.54	80.37	83.58	86.92
4"	283.20	115.03	120.78	126.82	131.90	137.17
6"	424.80	220.37	231.39	242.96	252.68	262.79
8"	708.00	346.78	364.12	382.33	397.62	413.53

Sources: Town of Surfside; TischlerBise.

Table 13: Meter Equivalency Ratios

Meter Size	GPM	Meter Ratio
5/8"	20	1.00
1"	50	2.50
1 1/2"	100	5.00
2"	160	8.00
3"	300	15.00
4"	500	25.00
6"	1,000	50.00
8"	1,600	80.00

Sources: AWWA M-5 Manual; Town of Surfside; TischlerBise.

For the variable consumption charge analysis, we present two options: 1) maintain the uniform rate approach regardless of customer class and consumption amounts, and 2) an inclining block rate structure for residential customers and a uniform block structure for all other customer classes (apartments, commercial and place of worship).

The inclining block approach is one that sends a price signal to excessive water users to cut back on their wasteful water consumption. Very efficient or low water users would be rewarded with a lower rate per 1,000 gallons compared to the current uniform rate. We applied the inclining block method to the residential customers only for two reasons: 1) there is less variation in residential water use between each customer compared to other customer classes and therefore average use figures easily apply to all residential customers, and 2) industry experience demonstrates that residential properties, particularly single-family detached residential customers, are most able to cut back on excessive use, and even discretionary use. Therefore, we recommend that the Town consider adoption of the inclining block approach to achieve conservation goals. **Table 14** shows the conservation-oriented rate structure for the Single-family Residential (1 to 4 units) customer consumption charge and the uniform block rate for all other customers.

Table 14: Customer Consumption Charge Structure

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Single-Family Residential (1-4 units)										
Block 1 (0 - 6,000 gal/month)	\$	2.97	\$	3.12	\$	3.27	\$	3.40	\$	3.54
Block 2 (6,001 - 12,000 gal/month)	\$	3.56	\$	3.74	\$	3.93	\$	4.09	\$	4.25
Block 3 (above 12,000 gal/month)	\$	5.94	\$	6.24	\$	6.55	\$	6.81	\$	7.08
All Other Customers										
Uniform Rate	\$	3.67	\$	3.85	\$	4.05	\$	4.21	\$	4.38

Sources: Town of Surfside; TischlerBise.

Impact of Revenue Increase

In Fiscal Year 2010/11, the proposed 18% increase in required revenue does not directly correlate to a 18% increase in all water rates. The cost of service analysis and, in Single-family Residential's case, the restructuring of the consumption blocks dictate the actual adjustments to the rates. **Figure 9** presents bi-monthly water charges for Single-family Residential customers with a 5/8 inch meter at various consumption levels. Because of the inclining block rate structure, customers with low water use will see a decrease in their water bills while high use customers will experience greater monthly water bills.

Figure 9: Customer Billing Analysis: Current & Future Water Rates

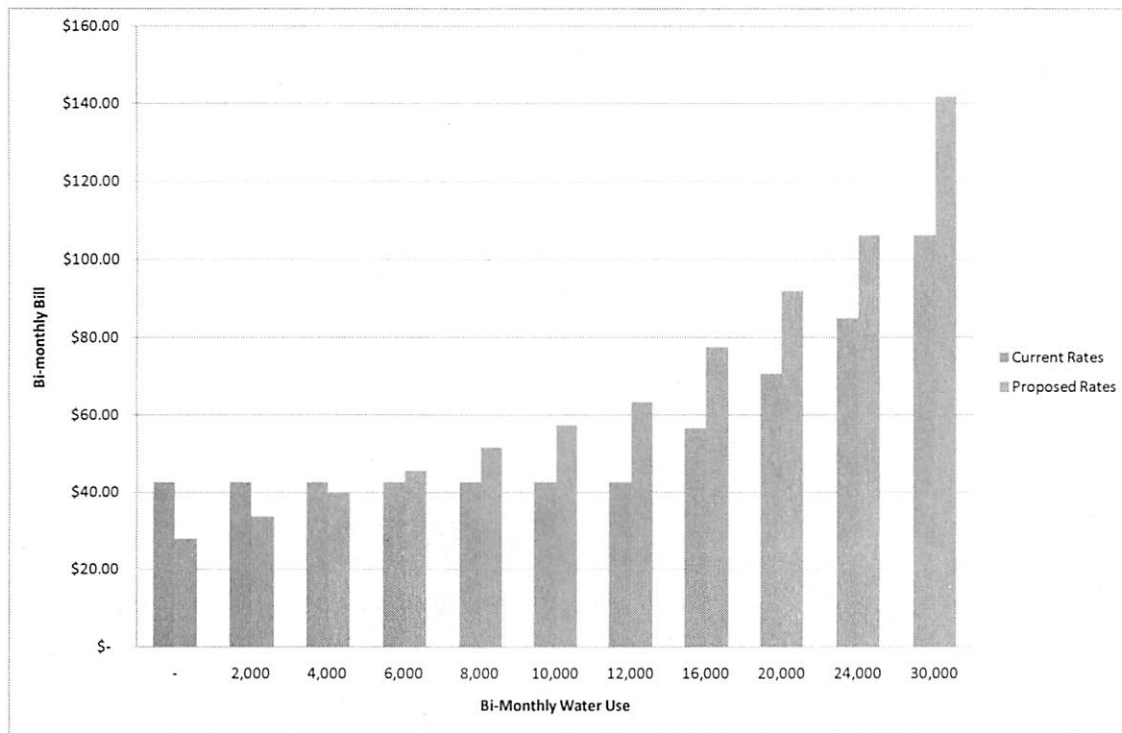
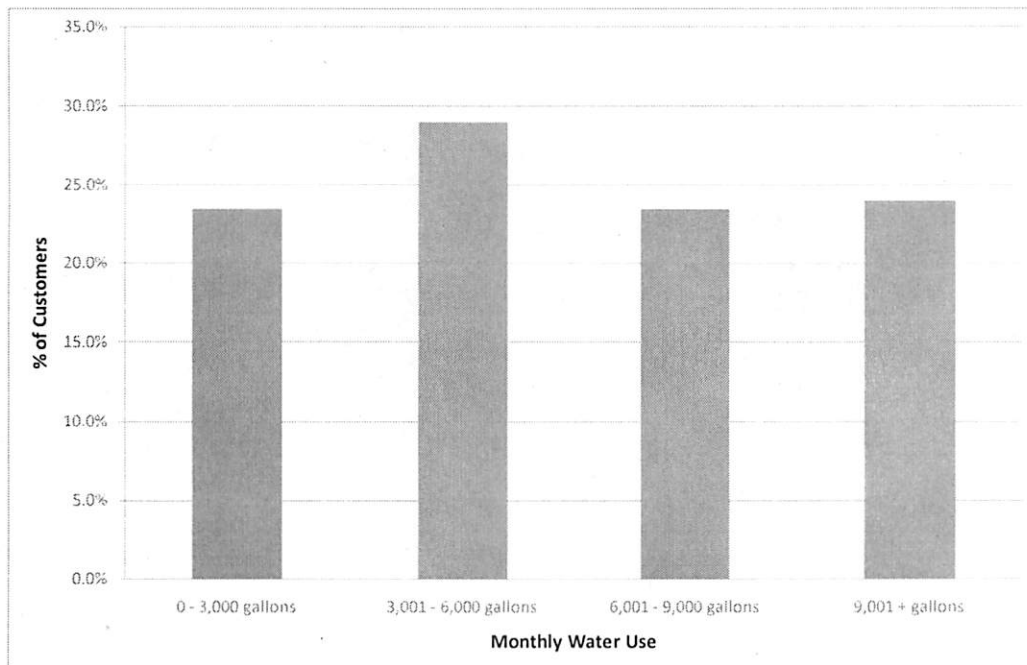


Figure 10 shows a use analysis of Single-family Residential customers at various water use levels.

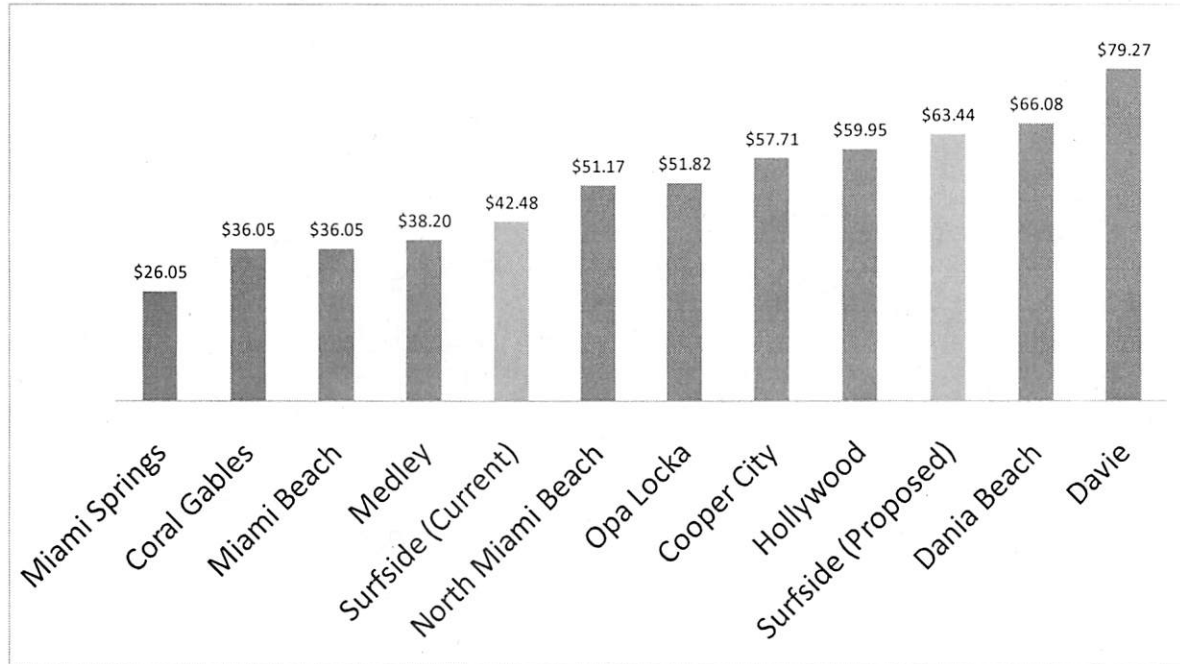
Figure 10: Customer Monthly Consumption Charge Analysis



Rate Comparison

While the cost structure and facilities vary greatly between water utilities, rate comparisons provide the Town a barometer of its rates in relation to surrounding communities. The figure (Figure 11) compares the estimated bi-monthly bill for 12,000 gallons of consumption.

Figure 11: SFR Rate Comparison – 12,000 gallons



Sewer Rate Analysis

The Town's sewer utility system is in a similar position when compared to the Town's water utility. The sewer utility is facing increased costs related to operations and an increasing need to repair and replace existing infrastructure.

Revenue Requirements Analysis

The first step in developing the revenue requirements is to develop a projection of revenues from existing rates and expenditures for operations and capital needs. This analysis is demonstrated in Tables 5 and 6, located earlier in this report. The utility capital improvements project (CIP) needs for the sewer utility are summarized in Table 15. This table presents the sewer-related 5-year capital improvement plan as prepared by the Town's engineering consultant. The table lists the outside funding sources to be utilized for the capital projects including accumulated restricted and unrestricted net asset reserves, nominal water impact fees, and bond proceeds from a proposed revenue bonds issue for both water and sewer related capital construction projects. The combined effect of these outside funding sources is to eliminate the need for future rate revenues to directly fund these projects. However, the rates will be required to fund the debt service obligations on the revenue bonds.

Table 15: Sewer CIP and Funding Sources

Project	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Engineering/Architecture	\$ 78,200	\$ 26,000	\$ -	\$ -	\$ -	\$ 104,200
Construction	3,908,900	1,023,123	-	-	-	4,932,023
Prior CIP Appropriations	621,988	-	-	-	-	621,988
Total Sewer Capital Projects	\$ 4,609,088	\$ 1,049,123	\$ -	\$ -	\$ -	\$ 5,658,211
Less: Outside Funding Sources						
Sewer Impact Fees	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Restricted Net Assets - Repair & Replacement	540,000	-	-	-	-	
Unrestricted Assets	118,000					
Revenue Bonds Proceeds	5,000,000	-	-	-	-	
Carry-over from Prior FY	-	1,049,412	789	1,289	1,789	
Total Outside Funding	\$ 5,658,500	\$ 1,049,912	\$ 1,289	\$ 1,789	\$ 2,289	
Balance to Carry Over to Next FY	\$ 1,049,412	\$ 789	\$ 1,289	\$ 1,789	\$ 2,289	
Net CIP Projects Funded from Rates	\$ -	\$ -	\$ -	\$ -	\$ -	-

Source: Town of Surfside; TischlerBise.

Summary of Revenue Requirements Analysis

These components comprise the foundation of the revenue requirement analysis. Given the current economic climate, the consulting team facilitated several meetings with Town staff and committee members to assure the accuracy of financial and growth variables in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still encompass adequate funds to support the operational activities and capital projects throughout the

study period. The revenue requirements analysis figure, presented below in Table 16, provides a basis for evaluating the timing and level of water revenue increases required to meet the projected required revenue for the study period. The percentages shown at the bottom of the figure show the future revenue adjustments.

Table 16: Sewer Revenue Requirements

Description	Base Year [----- Projected -----]				
	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Operating Revenue					
Sewer Service Charges (before increase)	\$ 1,407,825	\$ 1,411,344	\$ 1,414,873	\$ 1,418,410	\$ 1,421,956
Penalties	870	870	870	870	870
Total Operating Revenue	1,408,695	1,412,214	1,415,743	1,419,280	1,422,826
Additional Rate Revenue Required					
Year	Revenue Increase	Months Effective			
2010/11	15.00%	12	211,174	211,702	212,231
2011/12	9.00%	12	-	146,074	146,439
2012/13	7.00%	12	-	-	124,148
2013/14	5.00%	12	-	-	95,122
2014/15	5.00%	12	-	-	100,128
Total Additional Sewer Charge Revenue			211,174	357,776	482,818
Total Required Revenue			1,619,869	1,769,990	1,898,561
O&M Expenses					
Personnel	157,051	160,580	163,792	167,068	170,409
Operations	133,570	138,245	143,083	148,091	153,274
Sewage Disposal (City of Miami Beach)	725,389	834,197	959,327	1,103,226	1,268,710
Total O&M Expenses	1,016,010	1,133,022	1,266,202	1,418,385	1,592,393
Net Operating Income	603,858	636,968	632,359	580,042	511,155
Debt Service					
Annual Debt Service (Estimated)	377,151	377,151	377,151	377,151	377,151
Total Debt Service	377,151	377,151	377,151	377,151	377,151
Calculated Debt Coverage Ratio	160%	169%	168%	154%	136%
Targeted Debt Coverage Ratio	125%	125%	125%	125%	125%
Non-Operating Revenue					
Interest Income	1,064	1,064	1,064	1,064	1,064
Total Non-Operating Revenue	1,064	1,064	1,064	1,064	1,064
Non-Operating Expenses					
Capital Outlay (excl Improvements)	5,980	6,279	6,593	6,923	7,269
Rate Funded Capital Projects	-	-	-	-	-
Total Non-Operating Expenses	5,980	6,279	6,593	6,923	7,269
Net Income (Loss) ¹	\$ 221,792	\$ 254,602	\$ 249,679	\$ 197,033	\$ 127,799

1. Positive net income to be applied to fund balances.

Source: Town of Surfside; TischlerBise.

Figure 12 illustrates the breakdown of the major budget components of the sewer utility. As the chart demonstrates, the primary cost of operating the utility is the costs of sewage disposal via the City of Miami Beach.

Figure 12: Major Budget Components of Sewer System

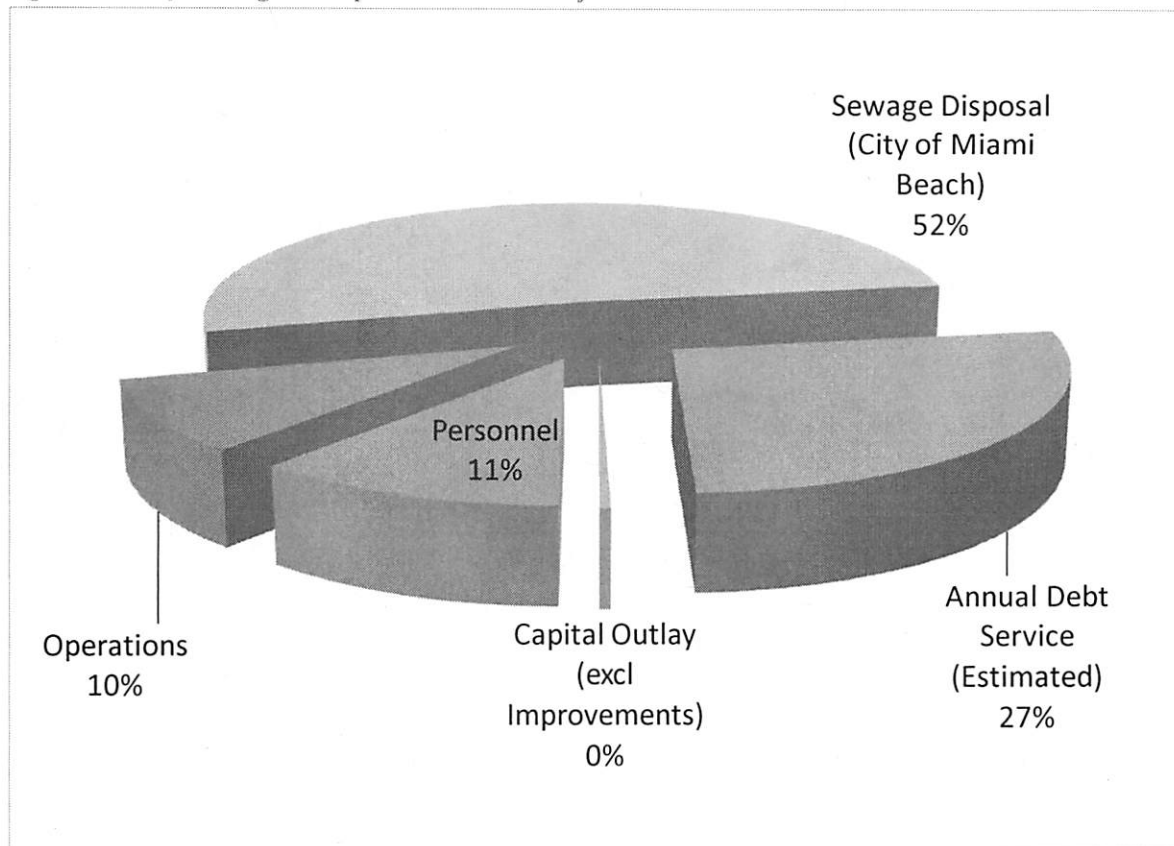


Table 17 on the next page presents the fund balance information utilizing the target fund balance figures for operating, capital and rate stabilization reserves.

Cost of Service Analysis

The cost of service analysis is a systematic process by which revenue requirements are used to generate a classification of fair and equitable costs in proportion to the service received for each user class. The cost of service allocation conducted in this study is established on a basic flow and customer account basis. This simplified method is used because the Town is only responsible for effluent flow, not treatment. This method is one endorsed by the Water Environment Federation (WEF), the nation's leading organization for the wastewater industry. Revenue requirements are allocated to the different user classes proportionate to their flow demands and number of customer accounts or dwelling units. Use of this methodology results in an acceptable cost distribution among customer classes and a means of calculating and designing rates to proportionately recover those costs.

Table 17: Sewer Fund Balance Information

	Base Year	[----- Projected -----]			
Description	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Total Fund Equity - Sewer Only					
Beginning FY 10/11 Balance ¹	\$ 760,000	See below for fund balance allocation (dependent on Town approval)			

Restricted Net Assets - Renewal & Replacement Reserves					
Beginning Balance	\$ 540,000	\$ 221,792	\$ 477,183	\$ 521,202	\$ 521,202
Restricted Net Assets to Fund Sewer CIP Projects	(540,000)	-	-	-	-
Surplus from CIP Program (after bond issue)	-	789	1,289	-	-
Deposit from Positive Net Income	221,792	254,602	42,730	-	-
Ending Balance	\$ 221,792	\$ 477,183	\$ 521,202	\$ 521,202	\$ 521,202
Target Balance: Up to 2x Annualized R&R	521,202	521,202	521,202	521,202	521,202
Target Met?	NO	NO	YES	YES	YES
% of Target	43%	92%	100%	100%	100%
Net Income Remaining	-	-	206,949	197,033	127,799
Restricted Net Assets - Rate Stabilization Reserves					
Beginning Balance	\$ -	\$ -	\$ -	\$ 189,769	\$ 199,756
Deposit from Positive Net Income	-	-	189,769	9,987	10,512
Ending Balance	\$ -	\$ -	\$ 189,769	\$ 199,756	\$ 210,268
Target Balance: Up to 10% of Rate Revenues	161,900	176,912	189,769	199,756	210,268
Target Met?	NO	NO	YES	YES	YES
% of Target	0%	0%	100%	100%	100%
Net Income Remaining	-	-	17,179	187,046	117,287
Unrestricted Net Assets - Operating Reserves					
Beginning Balance	\$ 220,000	\$ 102,000	\$ 102,000	\$ 119,179	\$ 306,225
Unrestricted Net Assets to Fund Sewer CIP Projects	(118,000)	-	-	-	-
Deposit from Positive Net Income	-	-	17,179	187,046	117,287
Ending Balance	\$ 102,000	\$ 102,000	\$ 119,179	\$ 306,225	\$ 423,513
Target Balance: Up to 25% of Current Year O&M	254,003	283,256	316,551	354,596	398,098
Target Met?	NO	NO	NO	NO	YES
% of Target	40%	36%	38%	86%	106%

1. Sewer utility's share of total enterprise fund equity balance.

Source: Town of Surfside; TischlerBise.

The resulting functionalization factors that appear at the bottom of Table 18 are utilized to allocate system operating and capital costs to each customer class based on the each class' demand on the system. In Table 19, the functionalization percentages are used to allocate revenue requirements between variable costs of the water system (flow demands) and fixed costs of the system (customer accounts or dwelling units). The final totals are then used to design the fixed base charges based on account or dwelling unit and the variable rates per 1,000 gallons of sewage flow.

Table 18: Classification of Water Expenses by Function

Description	Total Sewer Expenses	Flow	Customer Accounts	Basis of Classification
Collection and Transmission				
Sewage Disposal	\$ 725,389	\$ 725,389	\$ -	100% Flow
Electricity	21,463	21,463	-	100% Flow
Maintenance	55,754	55,754	-	100% Flow
Total Collection and Transmission Expense	802,606	802,606	-	
General & Administrative				
Personnel	157,051	78,526	78,526	50% Flow 50% CA
Indirect Cost Allocation	32,261	16,131	16,131	50% Flow 50% CA
Miscellaneous G&A	24,092	12,046	12,046	50% Flow 50% CA
Total G&A Expense	213,404	106,702	106,702	
Capital Requirements				
Capital Outlay (excl Improvements)	5,980	5,382	598	90% Flow 10% CA
Debt Service	377,151	339,436	37,715	90% Flow 10% CA
Total Capital Requirements Expense	383,131	344,818	38,313	
TOTAL FUNCTIONALIZED COSTS	\$ 1,399,141	\$ 1,254,126	\$ 145,015	
FUNCTIONALIZATION FACTOR	100.0%	89.6%	10.4%	

Sources: Town of Surfside; TischlerBise.

Table 19: Allocation of Revenue Requirements by Functional Percentages

Description	Functionalization Factor	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Sewer Flow	89.6%	\$ 1,451,196	\$ 1,585,758	\$ 1,701,003	\$ 1,790,518	\$ 1,884,744
Customer Accounts	10.4%	167,803	183,362	196,688	207,039	217,934
Rate Revenue Required	100.0%	\$ 1,618,999	\$ 1,769,120	\$ 1,897,691	\$ 1,997,557	\$ 2,102,678

Sources: Town of Surfside; TischlerBise.

Rate Design Analysis

The final step of the rate study is the design of the sewer rates to collect the desired level of revenue determined in the revenue requirement analysis. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the proposed sewer rate design for the Town.

Criteria and Considerations

In determining the appropriate rate level and structure, the consulting team, in conjunction with Town staff, analyzed various financial scenarios concerning the adjustments and the implications attributed to those decisions.

Below, we present a simplified list of some of the design considerations that were reviewed during this analysis:

- Consideration of the customer's ability to pay
- Clear and understandable rates
- Easily administered
- Revenue stability (month to month and year to year)
- Implementation of Capital Improvements (rate of improving the existing system)
- Fair and equitable (cost-based) rates

Every consideration has merit and plays an important role in a comprehensive rate study. When developing the Town's proposed rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as some of the criteria sometime conflict with one another, i.e. the customers ability to pay and cost-based. In designing rates, there will always be concessions between the various objectives; however, we attempt to ensure the proposed rates meet all of the leading objectives of the Town.

Overview of Existing Rate Structure

The Town has one sewer rate structure for all customers based on the customers meter size. Similar to the current water rate structure, the bi-monthly charge includes minimum sewer flow amounts depending on meter size. If there is sewer flow in excess of this minimum allotment, the customer is charged \$4.69 per 1,000 gallons of sewer flow for that billing period. For this analysis, we recommend that the Town eliminate the minimum allotment approach and adopt a cost-based approach including a fixed base charge per customer account or per dwelling unit (in the case of single-family residential accounts, apartments and condominiums) and a variable rate for sewer flow on a 1,000 gallon basis. We have two reasons for this modification:

- Customer Equity. We believe the current rate system to be inequitable to a group of customers who have sewer flows less than the allotted amounts. The current rate structure penalizes efficient customers and customers that have less sewer flow due to being a smaller customer (by way of small family size, small business, etc.).
- Revenue Stability and Cost-of Service-Based. Every utility has certain costs that must be funded regardless of sewer flow amounts. These costs are fixed and typically do not fluctuate. If a customer does not use any water during a billing period, there are still costs associated for past use and future service availability. These items include but are not limited to capital replacement for past use, maintenance of assets to provide sewer collection operations in the future, debt service, and customer service. A fixed charge system without minimum allotments ensures the utility's fixed costs will still be met while creating a more equitable billing system.

Table 20 below presents the current and proposed fixed base charges in a monthly format as well as the proposed sewer flow rate per 1,000 gallons. The fixed charges are calculated using number of customer accounts and dwelling units.

Table 20: Fixed Monthly Base Charges by Account or Dwelling Unit and Sewer Flow Rate

Description	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
	Rate per 1,000 gal				
Uniform Variable Rate	\$ 5.41	\$ 5.89	\$ 6.31	\$ 6.62	\$ 6.95
	Per Account/Dwelling Unit				
Monthly Fixed Charge	\$ 3.43	\$ 3.74	\$ 4.01	\$ 4.21	\$ 4.42

Sources: Town of Surfside; TischlerBise.

Impact of Revenue Increase

In Fiscal Year 2010/11, the proposed 15% increase in required revenue does not directly correlate to a 15% increase in all sewer bills. The cost of service analysis dictates the actual adjustments to the bills. **Figure 13** presents bi-monthly sewer charges for Single-family Residential customers at various sewer flow levels. Under this structure, customers with low sewer flow levels will see a decrease in their bills while high flow customers will experience greater monthly bills.

Rate Comparison

While the cost structure and facilities vary greatly between sewer utilities, rate comparisons provide the Town a barometer of its rates in relation to surrounding communities. The figure (**Figure 14**) compares the estimated bi-monthly bill for 12,000 gallons of sewer flow.

Figure 13: Customer Billing Analysis: Current & Proposed Sewer Rates

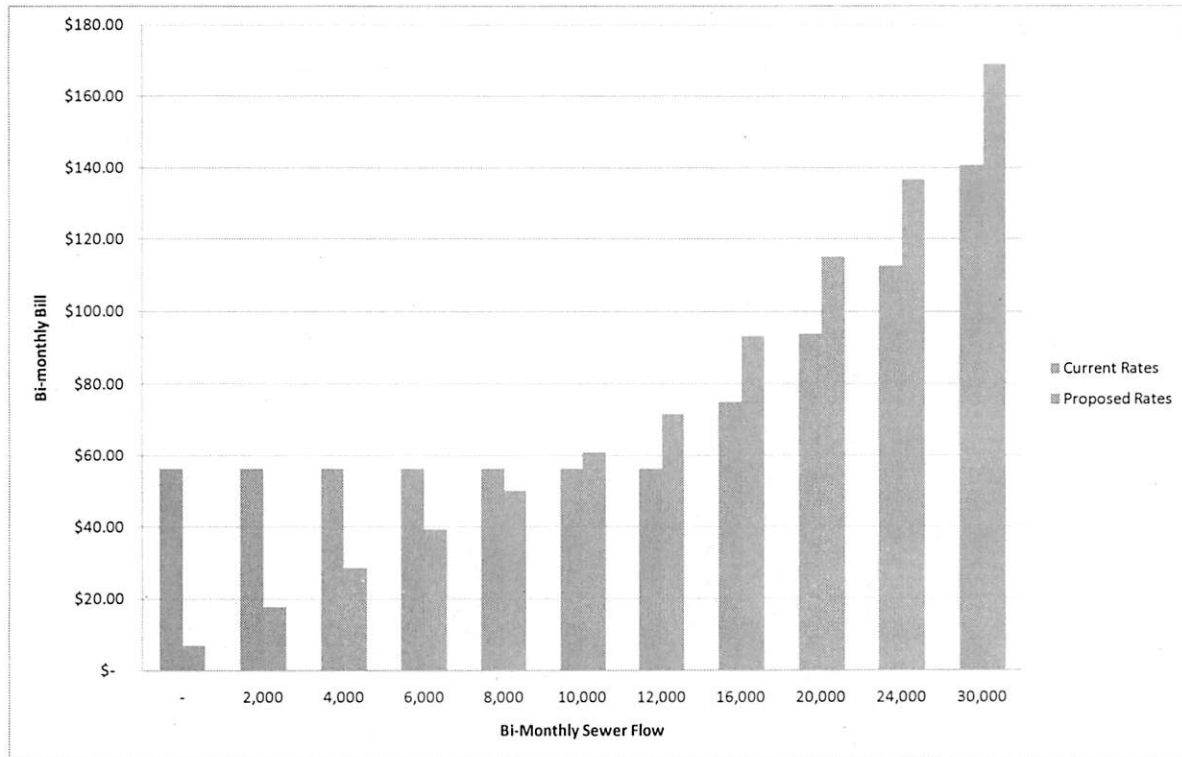
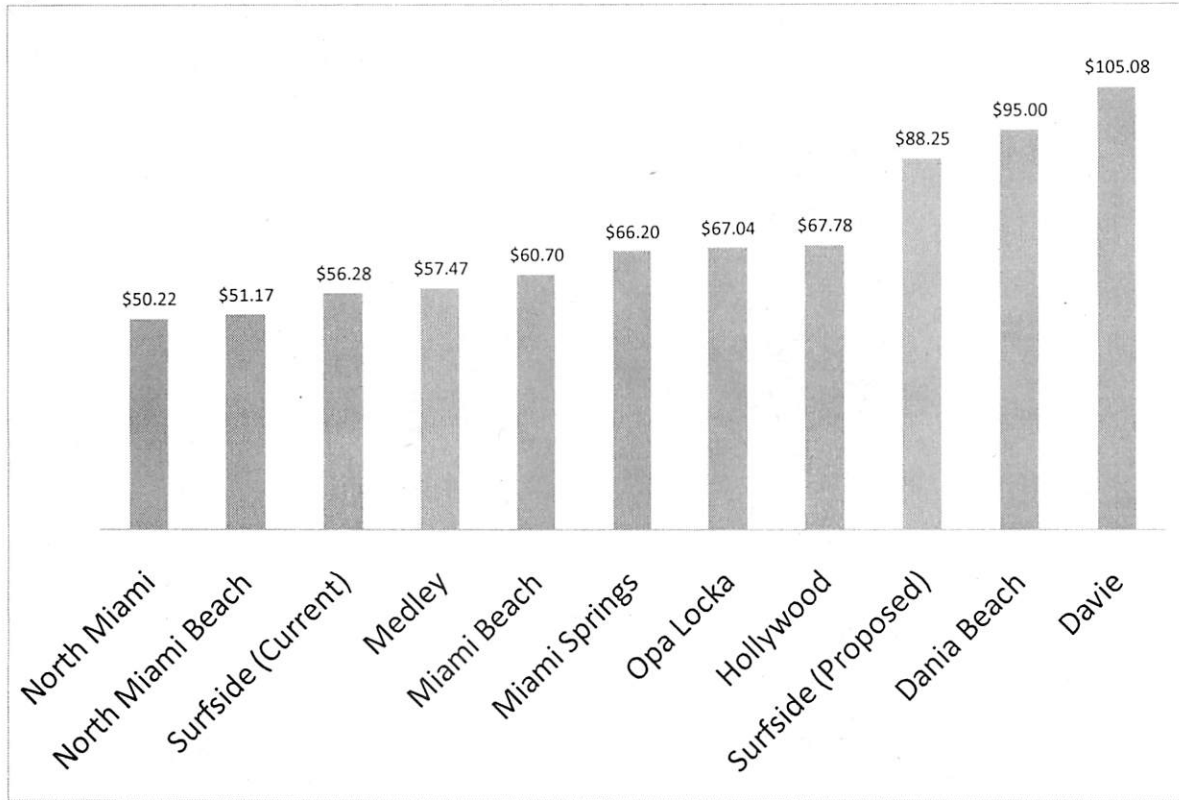


Figure 14: SFR Rate Comparison – 12,000 gallons



ATTACHMENT

“4”

ORDINANCE NO. 10-1560

AN ORDINANCE OF THE TOWN OF SURFSIDE, FLORIDA, AMENDING CHAPTER 78 "UTILITIES" INCLUDING ESTABLISHING AMONG OTHER THINGS NEW SERVICE CHARGES WHICH SHALL BE EFFECTIVE BEGINNING FISCAL YEAR 2010-2011; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Section 11 of the Town Charter (the "Charter") of the Town of Surfside gives the Town Commission (the "Commission") the power to levy, assess and collect fees; and

WHEREAS, after having rate changes from the various providers imposed on the Town, and after the Town has conducted its own rate study and having had numerous workshops and public hearings, the Commission wishes to establish amended service charges for utilities effective beginning fiscal year 2010-2011 based upon that rate study; and

WHEREAS, the Commission believes that the establishment of new charges in the best interest of the Town for purposes of recovering the full cost of providing service, promote equity in utility rates, establishing reserve policies to avoid future rate hikes, encourage water conservation throughout the Town, improve both water and sewer capital infrastructure some of which are mandated by DERM, and enable the Town to secure funding for the capital improvement debt service costs.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AS FOLLOWS:

Section 1. Recitals. The above Recitals are true and correct and are incorporated herein by this reference.

Section 2. Code Amended. Chapter 78 of the Town Code is hereby amended as follows:

Sec. 78-26. Regulations adopted.

Except as otherwise provided in this chapter, Chapter 45 110 of the Code of the City of Miami Beach, Florida, as same may be amended from time to time, regulating the sale and distribution of water furnished to owners and consumers and regulating rates thereof, is hereby adopted by the town to govern the maintenance and operation of the water distribution system in the town. A copy of such chapter is on file in the office of the town clerk.

Ordinance No. 10-1560

Sec. 78-27. Amendment of regulations.

The changes and variations in the sections comprising Chapter ~~45~~110, Miami Beach City Code, as further amended by section 78-26, as made by the town commission are enumerated as follows:

78-27. Amendment of regulations.

The changes and variations in the sections comprising ~~Chapter 45~~, Chapter 110, Miami Beach City Code, as amended, adopted by section 78-26, as made by the town commission are enumerated as follows:

~~45-4(a).~~ Subsection (a) of section ~~45-4~~ Section 110-166 is amended to read as follows:

1. The ~~meter consumption~~ rate of nonmunicipal single-family residential, Duplex, Tri Plex, Quad Plex consumer for water supply service in the territory shall be ~~\$1.61 per 1,000 gallons based on an inclining block rate structure as follows:~~
0-12,000 6,000 gallons \$2.97 per 1000 gallons
12,000-24,000 6,001-12,000 gallons \$3.56 per 1000 gallons
24,001 12,001 and above \$5.94 per 1000 gallons
The consumption rate for nonmunicipal consumers, excluding single-family residential, Duplex, Tri Plex, Quad Plex consumers for water supply service in the territory shall be a uniform block rate of \$3.67 per 1000 gallons.

2. ~~45-4(b).~~ Subsection (b) of section ~~45-4~~ 110-166. Section 110-166 is amended to read as follows:
Any municipality within Town limits, which purchases its water supply in whole or in part from the town shall be charged at the rate of ~~\$0.64~~ \$2.97 per 1,000 gallons.
~~Such municipality will also be charged a surcharge of three percent of the amount billed for water each month for 12 months after effective date hereof and 1 1/2 percent each month thereafter.~~ Any municipality outside Town limits shall be charged at the rate of \$3.67 per 1000 gallons.

~~45-4(d).~~ Subsection (d) of section ~~45-4~~ 110-166. Subsection (a) of section 110-166 is amended to read as follows:

Every water supply service shall have a monthly ~~minimum~~ service charge on each service installed. The ~~minimum~~ monthly service charge on each service shall vary with and be based upon the size of the service pipe required and installed. This ~~minimum~~ service charge shall be in accordance with the following schedule and shall entitle the consumer, without excess charge, to have supplied through the meter the number of gallons of water set forth in the table.

All bills for water service shall be paid within ~~ten~~ thirty days from date of bill. ~~If paid within that period, a discount of five percent will be allowed.~~ If such bills are not paid by the first day of the second month following that in which the service was rendered, such service shall be discontinued.

Ordinance No. 10-1560

The monthly minimum service charge and water allowed without excess charge shall be as follows:

TABLE INSET:

Size of Service (in inches)	Minimum base (fixed) Monthly service charge	Amount of water allowed per month (in gallons)
5/8	\$21.23 <u>\$13.90</u>	6,000
1	28.31 <u>20.22</u>	8,000
1 1/2	42.47 <u>30.76</u>	12,000
2	63.70 <u>43.40</u>	18,000
3	141.56 <u>72.90</u>	40,000
4	283.10 <u>115.03</u>	80,000
6	424.66 <u>220.37</u>	120,000
8	707.77 <u>346.78</u>	200,000

There shall not be a rental charge on meters.

~~45-1(f).~~ Subsection (f) of section 45-4 110-166, Subsection (d) of section 110-166 is amended to read as follows:

Upon the application of the owner or consumer for water service, on premises to which there has not been any previous service for water, or for an additional, enlarged or reduced service, the following tapping charges shall be made to cover the cost of the tap and the installation of the service to the property line of the lot to be supplied with water service:

TABLE INSET:

Up to 1-inch tap and service.....	\$3050.00*
1 1/2-inch tap and service.....	\$4 500.00*
2-inch tap and service.....	\$6500.00*
Over 2-inch tap and service.....	Actual cost, plus 10 15 percent
*Additional charge where a street, sidewalk, curb or gutter is cut.....	Actual cost of replacement, plus 10 15 percent

There shall not be a rental charge on meters.

All water meters and meter boxes servicing private property shall be located upon said property, and in no case shall be in the public right-of-way.

Ordinance No. 16-1520

~~45-4(g).~~ Subsection ~~45-4(g)~~ is deleted and a new subsection ~~45-4(g)~~ 110-166. Subsection (e) of section 110-166 is hereby enacted ~~amended~~ to read as follows:

Every owner, ~~tenant~~ or consumer making an application for water service shall be required to make a deposit for each meter with the public works department called a guarantee of payment deposit. The amount of such deposit shall be according to the size of the service for each meter in the following schedule:

TABLE INSET:

Minimum Guarantee Deposits		
Service	Owner <u>per meter</u>	Tenant—
5/8"	\$ 80.00 <u>160.00</u>	\$ 160.00 —
1"	100.00 <u>200.00</u>	200.00 —
1 1/2"	120.00 <u>300.00</u>	240.00 —
2"	200.00 <u>400.00</u>	400.00 —
3"	500.00 <u>600.00</u>	500.00 —
4"	600.00 <u>800.00</u>	600.00 —
6"	1,000.00 <u>1,200.00</u>	1,000.00 —
8"	1,500.00 <u>1,600.00</u>	1,500.00 —

If no refund has been applied for within ~~three~~ one years after water service has been discontinued to the party making the guarantee deposit for water service at the specific location mentioned in the receipt, such deposit shall be forfeited and be transferred to the water revenue fund account of the town.

~~45-12(b).~~ Subsection ~~(b)~~ of section ~~45-12~~ 110-192. Subsection (a) of section 110-192 is amended to read as follows:

All delinquent accounts, including metered water supply service, may cause the service of the water department to be discontinued and the water supply to be shut off from and to the premises of the owner or consumer from whom such account is in arrears, immediately upon such account becoming delinquent or as soon thereafter as practicable, without notice, and such service will not be resumed and the water turned on to such premises until the amount of the delinquent account and the sum of \$~~5.00~~ 25.00 for the first occurrence then \$50.00 for the second and subsequent occurrence(s) within a rolling 12 month calendar period for turning on the supply to each premises so shut off has been paid. All accounts shall be settled in person at town hall or by mail.

Ordinance No. 10-1540

~~45-21. Section 45-21 110-3. Section 110-3~~ is amended to read as follows:

Any person found guilty of a violation of any of the foregoing rules and regulations in this chapter, or who shall fail to observe any of the foregoing regulations, or who shall take and use water of the town without paying therefor, or who shall connect his premises with any water main of the town without the permission of the water department, shall, upon conviction thereof, be punished as provided in section 1-8 of the Code of the Town of Surfside, Florida.

(Code 1960, § 17-2; Ord. No. 1295, §§ 1, 2, 9-15-92; Ord. No. 1343, § 1, 9-26-94; Ord. No. 1347, § 1, 2-14-95; Ord. No. 1365, § 1, 9-30-96; Ord. No. 1378, § 1, 9-18-97; Ord. No. 1502, § 2(Bxh. A), 10-14-08; Ord. No. 1536, § 2(Bxh. A), 10-13-09)

State law references: User fees authorized, F.S. § 166.201.

Sec. 78-28. Charges declared liens.

(a) When water is furnished to the owner, user or occupant of any premises, the charge for such water service shall be and constitute a lien against the premises and shall become effective and binding as such lien from the date upon which the account becomes due, unpaid and in arrears. Existing liens and liens hereafter imposed pursuant to this section shall be treated as special assessment liens against the subject real property, and until fully paid and discharged shall remain liens equal in rank and dignity to the lien of ad valorem taxes, and shall be superior in rank and dignity to all other liens, encumbrances, titles and claims in, to or against the subject real property. The maximum rate of interest allowable by law shall accrue on such delinquent accounts.

(b) Such liens for service charges and penalties shall be enforced by any method provided by law, including but not limited to foreclosure proceedings instituted and prosecuted under provisions applicable to foreclosure of mortgages on real estate. Collection of payment thereof may also be accomplished by any other method provided by law. The owner, user or occupant shall pay all costs of collection, including but not limited to reasonable trial and appellate attorneys' fees, incurred in collection of fees, service charges, penalties and liens imposed by virtue of this section. The remedy provided in this section shall be cumulative and shall not be construed to waive the right of the town to require payment of any bill in arrears before renewing water service to the subject real property.

Secs. 78-29--78-50. Reserved.

ARTICLE III. SEWERS AND SEWAGE DISPOSAL

Sec. 78-51. Septic tank or sanitary privy prohibited.

The construction or maintenance of any septic tank or sanitary privy by any person, owner, tenant or occupant of any lot or parcel of land within the town is hereby declared to be a nuisance, dangerous or injurious to the public health and shall be unlawful.

Sec. 78-52. Connection, inspection, maintenance required; liens.

Ordinance No. 10-1560

(a) The owner, ~~tenant~~ or occupant of any lot or parcel of land within the town, upon which lot or parcel a building has been or shall be constructed for residential, commercial or industrial use, shall cause the building to be connected to the town's gravity sanitary main sewer and shall cease to use any other method of sewage disposal. All such connections shall be in accordance with chapter 24 of Metropolitan Dade County, Florida, "The Standard Details and Specifications of Miami Dade Water and Sewer Authority Department," and with the rules and regulations which shall be adopted from time to time by the town commission.

(b) All such connections to the town's gravity sanitary main sewer shall be inspected and approved by a person designated by the town manager.

(c) Sanitary sewage laterals connecting to the town's gravity sanitary main sewer are the responsibility of the real property owner, ~~tenant~~ or occupant served. The owner, ~~tenant~~ or occupant shall insure the proper operation, maintenance and repair of the sanitary sewage laterals connecting to the town's gravity sanitary main sewer. The portion of the laterals connecting to the town's gravity sanitary main sewer of the public right-of-way shall be the responsibility of the town.

(d) To the extent that the owner, ~~tenant~~ or occupant fails to comply with the requirements of this section, the town may, at its sole option, take such steps as are necessary to ensure compliance, and the costs directly and indirectly associated therewith shall constitute a lien against the property. Such liens shall be treated as special assessment liens against the property, and until fully paid and discharged, shall remain liens equal in rank and dignity to the lien of ad valorem taxes, and shall be superior in rank and dignity to all other liens, encumbrances, titles and claims in, to or against the property. The maximum rate of interest allowable by law shall accrue on such liens. Such liens shall be enforced by any method provided by law, including but not limited to foreclosure proceedings instituted and prosecuted under provisions applicable to foreclosure of mortgages on real estate. Collection of payment thereof may also be accomplished by any other method provided by law. The owner, ~~tenant~~ or occupant shall pay all costs of collection, including but not limited to reasonable trial and appellate attorneys' fees incurred in enforcement and foreclosure of such liens. The remedy provided in this section shall be cumulative and shall not be construed to waive the right of the town to require compliance before providing any further municipal services to the property.

Sec. 78-53. Manner of connection.

All connections to the town's sewer disposal facilities, now or hereafter existing, shall be made strictly in accordance with the South Florida Building Code. All such connections shall be maintained so that compliance with the South Florida Building Code is maintained. Any such connection which is not in compliance with the South Florida Building Code shall be removed within 60 days after the effective date of the ordinance from which this section was derived or immediately, if such connection results in a health hazard.

Sec. 78-54. Restrictions on materials and substances discharged into sewers; liability; inspections.

Ordinance No. 10-1560

(a) No person shall discharge into the town's sanitary sewer collection system any material or substance, which discharge into sanitary sewers is restricted or prohibited by the Metropolitan Dade County Code or the rules and regulations set forth by the county department of environmental resources management or the county water and sewer authority. Any person who discharges any substances classified as overstrength by any of such authorities, or by the United States Environmental Protection Agency, or by the state, or by any department designated to make such determinations, shall be responsible and liable for:

- (1) The excess costs of treating the overstrength discharge, as estimated by the town manager after proper consultation with consultants and such authorities;
- (2) The cost of restoration of any facilities or any assessed damages levied against the town due to the transportation or treatment of such overstrength discharge; and
- (3) The cost of any surcharges, penalties, fines or any costs, including engineering and attorneys' fees required to enforce compliance with this section.

(b) The town shall have the right to conduct inspections from time to time and, as such, shall have the right of access to any property for such inspections or collection of samples in order to ensure compliance with the intent of this section, at reasonable times, except in the case when it is reasonable to expect that an emergency exists, whereupon the town shall have the right to enter upon any property to determine whether, in fact, an emergency exists.

(Code 1960, § 17-5)

Sec. 78-55. ~~Sewer trust fund established for capital improvements; certified annual deposit.~~Reserved.

~~(a) There is hereby established a trust fund which shall be called the Town of Surfside Sanitary Sewer Improvements Trust Fund. Use of the funds deposited into such trust fund shall be restricted as provided in this section.~~

~~(b) Funds which are deposited into the town sanitary sewer improvements trust fund shall be invested in the manner permitted by law. Such funds, and interest earned thereon, shall be expended by the town only for capital improvements, construction, rehabilitation, betterments, expansions and upgrading of any or all elements of the sanitary sewer system of the town.~~

~~(c) The town shall, not less frequently than annually, deposit into the town sanitary sewer improvements trust fund funds in accordance with section 17-50.017(2)(b), Florida Administrative Code, which section is hereby incorporated herein by reference. The town's regular certified public accountant shall certify annually to the state compliance with the foregoing deposit requirements.~~

Sec. 78-56. Monthly Sewer service charges.

(a) There is hereby imposed, upon all premises within the town connected to or using the facilities of the town's sanitary sewer system, a monthly sewer service charge based on effluent flow. Such sanitary sewer service charge shall be in an amount equal to \$4.69 ~~\$5.41~~ per 1,000 gallons of water billed sewer flow per account or dwelling unit delivered to the consumer, ~~as shown by the water bills rendered in accordance with this article, or 100 percent of the minimum water rate charges, whichever is greater~~ In addition to the flow-based charge there shall be a base (fixed) monthly charge in the amount of \$3.44 per account or dwelling unit. The amount of such sanitary sewer system service charges shall be shown as a separate item on such water bills and

Ordinance No. 10-1560

shall be paid by the owner, ~~tenant~~ or occupant in possession of such premises at the same time and in the same manner as is provided in this chapter for the payment of water bills, ~~except that there shall be no discount for early payment.~~ Further, provided that the provisions of this section shall not be applicable to any water sold and delivered through separate meters measuring water delivered and consumed solely for swimming pools, lawn sprinkler systems or other purposes not requiring the use of the sanitary sewer system facilities of the town. ~~The sanitary sewer service charge imposed hereby shall become effective for service on and after October 1, 1997.~~

(b) In addition to the penalty for violation of this section as set forth in this article, all delinquent accounts may cause the service of the water department to be discontinued and the water supply to be shut off from and to the premises in accordance with this article.

Sec. 78-57. Review of service rates.

Rates set forth in this article shall be reviewed annually at the time the town's general operating budget is reviewed and adopted. The town commission shall, from time to time, amend this article, so that revenues expected to be generated by the sewer service and other charges shall be sufficient to pay the projected operating and maintenance costs for providing such services as well as providing for desired unrestricted and restricted net asset reserves. The town commission shall also provide the funds necessary in accordance with this article. Sewer system customers of the town shall be notified of rates and other charges applicable to such sewer service.

Secs. 78-58--78-80. Reserved.

ARTICLE IV. WATER AND SEWER DEVELOPMENT FEE

Sec. 78-81. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Combination account means any account that contains both residential and commercial or nonresidential facilities served through a common meter. Such account may be treated as either residential or commercial/nonresidential, depending whichever method of computation yields the larger number of equivalent single-family residential units.

Commercial and nonresidential account means any account not defined in this article as an equivalent single-family residential unit. For purposes of establishing the applicable development fee, a commercial or nonresidential account shall be considered to comprise equivalent single-family residential units and the development fee therefor shall be computed in accordance with section 78-83.

Equivalent single-family residential unit.

(1) Each single-family residence served by the town through a single sewer service connection and/or water meter constitutes one equivalent single-family residential unit.

(2) Each residential room or combination of rooms, designed to be occupied or occupied by one or more persons, and each apartment unit, condominium unit, cooperative unit, multifamily unit,

Ordinance No. 10-1560

hotel unit, apartment-hotel unit or motel unit that includes one or more connection points for sewer and/or water service constitutes one equivalent single-family residential unit, regardless of whether or not a single sewer or water connection serves the entire structure.


Section 3. Inclusion in the Code. It is the intention of the Town Commission, and it is hereby ordained that the provisions of this ordinance, shall become and be made a part of the Code of the Town of Surfside, Florida. The sections of this ordinance may be renumbered or re-lettered to accomplish such intention, and the word "ordinance" may be changed to "section," "article," or other appropriate word.

Section 4. Severability. The provisions of this Ordinance are declared to be severable and if any section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections, sentences, clauses, and phrases of this Ordinance but they shall remain in effect, it being the legislative intent that this Ordinance shall stand notwithstanding the invalidity of any part.

Section 5. Effective Date. This ordinance shall become effective September 25, 2010.

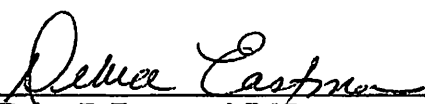
PASSED and ADOPTED on First Reading this 10 day of August, 2010.

PASSED and ADOPTED on Second Reading this 12 day of: OCT., 2010.



Daniel Dietch, Mayor

Attest:



Debra E. Eastman, MMC
Town Clerk

Ordinance No. 10-1560

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:


Lynn M. Dannheisser, Town Attorney

On First Reading Moved by: Commissioner Karukin

On Second Reading Seconded by: Commissioner Olchyk

Vote:

Mayor Detch	yes <u>✓</u>	no <u> </u>
Vice Mayor Graubart	yes <u>✓</u>	no <u> </u>
Commissioner Karukin	yes <u>✓</u>	no <u> </u>
Commissioner Kopelman	yes <u>✓</u>	no <u> </u>
Commissioner Olchyk	yes <u>✓</u>	no <u> </u>

Ordinance No. 10-1560

**TOWN OF SURFSIDE, FLORIDA
WATER RATES
BY Service Type
CURRENT & PROPOSED FY 2010-2011**

Service Type (Base Fixed) Meter Charge	Code/Section	Current Rate (Monthly)	Current Rate (Yearly/Gal min excess of consumption)	Current Rate (Monthly/1000 gal min excess of consumption)	Proposed Rate (Monthly)	Proposed Rate (Yearly/Gal min excess of consumption)	Proposed Rate (Monthly/1000 gal min excess of consumption)	\$ Change (Monthly)	\$ Change (Annual)
5/8"	new	\$0.00			\$13.90			\$13.90	\$166.85
1"	new	\$0.00			\$20.22			\$20.22	\$242.69
1 1/2"	new	\$0.00			\$30.76			\$30.76	\$369.10
2"	new	\$0.00			\$43.40			\$43.40	\$520.79
3"	new	\$0.00			\$72.90			\$72.90	\$874.74
4"	new	\$0.00			\$115.03			\$115.03	\$1,380.38
6"	new	\$0.00			\$220.37			\$220.37	\$2,644.48
8"	new	\$0.00			\$346.78			\$346.78	\$4,161.40
Service Type: Consumption Charge	Code/Section	Current Rate (Monthly/Gal min excess of consumption)	Current Rate (Yearly/Gal min excess of consumption)	Current Rate (Monthly/1000 gal min excess of consumption)	Proposed Rate (Monthly)	Proposed Rate (Yearly/Gal min excess of consumption)	Proposed Rate (Monthly/1000 gal min excess of consumption)	\$ Change (Monthly)	\$ Change (Annual per 1000 gal)
5/8" - 8,000 min gal	78-27	\$21.24	\$254.88	\$3.54	N/A			N/A	N/A
1" - 8,000 min gal	78-27	\$28.32	\$339.84	\$3.54	N/A			N/A	N/A
1 1/2" - 12,000 min gal	78-27	\$42.48	\$509.76	\$3.54	N/A			N/A	N/A
2" - 18,000 min gal	78-27	\$63.72	\$764.64	\$3.54	N/A			N/A	N/A
3" - 40,000 min gal	78-27	\$141.60	\$1,699.20	\$3.54	N/A			N/A	N/A
4" - 80,000 min gal	78-27	\$283.20	\$3,398.40	\$3.54	N/A			N/A	N/A
6" - 120,000 min gal	78-27	\$424.80	\$5,097.60	\$3.54	N/A			N/A	N/A
8" - 200,000 min gal	78-27	\$708.00	\$8,496.00	\$3.54	N/A			N/A	N/A
Single-family Residential, Duplex, Tri-Plex, Quad-Plex									
Block 1= normal (0-6,000 gal)	78-27	N/A	N/A	\$3.54	\$2.97			(\$0.57)	(\$6.85)
Block 2=discretionary(6,001-12,000 gal)	78-27	N/A	N/A	\$3.54	\$3.56			\$0.02	\$0.28
Block 3=excessive(above 12,000 gal)	78-27	N/A	N/A	\$3.54	\$5.94			\$2.40	\$28.78
Commercial, Multi-Family greater than 4 units, Place of Worship									
Uniform Block	78-27	N/A	N/A	\$3.54	\$3.67			\$0.13	\$1.56
Municipality:									
within Town Limits	new	N/A	N/A	\$3.54	\$2.97			(\$0.57)	(\$6.85)
outside Town Limits	78-27	N/A	N/A	\$0.64	\$3.67			\$3.03	\$36.36

EXHIBIT A

15 SURFPORTNUTRITIONFINANCE DEPT#HSERVAGENDA ITEM#SIFY 2011 Consolidated proposed water and sewer rates#Sover

8/4/2010

ATTACHMENT

“5”

RESOLUTION NO. 11- 2028

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA APPROVING A CONTRACT WITH THE FIRM OF RIC MAN INTERNATIONAL, INC. FOR THE INFRASTRUCTURE REHABILITATION PROJECT; AUTHORIZING OTHER APPROVALS AND POSSIBLE ADDITIVE ALTERNATES; AUTHORIZING TOWN OFFICIALS TO TAKE ALL STEPS NECESSARY TO CARRY OUT THE TERMS OF THIS RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, a Citizen Oversight Committee was established to assist in the review and oversight of the design to date, permitting, pre-qualification, bidding, award and construction of the Infrastructure Rehabilitation Project and the Committee has met on five (5) occasions to date; and

WHEREAS, on April 28, 2011 the Town received six (6) apparent responsive and responsible bids for the Infrastructure Rehabilitation Project from Ric-Man International, Inc. ("Ric Man"), SouthEastern Engineering, Lanzo Construction, Globetec, Man-Con and Reynolds, Inc., and those bids were publicly opened and read; and

WHEREAS, after reviewing all proposals submitted to the Town, and after further detailed review of the lowest two bidders, the Town Manager, Citizen Oversight Committee and consulting engineers recommend the selection of Ric Man International, Inc. and in the alternative, SouthEastern Engineering; and

WHEREAS, the Town Commission finds Ric Man International, Inc. to be the lowest, and SouthEastern Engineering to be the next lowest bidder with both being responsible and responsive bidders. The Town Commission finds, however, that while the selection of Ric Man International, Inc. (being the lowest bidder) would be in the best interest of the Town, if for any reason RicMan becomes disqualified, the selection of SouthEastern Engineering as the next lowest responsible responsive bidder would be in the best interest of the Town; and

WHEREAS, the Bid Package included a list and description of Additive Alternate Items which could be incorporated as part of the Infrastructure Rehabilitation Project as follows:

- End of Road Signage
- Street End Improvements
- Street Tree Program
- Decorative Street Signage

WHEREAS, an additional project to construct a force main along Collins Avenue for the joint use of the Village of Bal Harbor and Town of Surfside is necessary to provide an alternate to the sixty (60) year old force main along Byron Avenue; and

WHEREAS, there are limited funds available to complete the projects. the Town Manager recommends that the Town Commission authorize the base project as defined in the Commission Communication of even date, the FP&L conduit study and placement of and interconnection to the existing sewer force main with the Bal Harbor Shared Force Main ("SFM") to be constructed along Collins Avenue with recommendations on funding. The Town Manager also recommends that should additional funds become available, the Town Commission should identify and authorize the additive alternatives it wishes to see come to fruition.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The above recitals are true and correct and incorporated into this Resolution by this reference.

Section 2. Approval of Award to Ric Man International, Inc. The Town Commission approves the award of this competitive bid to Ric Man International, Inc. as the lowest, most responsible, responsive bidder (RFQ Project Number 065355-15) for the Infrastructure Rehabilitation Project. If, for any reason the bid cannot be awarded to Ric Man International, Inc., the bid shall be and is awarded to SouthEastern Engineering as the next

lowest, most responsible, responsive bidder. The contract to be entered into between the Town and the Contractor shall be in substantially the same form as the contract contained in the RFP.

Section 3. **Other Approvals.** The Town Commission also approves the following:

- A. **Bal Harbor Sewer Force Main Project.** From the additive alternatives set forth in the recitals above, the Town Commission selects and approves the Bal Harbor Force Main Project. The Town Manager is hereby authorized to enter into negotiations with the Town with Bal Harbor for the Town's participation in the construction and ownership of a Sewer Force Main to be completed along Collins Avenue to 72nd Street in Miami Beach and to be interconnected in Surfside along 96th Street and Collins Avenue. The Interlocal Agreement between the two municipalities addressing all the terms of such participation and ownership shall be approved for legal sufficiency by the Town Attorney.
- B. **FP&L Study and Conduit Installation.** The Town Manager is hereby authorized and directed to secure a study from FP&L that will allow underground conduit to be installed at intersections for future undergrounding of transmission lines during the course of the construction of the infrastructure rehabilitation project.
- C. **Construction Staging Area.** The Town Commission hereby approves the northernmost two lanes of 91st Street between Collins and Harding Avenue to be closed to traffic and utilized as a construction staging area for the infrastructure rehabilitation project. In the alternative, the Town Manager is authorized to pursue negotiations with either the Surf Club or the City of Miami Beach to locate alternative construction staging areas.

Section 4. Additive Alternates. Should additional funds become available, the Town

Commission authorizes the additive alternates as follows:

	Yes	No
○ End of Road Signage	___	___x
○ Street End Improvements	___	___x
○ Street Tree Program	___	___x
○ Decorative Street Signage	___	___x

Section 5. Authorization of Town Officials. The Town Manager and Town Attorney are hereby authorized to take all steps necessary to effectuate this Resolution.

Section 6. Effective Date. This Resolution shall take effect immediately upon adoption.

Motion by Commissioner Kopelman, Second by Commissioner Karukin.

PASSED AND ADOPTED this 14th day of June, 2011

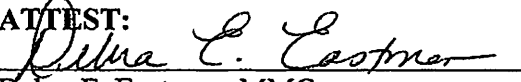
FINAL VOTE ON ADOPTION

Commissioner Michael Karukin
Commissioner Edward Kopelman
Commissioner Marta Olchyk
Vice Mayor Joseph Graubart
Mayor Daniel Dietch

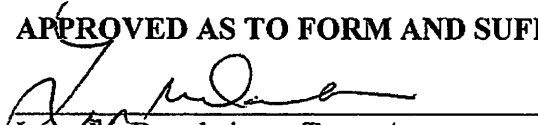
yes
yes
yes
absent
yes


Daniel Dietch, Mayor

ATTEST:


Debra E. Eastman, MMC
Town Clerk

APPROVED AS TO FORM AND SUFFICIENCY:


Lynn M. Dannheisser, Town Attorney

ATTACHMENT

“6”

Roger Carlton

From: Roger Carlton <RCarlton@townofsurfsidefl.gov>
Sent: Thursday, June 21, 2012 9:33 AM
To: yoderd@miamidade.gov; John Renfrow (ECL) (RenfrJ@miamidade.gov)
Cc: Bill Evans; Donald Nelson; Mayte Gamiotea; Andria Meiri; Alina Tejeda Hudak (ECL) (ATH2@miamidade.gov)
Subject: Heads up

We are looking forward to the meeting tomorrow regarding the FY 12/13 preliminary water and sewer rates. Here are the questions we will be asking:

- 1)Is there a formula or algorithm for allocating water production and sewage treatment costs between retail and wholesale customers. How is transmission cost factored into this equation.
- 2)How is debt service allocated between retail and wholesale customers?
- 3)Page 31 of the FY 10/11 CAFR reflects a \$32,220,000 million transfer to the General Fund...the first in a number of years. What is included in this number and how does it impact the true up and the proposed rates for next year?
- 4)Page 51 of the FY 10/11 CAFR reflects a total of \$57,249,000 million described as "related party transactions". It appears that a significant portion (\$15,300,000) of this amount is owed by WASD to the County and that WASD "has every intention of paying the outstanding payables on a timely basis". Does "timely basis" mean during FY 12/13? If not, has this debt been carried for more than one fiscal year and is it a factor in the calculation of next year's rates and/ or the true up for last fiscal year?
- 5)Please explain the difference between the FY 10/11 CAFR Page 31 number of \$32,220,000 transfer to the General Fund and the Page 51 number of \$21,578,000 related party transaction with the General Fund.
- 6)What is the proposed transfer from WASD to the General Fund in FY 12/13?
- 7)What are the proposed fund balances for the end of FY 12/13 for debt service reserve (include coverage estimate); renewal and replacement reserve (include bond mandated amount), and operating reserve (include bond mandated amount). How will these balances impact on the need for a rate adjustment in FY 13/14? During last year's meeting, staff stated that all these funds would be depleted to minimum required levels during FY 11/12. Has that stated outcome changed to allow another year without a rate increase?

Thank you for the opportunity to discuss these questions.

NOTE: Florida Public Records Law provides that most written communications to or from Municipal employees regarding town business are public records, available to the public and media upon request. Therefore, this e-mail message may be subject to public disclosure.

ATTACHMENT

“7”



Town of Surfside Commission Communication

Agenda Item # 4A2

Agenda Date: April 12, 2011

Subject: Master Utility System Bond Ordinance; Second Reading

Background: The Town of Surfside water, sewer and storm drainage systems have been allowed to deteriorate to a point where the need to replace, upgrade or complete major repairs is no longer a choice. We are under a consent decree that if not satisfied soon will cause significant financial risk to the Town; the loss of water from a leaking water system is extremely wasteful and not sensitive to conservation needs; the infiltration of groundwater to our sewer system causes the Town to experience increased sewage treatment costs by as much as 40 percent in the rainy season or from high tides; and, we are not meeting our environmental obligation to discharge clean storm water into Biscayne Bay after storm events.

To resolve these longstanding issues, the Town of Surfside engaged the firm of Calvin Giordano and Associates (CGA) after a competitive process to study the problem, provide recommendations, design a feasible project, prepare plans and specifications for competitive bidding, evaluate the bids, obtain permits, develop a public information program and monitor the project during construction. All these activities up to and including the preparation of plans and specifications have been completed. The Town Commission approved a pre-qualified short list of seven bidders and the pre-bid conference was held April 5, 2011 with more than 25 attendees. Bids are due April 28, 2011. This information collectively summarizes where we are on the construction side of this project.

There have also been a number of briefings for the Town Commission and a citizen oversight committee regarding the financing of the project. This process started with the retention of the firm TischlerBise to prepare a rate study that recommended rates for water, sewer and storm drainage sufficient to fund operation of the system, payment of debt, provide adequate reserves to maintain the system in first class condition and allow potential rate increases to be "smoothed" if we received extremely high cost increases for water and sewage treatment from Miami Dade County which provides both services. Miami Beach transmits our sewage to the Miami Dade County treatment plant on Virginia Key.

The Town Commission adopted the first year rate adjustments as part of the FY 10/11 Budget process after two public hearings. Attached to this memorandum is a March 28, 2011 update

to the TischlerBise Water and Sewer Rate Study based on updated assumptions that have developed since the original study was discussed during the approval process for the FY 10/11 Budget last summer. The implications of the revised study and the need for the updated analysis will be explained later in this memorandum.

Public sector bonded indebtedness in general: While long term debt in the public sector takes many forms, essentially bonds are either general obligation (subject to referendum since the full faith and credit of the community is pledged through ad valorem taxes) or revenue bonds which pledge the revenue of the system. **It is important to be abundantly clear that no property taxes are pledged to the proposed water, sewer, and storm drainage project bonds.**

How this bond ordinance works: The bond ordinance is comparable to a mortgage on a piece of property. It is not actually a mortgage because public property cannot be mortgaged in Florida law, however, the bond ordinance sets the provisions of the debt just as a mortgage sets the provisions of the debt for a piece of property. This bond ordinance will authorize and or require the Town of Surfside to do the following things:

- Borrow an amount not to exceed \$16 million to fund the cost of upgrades, repairs and replacements to the water, sewer and storm drainage systems. It will also allow certain project related activities if funds are available, including a street tree program, new street signs, upgrades to the traffic calming devices and possibly a contribution to the undergrounding of utilities. This amount of money is called "Series A" in the event that future Town Commissions want to borrow additional funds for water, sewer, and storm drainage projects if required in the future. The benefit of this series structure is that a new ordinance does not have to be developed for future financings. The additional funds would still require first and second readings of an amendment.
- The pledge for the debt is clearly established as the revenues from the water, sewer, storm drainage system. **There are no ad valorem taxes pledged.**
- The flow of monies that come in from our customers is as follows:
 1. Operation of the system
 2. Interest on the bonds which is put aside 1/6 per month since the interest is paid semi-annually
 3. The principle on the bonds is put aside 1/12 per month since the principle is paid annually
 4. Should subordinated debt be issued in the future, that debt service is paid next
 5. Renewal, replacement and improvements are funded next. This will keep the system up to date
 6. A rate stabilization fund is established next to help smooth any large increases needed should Miami Dade County or Miami Beach raise our wholesale water or sewage disposal costs
 7. An operating reserve is then funded as an extra security
 8. Finally, a surplus fund is established that allows any surplus funds to be used for any lawful purpose of the Town

These funds are known as the “buckets” which means that the monies flow from the highest priority (operations) to the lowest priority (surplus). In addition to the “buckets” the ordinance establishes the following:

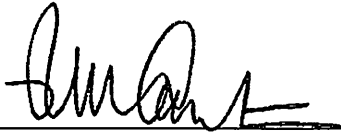
- The Town agrees to a “rate covenant” which requires that rates are set each year as part of the budget process to “ensure net revenues” cover 110 percent of the annual debt service including interest and principle. Finally, if additional bonds are issued at parity, the “net revenues” of the combined system must be 125 percent of the outstanding and new debt combined. This ensures that any future debt must be well covered by earnings. The revised TischlerBise study using the same rate increases projected in the original study over a five year period (to tie the studies together) also reduces various cost assumptions based on updated analysis (page 14). The combined impact of the original rate increase percentages plus the new cost assumptions creates debt service coverages of 123%, 128%, 144%, 153% and 162% in FY 10/11 thru FY 14/15 for the water line element of the project (page 16) and 118%, 137%, 175%, 191% and 207% for the same years for the sewer element of the project (page 27). What this means is that the debt service coverages far exceed the 110% required by the rate covenant in the ordinance thereby allowing the Town Commission each year as you review the budget to lower the originally projected rate increases significantly, put more reserves away to “smooth” future rate adjustments due to cost increases beyond our control, fill the “bucket” reserves earlier than projected, pay off debt early or a combination of the various strategies. Bottom line is that the risk level of this bond issue (feasibility) is very strong and that projected revenues more than cover the cost to amortize (pay off) the debt
- Free service is not allowed and the Town must cut off service to users who have not paid their bills based upon policy established by the Town Commission
- The Town covenants that it will take no actions to render the bonds taxable since these bonds are tax exempt to the purchaser(s)
- There are other provisions which are required in all public debt such as how lost bonds are replaced, what form the bonds take, how defaults are remedied, what happens if government is reorganized (merged) and how the bonds are defeased (paid off), all these provisions have been reviewed by our bond counsel Bryant Miller Olive and our financial advisor Public Financial Management Group (PFM)

Next steps: The financial advisor PFM has sought competitive proposals from a number of banks which will agree to buy the debt under certain conditions including length of debt service (assumed to be twenty years), interest rate (assumed to be under the five percent) and waiver of any prepayment penalties. It will be the team’s responsibility (BMO, PFM, staff and the oversight committee) to recommend on second reading scheduled for April 12, 2011 the best offer from a bank. The actual award to the bank occurs at second reading and the terms are set forth in a resolution. The closing occurs soon thereafter.

While the financing process is happening as described above, the competitive bid process for construction is also happening. The award to the lowest bidder will occur in the June 2011 Town Commission meeting. Once the financing is in place and the construction award is

made, the process to build is underway. As mentioned before, there will be a detailed public information campaign throughout the project.

Conclusion: We are almost there after a many year long journey. Financing is underway, the competitive construction bid process is nearing completion and the Town has created a very knowledgeable oversight committee. It has been a pleasure to work with all the folks that have helped us to get to this point and your approval of the bond ordinance on second reading is recommended.

A handwritten signature in black ink, appearing to read 'Roger M. Carlton', written over a horizontal line.

Roger M. Carlton, Town Manager

MASTER UTILITY SYSTEM BOND ORDINANCE

ORDINANCE NO. _____

TABLE OF CONTENTS

	PAGE
SECTION 1. AUTHORITY FOR THIS ORDINANCE.....	1
SECTION 2. DEFINITIONS.....	1
SECTION 3. FINDINGS.....	8
SECTION 4. AUTHORIZATION OF THE SERIES 2011 PROJECT.....	9
SECTION 5. THIS ORDINANCE TO CONSTITUTE CONTRACT.....	9
SECTION 6. AUTHORIZATION OF BONDS.	10
SECTION 7. DESCRIPTION OF THE BONDS.....	10
SECTION 8. EXECUTION OF BONDS.....	11
SECTION 9. AUTHENTICATION OF BONDS.	11
SECTION 10. EXCHANGE OF BONDS.....	12
SECTION 11. NEGOTIABILITY, REGISTRATION AND TRANSFER OF BONDS.....	12
SECTION 12. OWNERSHIP OF BONDS.	12
SECTION 13. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.	12
SECTION 14. PROVISIONS FOR REDEMPTION.....	13
SECTION 15. FORM OF BONDS.....	14
SECTION 16. CREATION OF FUNDS.....	20
SECTION 17. APPLICATION OF BOND PROCEEDS.....	21
SECTION 18. DISBURSEMENTS FROM PROJECT FUND.....	21
SECTION 19. SPECIAL OBLIGATIONS OF ISSUER.	22
SECTION 20. COVENANTS OF THE ISSUER.	23
SECTION 21. DEFAULTS; EVENTS OF DEFAULT AND REMEDIES.....	32
SECTION 22. AMENDING AND SUPPLEMENTING OF ORDINANCE WITHOUT CONSENT OF HOLDERS OF BONDS.....	34
SECTION 23. AMENDMENT OF ORDINANCE WITH CONSENT OF HOLDERS OF BONDS.....	35

SECTION 24. DEFEASANCE	35
SECTION 25. GOVERNMENTAL REORGANIZATION.....	36
SECTION 26. ADDITIONAL UTILITY FUNCTIONS.....	36
SECTION 27. SEPARATELY FINANCED PROJECT.....	36
SECTION 28. TAX COVENANTS.....	36
SECTION 29. SEVERABILITY.....	38
SECTION 30. SALE OF BONDS.....	38
SECTION 31. GENERAL AUTHORITY.....	38
SECTION 32. NO THIRD PARTY BENEFICIARIES.	38
SECTION 33. NO PERSONAL LIABILITY.	38
SECTION 34. REPEAL OF INCONSISTENT INSTRUMENTS.....	38
SECTION 35. EFFECTIVE DATE	38

AN ORDINANCE OF THE TOWN OF SURFSIDE, FLORIDA AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$16,000,000 UTILITY SYSTEM REVENUE BONDS, SERIES 2011, TO FINANCE THE COSTS OF WATER, SEWER, STORMWATER AND RELATED CAPITAL IMPROVEMENTS; PLEDGING CERTAIN NET REVENUES OF THE UTILITY SYSTEM FOR THE PAYMENT OF SUCH BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

THE COMMISSION OF THE TOWN OF SURFSIDE, HEREBY ORDAINS:

SECTION 1. AUTHORITY FOR THIS ORDINANCE. This Ordinance is enacted pursuant to Constitution of the State of Florida, Chapter 166, Part II, Florida Statutes, as amended, the Charter of the Town of Surfside, Florida and other applicable provisions of law (the "Act").

SECTION 2. DEFINITIONS. Unless the context otherwise requires, the terms used in this Ordinance shall have the meanings specified in this Section 2. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

"Acquired Obligations" shall mean cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated AAA by S&P or Aaa by Moody's (or any combination thereof).

"Additional Parity Obligations" shall mean additional obligations issued or incurred in compliance with the terms, conditions and limitations contained herein and which (i) shall have a lien on the Pledged Revenues equal to that of the Outstanding Bonds, (ii) shall be payable from the Pledged Revenues on a parity with the Outstanding Bonds, and (iii) shall rank equally in all other respects with the Outstanding Bonds.

"Amortization Installment" with respect to any Term Bonds of a Series means an amount so designated for mandatory principal installments for the Term Bonds of such Series, and provided that each such installment shall be deemed to be due on a principal maturity anniversary date of each applicable year and the aggregate of such installments for such Series shall equal the aggregate principal amount of Term Bonds of such Series delivered.

"Average Annual Bond Service Requirement" shall mean, as of each date on which a Series of Bonds is issued, the total amount of Bond Service Requirement which is to become

due on all Bonds deemed to be Outstanding immediately after the issuance of such Series of Bonds divided by the total number of years for which Bonds are deemed to be Outstanding, except that with respect to any Bonds for which Amortization Installments have been established, the amount of principal coming due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds that are to be redeemed from Amortization Installments to be made in prior Bond Years.

"Bond Anticipation Notes" shall mean notes of the Issuer issued in anticipation of any Series of Bonds and shall be secured by a first lien on the proceeds of the Bonds for which such Bond Anticipation Notes were issued.

"Bond Counsel" shall mean any attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Bond Service Fund" shall mean the Bond Service Fund created and established pursuant to Section 16 of this Ordinance.

"Bond Service Requirement" shall mean, for any Bond Year, at any time, the amount required to be deposited in such Bond Year into the Bond Service Fund, as provided herein. In calculating such amount, the Issuer shall subtract therefrom any amounts to be transferred from the Project Fund for the purpose of paying interest on the Bonds.

"Bond Year" shall mean the period commencing on October 2 of the preceding year and ending twelve months later on October 1.

"Bonds" shall mean the Series 2011 Bonds authorized and issued pursuant to this Ordinance and any Additional Parity Obligations issued hereafter in accordance with the provisions hereof.

"Clerk" shall mean the Town Clerk of the Issuer.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or proposed.

"Consulting Engineers" shall mean one or more independent, qualified and recognized consulting engineers or firm of consulting engineers having favorable reputé, skill and experience with respect to the planning and operation of the System who shall be retained from time to time by the Issuer.

"Contributions in Aid of Construction" shall mean any amount or item of money, services, or property received by the Issuer, any portion of which is provided at no cost to the System, which represents an addition or transfer to the capital of the System, and which is utilized to offset the acquisition, improvement or construction costs of the System.

"Cost of Operation and Maintenance" shall mean the then current expenses, paid or accrued, in the operation, maintenance and repair of the System, as calculated in accordance with generally accepted accounting principles, including, but not limited to, allocable administrative and indirect labor costs related to the System, personal services, contractual services, repairs and maintenance, and materials and supplies, but shall not include expenses not annually recurring, any reserve for renewals and replacements, extraordinary repairs or any allowance for depreciation, any Bond Service Requirement, any payments in lieu of taxes, franchise fees or other transfers.

"Federal Securities" shall mean direct obligations of (including obligations issued or held in book entry form on the books of) the Department of Treasury of the United States of America or obligations guaranteed as to principal or interest by the United States of America, including, but not limited to, obligations of the Resolution Funding Corporation.

"Finance Director" shall mean the Finance Director of the Issuer.

"Financial Advisor" shall mean the financial advisor appointed from time to time by the Issuer.

"Fiscal Year" shall mean the period commencing on October 1 of each year and ending on the next succeeding September 30 or such other annual period as may be prescribed by law from time to time for the Issuer.

"Fitch" shall mean Fitch Ratings, and any assigns or successors thereto.

"Gross Revenues" or "Revenues" shall mean all income and earnings, received by the Issuer or accrued to the Issuer from the ownership, use or operation of the System and all parts thereof, moneys deposited from the Rate Stabilization Fund into the Revenue Fund in accordance with the terms hereof, provided any moneys transferred from the Rate Stabilization Fund into the Revenue Fund within 90 days following the end of a Fiscal Year may be designated by the Issuer as Gross Revenues of such prior Fiscal Year, and shall also include investment income, if any, earned on any fund or account created pursuant to this Ordinance, except the Rebate Fund, and also including any income or earnings (including investment income) derived from the System in any prior Fiscal Year and which is redeposited into the Revenue Fund, all as calculated in accordance with generally accepted accounting principles, but **"Gross Revenues" or "Revenues"** shall not include proceeds from the sale or other disposition of the System or any part thereof, condemnation awards or proceeds of insurance received with respect to the System and moneys deposited to the Rate Stabilization Fund or the Operating Reserve Fund from the Surplus Fund, including any moneys transferred from the Surplus Fund to the Rate Stabilization Fund within 90 days following the end of a Fiscal Year which the Issuer determines not to be Gross Revenues of such prior Fiscal Year, Contributions in Aid of Construction, or unrealized gains or losses from investments.

"Holder" or "Bondholders" or any similar term shall mean any persons who shall be

the registered owner of any outstanding Bonds.

"Interest Account" shall mean the special account of the same name created within the Bond Service Fund.

"Interest Date" or "interest payment date" shall be such date or dates for the payment of interest on a Series of Bonds as shall be provided by Supplemental Ordinance, except with respect to the Series 2011 Bonds, such interest payment date shall be provided by supplemental resolution.

"Issuer" shall mean the Town of Surfside, Florida, a municipal corporation of the State of Florida.

"Maximum Bond Service Requirement" shall mean, as of any particular date of calculation, the greatest amount of aggregate Bond Service Requirement for the then current or any future Bond Year, except that with respect to any Bonds for which Amortization Installments have been established, the amount of principal coming due on the final maturity date with respect to such Bonds shall be reduced by the aggregate principal amount of such Bonds that are to be redeemed from Amortization Installments which were to be made in prior Bond Years.

"Mayor" shall mean the Mayor or Vice Mayor of the Issuer.

"Moody's" or "Moody's Investors Service" shall mean Moody's Investors Services, Inc., and any assigns or successors thereto.

"Net Revenues of the System" shall mean the Gross Revenues or Revenues, after deduction of the Cost of Operation and Maintenance.

"Operating Reserve Fund" shall mean the Operating Reserve Fund created and established pursuant to Section 16 of this Ordinance.

"Ordinance" shall mean this Ordinance as from time to time may be amended or supplemented by Supplemental Ordinance, in accordance with the terms hereof.

"Outstanding" or "Bonds Outstanding" shall mean all Bonds which have been issued pursuant to this Ordinance, except:

(i) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) Bonds for the payment or redemption of which cash funds or Acquired Obligations or any combination thereof shall have been theretofore irrevocably set aside in a special account with an escrow agent (whether upon or prior to the maturity or redemption date of any such Bonds) in an amount which, together with earnings on such Acquired Obligations, will be sufficient to pay the principal of, interest on and any redemption premium

with respect to such Bonds at maturity or upon their earlier redemption; provided that, if such Bonds are to be redeemed before the maturity thereof, notice of such redemption shall have been given according to the requirements of this Ordinance or irrevocable instructions directing the timely publication of such notice and directing the payment of the principal of and interest on all such Bonds at such redemption dates shall have been given; and

(iii) Bonds which are deemed paid pursuant to this Ordinance or in lieu of which other Bonds have been issued under Sections 11 and 13 hereof.

"Paying Agent" shall mean, with respect to the Series 2011 Bonds, the Clerk, and with respect to any other Series of Bonds, any paying agent for Bonds appointed by or pursuant to a Supplemental Ordinance and its successors or assigns, and any other Person which may at any time be substituted in its place pursuant to a Supplemental Ordinance. Once appointed, no resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent.

"Permitted Investments" shall mean investments permitted by applicable law and the Issuer's written investment policy, if any, as may be further limited as set forth in a Supplemental Ordinance of the Issuer.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or governmental entity.

"Pledged Revenues" shall mean (i) the Net Revenues of the System, (ii) until applied in accordance with this Ordinance, the moneys on deposit in the various funds and accounts created pursuant to this Ordinance, except (A) as for the Rebate Fund and (B) the Revenue Fund, to the extent moneys therein shall be required to pay the Cost of Operation and Maintenance in accordance with the terms hereof.

"Principal Account" shall mean the special account of the same name created within the Bond Service Fund.

"Project" or "Projects" shall mean any actual, proposed or potential acquisition, addition, extension, supplement, or replacement of the System or joint ownership of similar properties or any interest therein or any right to use the capacity from any facilities or services thereof, any related capital improvements, or any other lawful purpose, all as determined by the Issuer and in accordance with plans and specifications on file or to be filed with the Issuer.

"Project Costs" shall mean all costs authorized to be paid from the Project Fund pursuant to Section 18 hereof to the extent permitted under the laws of the State. It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities related to the System, the Project or approved by the Issuer for a lawful purpose which on the date of this Ordinance or in the future shall be permitted to be funded with the proceeds of any Series of Bonds pursuant to the laws of the State.

"Project Fund" shall mean the Project Fund created and established pursuant to Section

16 of this Ordinance.

"Prudent Utility Practice" shall mean, in respect of any particular municipal utility industry, any of the practices, methods and acts which, in the exercise of reasonable judgment, in light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of such utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition.

"Qualified Independent Consultant" shall mean one or more qualified and recognized independent consultants, having favorable reputations, skill and experience with respect to the acts and duties of the Qualified Independent Consultant to be provided to the Issuer, as shall from time to time be retained by the Issuer to perform the acts and carry out the duties herein provided for such consultants.

"Rate Stabilization Fund" shall mean the "Rate Stabilization Fund" established pursuant to Section 16 hereof.

"Rebate Fund" shall mean the Rebate Fund created pursuant to Section 28 of this Ordinance.

"Record Date" shall mean each date that is 15 days prior to an interest payment date.

"Redemption Account" shall mean the special account of the same name created within the Bond Service Fund.

"Refunding Bonds" shall mean that amount of any Series of Bonds, the proceeds of which will be applied to the refunding of any previously issued Bonds.

"Registrar" shall mean, with respect to the Series 2011 Bonds, the Clerk, and with respect to any other Series of Bonds, any registrar for the Bonds appointed by or pursuant to Supplemental Ordinance and its successors and assigns, and any other Person which may at any time be substituted in its place pursuant to Supplemental Ordinance. Once appointed, no resignation or removal of the Registrar shall become effective until a successor has been appointed and has accepted the duties of Registrar.

"Renewal, Replacement and Improvement Fund" shall mean the Renewal, Replacement and Improvement Fund created and established pursuant to Section 16 of this Ordinance.

"Revenue Fund" shall mean the Revenue Fund created and established pursuant to Section 16 of this Ordinance.

"Separately Financed Project" means any Project described as such in Section 27 hereof.

"Serial Bonds" shall mean all of the Bonds other than Term Bonds.

"Series" or "Series of Bonds" or "Bonds of a Series" shall mean all Bonds designated as being of the same Series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Ordinance.

"Series 2011 Bonds" shall mean the not to exceed \$16,000,000 Utility System Revenue Bonds, Series 2011 of the Issuer authorized herein.

"Series 2011 Project" shall mean construction of water, sewer, stormwater and other related capital improvement projects, consisting of the following capital improvements: (i) replacement of several miles of water system pipe, replacement of valves, hydrants and auto read meters, (ii) renovation of the existing sewer system pump stations, installation of emergency generators, repair of all broken pipes and manholes, (iii) retrofit of three outfall pipes, construction of stormwater pump stations, installation of treatment boxes, (iv) replacement of traffic calming devices, installation of landscaping, including trees to be planted in the right of way, (v) street signs, and (vi) interconnect and new sewer force mains and repair of existing force mains.

"Sewer System" shall mean the complete sewer system now owned, operated and/or maintained by the Issuer and which the Issuer is, or shall be responsible for maintaining, together with any and all acquisitions, improvements, extensions and additions thereto, hereafter constructed or acquired, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible (including agreements for the providing of such services), now or hereafter constructed and/or owned or used in connection therewith.

"State" shall mean the State of Florida.

"Standard & Poor's" or "Standard & Poor's Corporation" or "S&P" shall mean Standard and Poor's Ratings Group and any assigns and successors thereto.

"Stormwater System" shall mean the services, appurtenances, facilities, and equipment, including, land, capital facilities, and improvements acquired or provided to detain, retain, convey, or treat Stormwater. "Stormwater" means the flow of water which results from, and which occurs following, a rainfall event.

"Subordinated Debt" shall mean any obligations payable on a junior, inferior and subordinate basis under Section 20(B) hereof. "Subordinated Debt" shall include any other obligations payable from any of the Pledged Revenues on a junior, inferior and subordinate basis to the Bonds.

"Subordinated Debt Service Fund" shall mean the Subordinated Debt Service Fund.

"Supplemental Ordinance" shall mean any ordinance of the Issuer amending or supplementing this Ordinance enacted and becoming effective in accordance with the terms of Sections 22 and 23 hereof.

"System" or "Utility System" shall mean, collectively, the Water System, the Sewer System and the Stormwater System of the Issuer. Upon compliance with the provisions of Section 26 hereof, the term "System" may be deemed to include other utility functions added to the System, including, but not limited to a residential reuse system, the acquisition, distribution and sale of natural gas, the providing and/or undergrounding of electricity, the providing of cable television services, the providing of telecommunication services or other utility functions that are authorized from time to time pursuant to the Act. Notwithstanding the foregoing definition of the term System, such term shall not include any properties or interest in properties of the Issuer which the Issuer determines shall not constitute a part of the System for the purpose of this Ordinance.

"Term Bonds" shall mean the Bonds other than Serial Bonds which shall be stated to mature on one date, and shall have such Amortization Installments, as shall be determined by Supplemental Ordinance of the Issuer.

"Town Manager" shall mean the Town Manager or assistant, deputy, interim or acting Town Manager of the Issuer.

"Water System" shall mean the complete water system now owned, operated and/or maintained by the Issuer or which is proposed to be acquired by and operated and maintained by the Issuer and which the Issuer is, or shall be responsible for maintaining, together with any and all acquisitions, improvements, extensions and additions thereto, hereafter constructed or acquired, together with all lands or interests therein, including plants, buildings, machinery, franchises, pipes, mains, fixtures, equipment and all property, real or personal, tangible or intangible (including agreements for the providing of such services), now or hereafter constructed and/or owned or used in connection therewith.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms shall refer to this Ordinance; the term "heretofore" shall mean before the date of enactment of this Ordinance; and the term "hereafter" shall mean after the date of enactment of this Ordinance. Words importing the masculine gender include every other gender. Words importing the singular number include the plural number, and vice versa.

SECTION 3. FINDINGS. It is hereby ascertained, determined and declared that:

(A) It is in the best interest of the health and welfare of the residents of the Issuer and other users of the Utility System to use the proceeds of the Bonds to pay the Project Costs.

(B) The Issuer owns, operates and/or maintains the System and derives certain revenue from rates, fees, rentals and other charges made and collected for the services of such System, which such revenues are not now pledged or encumbered in any manner. It serves a

paramount public purpose and is in the best interests of the Issuer, the residents thereof and the other current users of the System that the Issuer authorizes the issuance of Bonds for the constructing and acquiring of certain additions, extensions, replacements and improvements to the Utility System as more particularly described herein.

(C) The Issuer deems it necessary and in its best interest to provide for the construction and improvement of the System.

(D) The costs associated with issuance of Bonds shall be deemed to include, but not limited to, legal fees and expenses, engineering expenses, fiscal expenses, underwriting fees and expenses, rating agency fees, expenses for estimates of costs and of revenues, accounting expenses, municipal bond insurance premiums, surety policy premiums, if applicable, costs of printing, fees and expenses for the escrow agent, fees and expenses for the paying agent and registrar, fees and expenses for verification, accrued and capitalized interest, provisions for reserves, and such other fees and expenses as may be necessary or incidental for the financing herein authorized.

(E) The principal of and interest and redemption premium on the Bonds and all reserve and other payments shall be payable solely from the Pledged Revenues. The Issuer shall never be required to levy ad valorem taxes on any real or personal property therein to pay the principal of and interest on the Bonds herein authorized or to make any other payments provided for herein. The Bonds shall not constitute a lien upon any properties owned by or located within the boundaries of the Issuer or upon any property other than the Pledged Revenues.

(F) The Pledged Revenues should be sufficient to pay all principal of and interest and redemption premium on the Series 2011 Bonds and any Additional Parity Obligations to be issued hereunder, as the same become due, and to make all required deposits or payments required by this Ordinance.

(G) While the purpose of this Ordinance is to establish general terms of the Bonds, it is recognized that new, innovative and beneficial methods of financing may exist or may be developed in future years which are not specifically authorized by this Ordinance. Because of such fact, it is the intention of the Issuer that the amendment provisions contained herein be broadly interpreted in order to provide the broadest possible financing alternatives for the Issuer for so long as the security of the Holders of any Bonds then Outstanding shall not be impaired.

SECTION 4. AUTHORIZATION OF THE SERIES 2011 PROJECT. There is hereby authorized the Series 2011 Project.

SECTION 5. THIS ORDINANCE TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Holders. The covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal

Holders of any and all of the Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided therein and herein.

SECTION 6. AUTHORIZATION OF BONDS. Subject and pursuant to the provisions hereof, obligations of the Issuer to be known as "Utility System Revenue Bonds", which may be issued from time to time, are hereby authorized to be issued. The aggregate principal amount of the Bonds which may be executed and delivered under this Ordinance is not limited except as is or may hereafter be provided in this Ordinance or as limited by the Act or by law. The Series 2011 Bonds are hereby authorized to be issued and to be known as "Utility System Revenue Bonds, Series 2011" in the principal amount of not to exceed \$16,000,000.

The Bonds may, if and when authorized by the Issuer pursuant to this Ordinance, be issued in one or more Series, with such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series as the Issuer may determine and as may be necessary to distinguish such Bonds from the Bonds of any other Series. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs. The Bonds shall be issued for such purpose or purposes; shall bear interest at such rate or rates not exceeding the maximum rate permitted by law; and shall be payable in lawful money of the United States of America on such dates; all as determined herein or by Supplemental Ordinance of the Issuer, and, in the case of the Series 2011 Bonds, by Section 7 hereof.

SECTION 7. DESCRIPTION OF THE BONDS. The Series 2011 Bonds shall be dated the date of their execution and delivery, and shall have such other terms and provisions, including interest rates not exceeding the maximum interest rates permitted by the Act, principal and interest payment terms, maturity date, and prepayment provisions as stated herein and/or as described in the supplemental resolution. The Series 2011 Bonds are hereby authorized to be issued in fully registered form without coupons; may be Serial Bonds or Term Bonds; shall be numbered consecutively from one upward in order of maturity preceded by the letter "R" if Serial Bonds or Term Bonds; and shall be in the denomination of \$100,000 each or integral multiples thereof.

Bonds (other than Series 2011 Bonds) are hereby authorized to be issued in fully registered form without coupons; may be Serial Bonds or Term Bonds; shall be numbered consecutively from one upward in order of maturity preceded by the letter "R" if Serial Bonds or Term Bonds; shall be in the denomination of \$5,000 each, or integral multiples thereof for the Serial Bonds and Term Bonds, or such other denominations as shall be approved by the Issuer in a Supplemental Ordinance; shall bear interest at such rate or rates not exceeding the maximum rate allowed by State law, the actual rate to be approved by the governing body of the Issuer prior to or upon the sale of the Bonds; such interest to be payable semiannually at such times as are fixed by Supplemental Ordinance of the Issuer if Serial Bonds or Term Bonds, and shall mature annually on such date in such years and such amounts or such other payment dates as will be fixed by Supplemental Ordinance of the Issuer prior to or upon the sale of the Bonds; all as the Issuer shall provide herein or hereafter by Supplemental Ordinance.

Each Serial or Term Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated, unless authenticated on an interest payment date, in which case it shall bear interest from such interest payment date, or, unless authenticated prior to the first interest payment date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication, payment of any interest which is due and payable has not been made, such Serial or Term Bond shall bear interest from the date to which interest shall have been paid.

The principal of and the interest and redemption premium, if any, on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The interest on the Serial or Term Bonds shall be payable by the Paying Agent on each interest payment date, or the first business day following an interest payment date if such interest payment date is not a business day, to the person appearing on the registration books of the Issuer hereinafter provided for as the registered Holder thereof, by check or draft mailed to such registered Holder at his address as it appears on such registration books or by wire transfer to Holders of \$1,000,000 or more in principal amount of the Bonds. Payment of the principal of all Serial or Term Bonds (reduced by any Amortization Installments previously paid by the Issuer on any Term Bonds) shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable.

As long as any Bonds are outstanding in book-entry form, the provisions of this Ordinance inconsistent with such system of book-entry registration shall not be applicable to such Bonds, and the Issuer covenants to cause adequate records to be kept with respect to the ownership of any Series of Bonds issued in book-entry form or the beneficial ownership of bonds issued in the name of a nominee.

SECTION 8. EXECUTION OF BONDS. The Bonds shall be signed by, or bear the facsimile signature of the Mayor and shall be attested by, or bear the facsimile signature of, the Clerk, and a facsimile of the official seal of the Issuer shall be imprinted on the Bonds. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if such person remained in office until such delivery. Any Bond may bear the facsimile signature of or may be signed by such persons who, at the actual time of the execution of such Bond, shall be the proper officers to sign such Bonds although, at the date of such Bond, such persons may not have been such officers.

SECTION 9. AUTHENTICATION OF BONDS. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinbelow set forth, duly executed by the Registrar, as authenticating agent, shall be entitled to any benefit or security under this Ordinance. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Registrar, and such certificate of the Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Ordinance. The Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed

by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication of all of the Bonds that may be issued hereunder at any one time.

SECTION 10. EXCHANGE OF BONDS. Any Bonds, upon surrender thereof at the designated corporate trust office of the Registrar, together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Registrar, may, at the option of the Bondholder, be exchanged for an aggregate principal amount of Bonds of the same Series equal to the principal amount of the Bond or Bonds so surrendered.

The Registrar shall make provision for the exchange of Bonds at the designated corporate trust office of the Registrar.

SECTION 11. NEGOTIABILITY, REGISTRATION AND TRANSFER OF BONDS. The Registrar shall keep books for the registration of and for the registration of transfers of Bonds as provided in this Ordinance. The transfer of any Bonds may be registered only upon such books and only upon surrender thereof to the Registrar together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Registrar. Upon any such registration of transfer, the Issuer shall execute and the Registrar shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of such Bond or Bonds so surrendered and of the same Series.

In all cases in which Bonds shall be exchanged, the Issuer shall execute and the Registrar shall authenticate and deliver, at the earliest practicable time, a new Bond or Bonds of the same type (e.g., Serial Bonds will be exchanged for Serial Bonds) and of the same Series in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Registrar. The Issuer or the Registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Bondholder for the privilege of exchanging or registering the transfer of Bonds under the provisions of this Ordinance. Neither the Issuer nor the Registrar shall be required to make any such exchange, registration or transfer of Bonds after the Record Date.

SECTION 12. OWNERSHIP OF BONDS. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Bond, and the interest on any such Bonds shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

SECTION 13. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion,

cause to be executed, and the Registrar shall authenticate and deliver, a new Bond of like date and tenor as the Bond so mutilated, destroyed, stolen or lost (e.g., Serial Bonds shall be issued in exchange for Serial Bonds) in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer and the Registrar may prescribe and paying such expenses as the Issuer and the Registrar may incur. All Bonds so surrendered shall be canceled by the Issuer. If any of the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 13 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the same extent as all other Bonds issued hereunder.

SECTION 14. PROVISIONS FOR REDEMPTION. The redemption provisions for the Series 2011 Bonds shall be fixed by supplemental resolution.

The Bonds shall be subject to redemption prior to their maturity, at the option of the Issuer, at such times and in such manner as shall be fixed by Supplemental Ordinance of the Issuer prior to or at the time of sale of such Series of Bonds.

Notice of such redemption shall, at least thirty (30) days prior to the redemption date, be filed with the Registrar, and mailed by the Registrar on behalf of the Issuer, first class mail, postage prepaid, to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books hereinbefore provided for on the Record Date, but failure to mail such notice to one or more Holders of Bonds, or any defect therein, shall not affect the validity of the proceedings for such redemption with respect to Holders of Bonds to which notice was duly mailed hereunder and no defect occurred. Such notice shall also be sent to the registered securities depositories and to the Electronic Municipal Market Access System ("EMMA"). Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds of one maturity are to be called, the distinctive numbers of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed.

Any notice of optional redemption given pursuant to this Section 14 may state that it is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price, plus interest accrued to the redemption date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price and accrued interest if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Paying Agent to affected Holders of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other

event.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Each check or other transfer of funds issued by the Registrar for the purpose of the payment of the redemption price of Bonds being redeemed shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal of such partially redeemed Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

SECTION 15. FORM OF BONDS. The text of the Bonds, together with the certificate of authentication to be endorsed therein, shall be in substantially the following form, with such omissions, insertions and variations as may be necessary, desirable, authorized or permitted by this Ordinance or by any Supplemental Ordinance enacted prior to the issuance of a Series of Bonds, or as may be necessary to comply with applicable laws, rules and regulations of the United States and of the State in effect upon the issuance thereof.

[Remainder of page intentionally left blank]

[FORM OF BOND]

No. R-____

\$_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
COUNTY OF MIAMI-DADE
TOWN OF SURFSIDE
UTILITY SYSTEM REVENUE BONDS, SERIES _____

MATURITY DATE: INTEREST RATE: DATED DATE:

Registered Owner:

Principal Amount:

The Town of Surfside, Florida (hereinafter called the "Issuer") for value received, hereby promises to pay to the order of the Registered Owner identified above or registered assigns, as herein provided, on the Maturity Date identified above, upon the presentation and surrender hereof at the designated corporate trust office of _____, Florida from the sources hereinafter mentioned, the Principal Amount identified above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said sources, to the Registered Owner hereof by wire transfer or check transmitted to the Registered Owner at his address as it appears on the Bond registration books of the Issuer as it appears on the 15th day of the calendar month preceding the applicable interest payment date, interest on said Principal Amount at the Interest Rate per annum identified above on each _____ 1 and _____ 1 commencing _____ 1, _____ from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which case it shall bear interest from said interest payment date, or unless this Bond is registered and authenticated prior to _____, _____, in which event this Bond shall bear interest from _____.

The Bonds of this issue shall be subject to redemption prior to their maturity at the option of the Issuer.

(Insert Optional and/or Mandatory Redemption Provisions, prepayment waiver provisions)

Notice of such redemption shall be given in the manner required by the Ordinance described below.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of \$_____ of like date, tenor and effect, except as to number, principal amount, maturity, redemption provisions and interest rate, issued to _____, all in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 166, Part II, Florida Statutes, as amended, and Ordinance No. ____ duly enacted by the Issuer on _____, 2011, as amended and supplemented (hereinafter collectively called the "Ordinance") and is subject to all the terms and conditions of such Ordinance. All capitalized undefined terms used herein shall have the meaning set forth in the Ordinance.

This Bond is payable solely from and secured by a pledge of the Net Revenues of the System levied and collected by the Issuer and the moneys in certain funds and accounts created pursuant to the Ordinance (collectively, the "Pledged Revenues") in the manner and to the extent provided in the Ordinance. Reference is made to the Ordinance for more complete definition and description of the System and the Pledged Revenues.

This Bond does not constitute a general indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provision or limitation, and it is expressly agreed by the Holder of this Bond that such Bondholder shall never have the right to require or compel the exercise of the ad valorem taxing power of the Issuer or taxation of any real or personal property therein for the payment of the principal of and interest on this Bond or the making of any debt service fund, reserve or other payments provided for in the Ordinance.

It is further agreed between the Issuer and the Holder of this Bond that this Bond and the indebtedness evidenced thereby shall not constitute a lien upon the System, or any part thereof, or on any other property of or in the Issuer, but shall constitute a lien only on the Pledged Revenues all in the manner provided in the Ordinance.

The Issuer has covenanted, in the Ordinance, to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide, Net Revenues in each Fiscal Year sufficient to pay one hundred ten percent (110%) of the Bond Service Requirement on all Outstanding Bonds in the applicable Bond Year.

In addition to compliance with the preceding paragraph above, such Net Revenues in each Fiscal Year shall also be sufficient to provide one hundred percent (100%) of the Bond Service Requirement on all Outstanding Bonds in the applicable Bond Year, any amounts required by the terms hereof to be deposited for debt service on other obligations payable from the Revenues of the System, and other payments, and all allocations and applications of revenues herein required in such Fiscal Year.

Net Revenues will not be reduced so as to render them insufficient to provide revenues for the purposes provided therefor by the Ordinance.

The Issuer has entered into certain further covenants with the Holders of the Bonds of this issue for the terms of which reference is made to the Ordinance.

It is certified that this Bond is authorized by and is issued in conformity with the requirements of the Constitution and Statutes of the State of Florida.

This Bond is and has all the qualities and incidents of a negotiable instrument under Article 8 of the Uniform Commercial Code, the State of Florida, Chapter 678, Florida Statutes, as amended.

The transfer of this Bond is registrable by the Bondholder hereof in person or by his attorney or legal representative at the designated corporate trust office of the Registrar but only in the manner and subject to the conditions provided in the Ordinance and upon surrender and cancellation of this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Ordinance until it shall have been authenticated by the execution by the Registrar of the certificate of authentication endorsed hereon.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Town of Surfside, Florida, has issued this Bond and has caused the same to be signed by the Mayor and countersigned and attested to by the Town Clerk (the signatures of the Mayor and the Town Clerk being authorized to be facsimiles of such officers' signatures), and its seal or facsimile thereof to be affixed, impressed, imprinted, lithographed or reproduced hereon, all as of the ____ day of _____, _____.

TOWN OF SURFSIDE, FLORIDA

(SEAL)

By: (manual or facsimile)
Mayor

ATTESTED AND COUNTERSIGNED:

By: (manual or facsimile)
Town Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of the within mentioned Ordinance.

Registrar, as Authenticating Agent

Date of Authentication:

By: _____
(manual or facsimile)
Authorized Officer

ATTEST:

(manual or facsimile)
Authorized Officer

ASSIGNMENT AND TRANSFER

For value received the undersigned hereby sells, assigns and transfers unto _____
(Please insert Social Security or other identifying number of transferee) _____
the attached bond of the Town of Surfside, Florida, and does hereby constitute
and appoint, _____, attorney, to transfer the said Bond on the books kept for
Registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed by _____

[member firm of the New York Stock
Exchange or a commercial bank or a trust
company.]

By: _____
(manual or facsimile)
Authorized Officer

NOTICE: No transfer will be registered and
no new Bonds will be issued in the name of
the transferee, unless the signature to this
assignment corresponds with the name as it
appears upon the face of the within Bond in
every particular, without alteration or
enlargement or any change whatever and the
Social Security or Federal Employer
Identification Number of the transferee is
supplied.

[END OF FORM OF BOND]

SECTION 16. CREATION OF FUNDS. There are hereby created and established the following funds and accounts, which funds and accounts shall be trust funds held by the Finance Director for the purposes herein provided and used only in the manner herein provided:

(A) The "Town of Surfside Utility System Revenue Fund" (hereinafter sometimes called the "Revenue Fund") to be held by the Issuer and to the credit of which deposits of Gross Revenues shall be made as required by Section 20(A) hereof.

(B) The "Town of Surfside Utility System Bond Service Fund" (hereinafter sometimes called the "Bond Service Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20(B)(1) hereof. In such fund there shall be maintained the following accounts: the Principal Account, the Interest Account, and the Redemption Account.

(C) The "Town of Surfside Utility System Subordinated Debt Service Fund" (hereinafter sometimes called the "Subordinated Debt Service Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20(B)(2) hereof.

(D) The "Town of Surfside Utility System Renewal, Replacement and Improvement Fund" (hereinafter sometimes called the "Renewal, Replacement and Improvement Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20(B)(3) hereof.

(E) The "Town of Surfside Rate Stabilization Fund" (hereinafter sometimes called the "Rate Stabilization Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20 (C) hereof.

(F) The "Town of Surfside Operating Reserve Fund" (hereinafter sometimes call the "Operating Reserve Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20(D) hereof.

(G) The "Town of Surfside Surplus Fund" (hereinafter sometimes called the "Surplus Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 20 (B)(4) hereof.

(H) The "Town of Surfside Utility System Project Fund" (hereinafter sometimes called the "Project Fund") to be held by the Issuer and to the credit of which deposits shall be made as required by Section 18 hereof. Within such fund there shall be created, established and maintained separate accounts for each Series of Bonds and furthermore be created, established and maintained separate accounts for capitalized interest funded from the proceeds of any Series of Bonds.

The Revenue Fund, the Bond Service Fund (including the accounts therein), the Renewal, Replacement and Improvement Fund, the Project Fund, the Rate Stabilization Fund, the Operating Reserve Fund, the Surplus Fund and any other special funds herein established and created shall be deemed to be held in trust for the purposes provided herein for such funds. The money in all such funds shall be continuously secured in the same manner as state and municipal deposits are authorized to be secured by the laws of the State of Florida.

The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided. The designation and establishment of the various funds and accounts in and by this Ordinance shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

SECTION 17. APPLICATION OF BOND PROCEEDS. With respect to the Series 2011 Bonds, the proceeds received from the sale of the Series 2011 Bonds shall be applied by the Issuer simultaneously with the delivery of such Series 2011 Bonds to the purchaser thereof, as provided in a supplemental resolution. The proceeds, including accrued interest and premium, if any, received from the sale of a Series of Bonds shall be applied by the Issuer simultaneously with the delivery of such Series of Bonds to the purchaser thereof, as provided in a Supplemental Ordinance authorizing the issuance of such Series of Bonds.

SECTION 18. DISBURSEMENTS FROM PROJECT FUND. Moneys on deposit from time to time in the Project Fund shall be used to pay or reimburse the following Project Costs:

(A) Costs incurred directly or indirectly for or in connection with a Project or a proposed or future Project or acquisition including, but not limited to, those for preliminary planning and studies, architectural, legal, financial, engineering and supervisory services, labor, services, materials, equipment, accounts receivable, acquisitions, land, rights-of-way, improvements and installation;

(B) Premiums attributable to all insurance required to be taken out and maintained during the period of construction with respect to a Project to be acquired or constructed, the premium on each surety bond, if any, required with respect to work on such facilities, and taxes, assessments and other charges hereof that may become payable during the period of construction with respect to such a Project;

(C) Costs incurred directly or indirectly in seeking to enforce any remedy against a contractor or subcontractor in respect of any default under a contract relating to a Project or costs incurred directly or indirectly in defending any claim by a contractor or subcontractor with respect to a Project;

(D) Financial, legal, accounting, appraisals, title evidence and printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of such Series of Bonds;

(E) Capitalized interest funded from Bond proceeds, if any, for a reasonable period of time, which shall be deposited in a separate subaccount of the Project Fund and shall be used as provided in a Supplemental Ordinance of the Issuer;

(F) Any other incidental and necessary costs including without limitation any expenses, fees and charges relating to the acquisition, construction or installation of a Project, and the making of extraordinary repairs, renewals and replacements, decommissioning or retirement of any portion of the System, including the cost of temporary employees of the Issuer retained to carry out duties in connection with the acquisition, construction or erection of a Project and costs related to transition of such Project into ownership by the Issuer;

(G) Costs incurred directly or indirectly in placing any Project in operation in order that completion of such Project may occur;

(H) Any other costs relating to the System authorized pursuant to a Supplemental Ordinance of the Issuer and permitted under the laws of the State subject to the prior written approval of Bond Counsel; and

(I) Reimbursements to the Issuer for any of the above items hereinbefore paid by or on behalf of the Issuer, to the extent deemed advisable by Bond Counsel.

Notwithstanding anything else in this Ordinance to the contrary, in the Event of Default, the trustee acting for the Holders of Bonds shall, to the extent there are no other available funds held hereunder, use the remaining funds in the Project Fund to pay principal and interest on the Series of Bonds to which such funds relate and were provided by.

SECTION 19. SPECIAL OBLIGATIONS OF ISSUER. The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of the Constitution of the State, but shall be payable solely from and secured by a first lien upon and a pledge of the Pledged Revenues as herein provided. No Holder or Holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer or taxation in any form of any real or personal property therein, or to compel the Issuer to pay such principal and interest from any other funds of the Issuer.

The payment of principal of and interest on the Bonds shall be secured forthwith equally and ratably by, and the Issuer hereby grants to the Bondholders an irrevocable lien on the Pledged Revenues, prior and superior to all other liens or encumbrances on such Pledged Revenues and the Issuer does hereby irrevocably pledge such Pledged Revenues to the payment of the principal of, redemption premium, if any, and interest on the Bonds, for the reserves therefor and for all other payments required hereunder. Such amounts hereby

pledged and assigned shall immediately be subject to the lien of this pledge without any further physical delivery thereof or any further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer, irrespective of whether such parties have notice thereof.

SECTION 20. COVENANTS OF THE ISSUER. For so long as any of the principal of and interest on any of the Bonds shall be outstanding and unpaid or until the Issuer has made provision for payment of principal, interest and redemption premiums, if any, with respect to the Bonds, as provided herein, the Issuer covenants with the Holders of any and all Bonds as follows:

(A) **REVENUE FUND.** All Gross Revenues of the System shall, upon receipt thereof, be deposited in the Revenue Fund. All deposits into such Revenue Fund shall be deemed to be held in trust for the purposes herein provided and used only for the purposes and in the manner herein provided.

(B) **DISPOSITION OF REVENUES.** All Gross Revenues in the Revenue Fund, after payment of Cost of Operation and Maintenance, shall be disposed of monthly, but not later than the twenty-fifth (25th) day of each month commencing in the month immediately following the delivery of the Bonds only in the following manner and the following order of priority:

(1) The Issuer shall first deposit into the Bond Service Fund and credit to the following accounts, in the following order (except that payments into the Principal Account and the Redemption Account shall be on a parity with each other), the following identified sums:

(a) **Interest Account:** Taking into account actual and anticipated earnings in the Interest Account of the Bond Service Fund within the current Bond Year, such sum as will be sufficient to pay one-sixth (1/6th) of all interest coming due on all Outstanding Bonds on the next interest payment date; provided, however, that monthly deposits of interest, or portions thereof, shall not be required to be made to the extent that money on deposit within such Interest Account is sufficient for such purpose. Any monthly payment out of Net Revenues to be deposited as set forth above, for the purpose of meeting interest payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of interest payment dates applicable to such Series. Moneys in the Interest Account may be used only for the purposes set forth in this paragraph (a).

(b) **Principal Account:** Taking into account actual and anticipated earnings in the Principal Account of the Bond Service Fund within the current Bond Year, such sum as will be sufficient to pay one-twelfth (1/12th) of the principal amount of the Outstanding Bonds which will mature and become due on such annual maturity dates beginning the month which is twelve (12) months prior to the first principal maturity date; provided, however, that monthly deposits for principal, or portions thereof, shall not be required to be made to the extent that money on deposit within such Principal Account is sufficient for such purpose. Any monthly payment out of Net Revenues to be deposited as set forth above, for the purpose

of meeting principal payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of principal payment dates applicable to such Series. Moneys in the Principal Account may be used only for the purposes set forth in this paragraph (b).

(c) Redemption Account: Taking into account actual and anticipated earnings in the Redemption Account of the Bond Service Fund within the current Bond Year, such sum as will be sufficient to pay one-twelfth (1/12th) of any Amortization Installment established for the mandatory redemption of Outstanding Bonds on such annual maturity date beginning the month which is twelve (12) months prior to the first Amortization Installment date; provided, however, that monthly deposits into the Redemption Account, or portions thereof, shall not be required to be made to the extent that money on deposit in the Redemption Account is sufficient for such purpose. Any monthly payment out of Net Revenues to be deposited as set forth above, for the purpose of meeting Amortization Installments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of dates established for Amortization Installments applicable to such Series. The moneys in the Redemption Account shall be used solely for the purchase or redemption of the Term Bonds payable therefrom. The Issuer may at any time purchase any of said Term Bonds at prices not greater than the then redemption price of said Term Bonds. If the Term Bonds are not then redeemable prior to maturity, the Issuer may purchase said Term Bonds at prices not greater than the redemption price of such Term Bonds on the next ensuing redemption date. If Term Bonds are so purchased by the Issuer, the Issuer shall credit the account of such purchased Term Bonds against any current Amortization Installment to be paid by the Issuer. If the Issuer shall purchase or call for redemption in any year Term Bonds in excess of the Amortization Installment requirement for such year, such excess of Term Bonds so purchased or redeemed shall be credited in such manner and at such times as the Issuer shall determine. Moneys in the Redemption Account in the Debt Service Fund may be used only for the purposes set forth in this paragraph (c).

(2) From the moneys remaining in the Revenue Fund, the Issuer shall next deposit into the Subordinated Debt Service Fund an amount required to be paid as provided in the ordinance or agreement of the Issuer authorizing such Subordinated Debt, but for no other purposes.

(3) The Issuer shall next apply and deposit monthly from the moneys remaining on deposit in the Revenue Fund into the Renewal, Replacement and Improvement Fund, an amount at least equal to one-twelfth (1/12) of two (2) times the annualized costs of the Issuer's five (5) year capital improvement plan for the System. The moneys in the Renewal, Replacement and Improvement Fund shall be used only for the purpose of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the System or emergency repairs or extraordinary repairs thereto. No further deposits will be required to be made into the Renewal, Replacement and Improvement Fund when there shall be on deposit therein an amount equal to or greater than one percent (1%) of the gross book value of the fixed assets of the System pursuant to generally accepted accounting principles, or such other amount as may be determined from time to time by the Consulting Engineer. Funds on hand in the Renewal, Replacement and Improvement Fund may be used to pay current Cost of Operation and Maintenance to the extent moneys on deposit in the Revenue Fund are

insufficient for such purposes. The moneys on deposit in such fund may also be used, if necessary, in order to prevent a default in the payment of the principal and interest on the Bonds.

(4) The balance of any moneys remaining in the Revenue Fund after the above required payments have been made shall be deposited into the Surplus Fund and may be used for any lawful purpose of the Issuer; provided, however, that none of such moneys shall be used for any purposes other than those hereinabove specified unless all current payments, including any deficiencies for prior payments, have been made in full and unless the Issuer shall have complied fully with all the covenants and provisions of this Ordinance.

(C) RATE STABILIZATION FUND. The Issuer may transfer into the Rate Stabilization Fund such moneys which are on deposit in the Surplus Fund as it deems appropriate. The Issuer may transfer such amount of moneys from the Rate Stabilization Fund to the Revenue Fund as it deems appropriate; provided, however, that on or prior to each principal and interest payment date for the Bonds (in no event earlier than the 25th day of the month next preceding such payment date), moneys in the Rate Stabilization Fund shall be applied for the payment into the Interest Account, the Principal Account and the Redemption Account when the moneys therein are insufficient to pay the principal of and interest on the Bonds coming due, but only to the extent moneys transferred from the Surplus Fund and Renewal, Replacement and Improvement Fund for such purposes pursuant to Sections 20(B)(3) and 20(B)(4) hereof, shall be inadequate to fully provide for such insufficiency.

(D) OPERATING RESERVE FUND. The Issuer may transfer into the Operating Reserve Fund such moneys which are on deposit in the Surplus Fund as it deems appropriate. The moneys in the Operating Reserve Fund shall be used only for the purpose of paying for emergencies, working capital needs or unexpected contingencies. Funds on hand in the Operating Reserve Fund may be used to pay current Cost of Operation and Maintenance to the extent moneys on deposit in the Revenue Fund are insufficient for such purposes. The moneys on deposit in such fund may also be used, if necessary, in order to prevent a default in the payment of the principal and interest on the Bonds.

(E) INVESTMENTS. Moneys in any fund or account created hereunder may be invested and reinvested in Permitted Investments which mature not later than the dates on which the moneys on deposit therein will be needed for the purpose of such fund. All income on such investments, except as otherwise provided, shall be deposited in the respective funds and accounts from which such investments were made and be used for the purposes thereof unless and until the maximum required amount (or, with respect to the Project Fund, the amount required to acquire, construct and erect the Project) is on deposit therein, and thereafter shall be deposited in the Revenue Fund.

In determining the amount of any of the payments required to be made pursuant to Section 20(B), credit may be given for all investment income accruing to the respective funds and accounts described herein, except as otherwise provided.

The Issuer may at any time and from time to time appoint one or more depositaries to

hold, for the benefit of the Bondholders, any one or more of the funds, accounts and subaccounts established hereby. Such depository or depositories shall perform at the direction of the Issuer the duties of the Issuer in depositing, transferring and disbursing moneys to and from each of such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Issuer and its agent and employees. Any such depository shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than fifty million dollars (\$50,000,000).

(F) OPERATION AND MAINTENANCE. The Issuer will maintain the System and all parts thereof in good condition and will operate the same in an efficient and economical manner, making such expenditures for equipment and for renewals, repairs and replacements as may be proper for the economical operation and maintenance thereof.

(G) RATE COVENANT. The Issuer will fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use of the products, services and facilities of the System which will always provide, Net Revenues in each Fiscal Year sufficient to pay one hundred ten percent (110%) of the Bond Service Requirement on all Outstanding Bonds in the applicable Bond Year.

In addition to compliance with the preceding paragraph above, Net Revenues in each Fiscal year shall also be sufficient to provide one hundred percent (100%) of the Bond Service Requirement on all Outstanding Bonds in the applicable Bond Year, any amounts required by the terms hereof to be deposited for debt service on other obligations payable from the Net Revenues of the System, and other payments, and all allocations and applications of revenues herein required in such Fiscal Year.

Net Revenues shall not be reduced so as to render them insufficient to provide revenues for the purposes provided therefor by this Ordinance.

(H) BOOKS AND ACCOUNTS; AUDIT. The Issuer shall keep proper books, records and accounts, separate and apart from all other records and accounts, showing correct and complete entries of all transactions of the System, and the Holders of any of the Bonds or any duly authorized agent or agents of such Holders shall have the right at any and all reasonable times to inspect such books, records and accounts. The Issuer shall, within two hundred seventy (270) days following the close of each Fiscal Year of the Issuer, cause an audit of such books, records and accounts to be made by an independent firm of certified public accountants.

Copies of each such audit report shall be placed on file with the Issuer and be made available at reasonable times for inspection by Holders of the Bonds.

(I) DISPOSITION OF SYSTEM.

(i) The System may be sold or otherwise disposed of as a whole or substantially as a whole, only if the net proceeds to be realized, together with other

moneys available for such purpose, shall be sufficient to fully retire all of the Outstanding Bonds issued pursuant to this Ordinance and all interest thereon to their respective dates of maturity or earlier redemption dates. The proceeds from such sale or other disposition of the System shall immediately be deposited first in the Bond Service Fund and then in the Subordinated Debt Service Fund and shall be used only for the purpose of paying the principal of and interest on the Bonds and Subordinated Debt as the same shall become due, or the redemption of callable Bonds and Subordinated Debt, or the purchase of Bonds and Subordinated Debt at a price not greater than the redemption price of said Bonds and Subordinated Debt, or, if the Bonds or Subordinated Debt are not then redeemable prior to maturity, at prices not greater than the redemption price of such Bonds or Subordinated Debt on the next ensuing redemption date.

(ii) The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease, exchange or otherwise dispose of any of the tangible property or ownership interest in tangible property comprising a part of the System in the following manner, if any one of the following conditions exist: (a) such property is not necessary for the operation of the System or (b) such property is not useful in the operation of the System or (c) such property is not profitable in the operation of the System.

Prior to any sale, lease, exchange or other disposition of said property:

(1) if the amount to be received therefor is not in excess of one-half (1/2) of one percentum (1%) of the value of the gross plant investment in the System, the officer of the Issuer charged with the normal acquisition, construction, operation, maintenance and repair of the portion of the System for which disposition is sought, may determine that such property comprising a part of such System is either no longer necessary, useful or profitable in the operation thereof.

(2) if the amount to be received therefor is in excess of one-half (1/2) of one percentum (1%) of the value of the gross plant investment in the System, the officer of the Issuer charged with the normal acquisition, construction, operation, maintenance and repair of the portion of the System for which disposition is sought and the Consulting Engineer shall each first make a finding in writing determining that such property comprising a part of such System is either no longer necessary, useful or profitable in the operation thereof, and the Issuer shall, by resolution duly adopted, approve and concur in the finding of such authorized officer and the Consulting Engineer.

The net proceeds realized from such disposal of a part of the System shall be deposited in the Renewal, Replacement and Improvement Fund to the extent necessary to make the amount on deposit therein equal to the amount then required to be on deposit therein; and any additional moneys not needed for said fund shall be used for any capital expenditures in connection with the System or the purchase or redemption of Outstanding Bonds.

(i) Notwithstanding any other provision of this Section 20(I) or this

Ordinance to the contrary, except for the initial paragraph of this Section 20(I), the Issuer may sell, lease, exchange or otherwise dispose of tangible property or an ownership interest in tangible property comprising a part of the System provided the duly authorized officer charged with the normal acquisition, construction, operation, maintenance and repair of the portion of the System for which disposition is sought, and the Qualified Independent Consultant each make a finding in writing, adopted and confirmed by resolution of the Issuer, determining that (i) such sale, lease, exchange or other disposition will not materially impair or restrict the Issuer's ability to realize Gross Revenues in compliance with the requirements therefor as set forth herein, and (ii) such sale, lease, exchange or other disposition is in the economic best interests of the Issuer.

(ii) Notwithstanding any other provision of this Section 20(I) or this Ordinance to the contrary, the Issuer may transfer ownership and/or operation of all or a portion of the System to any public body authorized by the laws of the State to own and/or operate such System on an installment sale basis provided that the Issuer (a) has received an opinion of Bond Counsel stating the federal income tax exemption of the interest on the Bonds (not including taxable Bonds) will not be affected and has received an opinion of Bond Counsel stating that such sale is not prohibited by any applicable Florida law, and (b) the Issuer adopts a resolution to the effect that, based upon such certificates and opinions of its Consulting Engineer, independent certified public accountants, Bond Counsel, Financial Advisor or other Qualified Independent Consultant as the Issuer shall deem necessary, desirable or appropriate, such transfer will not materially adversely affect the rights of the Holders of the Bonds.

(J) INSURANCE. The Issuer shall provide protection for the System both in accordance with the requirements of all agreements, if any, to which the Issuer may at the time be a party with respect to joint ownership of properties by the Issuer with others which is part of the System, and in accordance with Prudent Utility Practice. Said protection may consist of insurance, self insurance and indemnities. The Issuer will keep, or cause to be kept, the works, plants and facilities comprising the properties of the System insured, and will carry such other insurance against fire and other risks, accidents or casualties at least to the extent and of the kinds that insurance is usually carried by utilities operating like properties. Any insurance shall be in the form of policies or contracts for insurance with insurers of good standing, shall be payable to the Issuer and may provide for such deductibles, exclusions, limitations, restrictions, and restrictive endorsements customary in policies for similar coverage issued to entities operating properties similar to the properties of the System. Any self insurance shall be in the amounts, manner and of the type provided by entities operating properties similar to the properties of the System. In the event of any loss or damage to the System covered by insurance, the Issuer will, with respect to each such loss, promptly repair, reconstruct or replace the parts of the System affected by such loss or damage to the extent necessary to the proper conduct of the operation of the business of the System in accordance with Prudent Utility Practice, shall cause the proceeds of such insurance to be applied for that purpose to the extent required therefor, and pending such application, shall hold the proceeds of any

insurance policy covering such damage or loss in trust to be applied for that purpose to the extent required therefor. Any excess insurance proceeds received by the Issuer may be used by the Issuer for any lawful purpose. Notwithstanding the foregoing or any provisions of this Ordinance to the contrary, the Issuer shall not be required to maintain insurance with respect to facilities for which insurance shall not be available or for facilities which, in accordance with Prudent Utility Practice, are not customarily insured.

(K) **NO FREE SERVICE.** So long as any Bonds are outstanding, the Issuer shall not furnish or supply the facilities, services and commodities of the System either free of charge or for a nominal charge to any person, firm or corporation, public or private, including the Issuer's departments, agencies and instrumentalities which avail themselves of the services of the System. The Issuer shall promptly enforce the payment of any and all accounts owing to the Issuer and delinquent, by discontinuing service or by filing suits, actions or proceedings, or by both discontinuance of service and filing suit.

(L) **MANDATORY CUT OFF.** The Issuer shall establish a written policy consistent with sound business judgment for the disconnection from the System of any customer who fails to pay for services rendered by the System, and shall enforce such policy diligently and fairly.

(M) **ENFORCEMENT OF COLLECTIONS.** The Issuer will diligently enforce and collect the rates, fees and other charges for the services and facilities of the System and will take all steps, actions and proceedings for the enforcement and collection of such rates, charges and fees as shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereof. All such fees, rates, charges and revenues shall, as collected, be held in trust to be applied as herein provided.

(N) **OPERATING BUDGET.** The Issuer shall annually, prior to commencement of each of its Fiscal Years, prepare and adopt a budget of the estimated expenditures for the operation and maintenance of the System during such next succeeding Fiscal Year. The Issuer shall mail copies of such annual budgets (including any amendments thereto) to any Holder or Holders of Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets be furnished him and shall make available such budgets of the System at all reasonable times to any Holder or Holders of Bonds or to anyone acting for and on behalf of such Holder or Holders. Bondholders shall pay reasonable actual cost of printing and mailing of such copies.

(O) **MANDATORY CONNECTIONS; NO COMPETING SYSTEM.** So long as service is in fact available as reasonably determined by the Issuer, the Issuer will, to the full extent permitted by law, require all lands, buildings and structures within the area being served by the System as of the date of issuance of the Bonds, to connect with and use such facilities within sixty (60) days after notification. To the extent permitted by law, the Issuer will not grant a franchise for the operation of any competing utility system or systems within the area served by the System as of the date of issuance of the Bonds until all Bonds issued hereunder, together with the interest thereon, and premium, if any, have been paid in full. Notwithstanding the foregoing, the Issuer shall not be required to duplicate services being provided by private or

public utilities in the area being served by such private or public utilities on the date of issuance of the Bonds. In addition, the Issuer shall not be prohibited from allowing other private or public utilities to provide services within the area being served by the System as of the date of issuance of the Bonds, if the Issuer shall not be providing such service in such area on that date. Nothing herein shall be deemed to constitute the approval of the Issuer for any private or public utility (other than the System) to provide any services within the boundaries of the Issuer or within the area being served by the System as of the date of issuance of the Bonds or within any other area of the Issuer.

(P) **SUPERVISORY PERSONNEL.** The Issuer, in operating the System, will employ or designate, as manager, one or more of its qualified employees, or an independent contractor, who have demonstrated ability and experience in operating similar facilities, and will require all such employees or independent contractors, as the case may be, who may have possession of money derived from the operation of the System to be covered by a fidelity bond, written by a responsible indemnity company in amounts fully adequate to protect the Issuer from loss.

(Q) **PAYMENT OF TAXES, ASSESSMENTS AND OTHER CLAIMS.** The Issuer shall from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or payments in lieu thereof, lawfully imposed upon the properties constituting the System or the Gross Revenues when the same shall become due, as well as all lawful claims for labor and materials and supplies which, if not paid, might become a lien or charge upon such properties or any part thereof, or upon the Gross Revenues or which might in any way impair the security of the Bonds, except assessments, charges or claims which the Issuer shall in good faith contest by proper legal proceedings.

(R) **ISSUANCE OF OTHER OBLIGATIONS.** The Issuer shall issue no bonds or obligations of any kind or nature payable from or enjoying a lien on the Pledged Revenues if such obligations have priority over the Bonds with respect to payment or lien, nor shall the Issuer create or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Bonds upon said Pledged Revenues. Notwithstanding any other provision in this Section 20(R), the Issuer may issue Additional Parity Obligations under the conditions and in the manner provided herein. Any obligations of the Issuer, other than the Bonds, which are payable from the Pledged Revenues shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds as to lien on and source and security for payment from such Pledged Revenues.

(S) **ISSUANCE OF ADDITIONAL PARITY OBLIGATIONS.** No Additional Parity Obligations shall be issued after the issuance of the Series 2011 Bonds herein authorized, except upon the conditions and in the manner hereinafter provided:

(1) There shall have been obtained and filed with the Clerk a certificate of the Issuer's Finance Director stating: (a) that the books and records of the Issuer relative to the System and the Net Revenues have been reviewed by the Finance Director; and (b) that the amount of the Net Revenues derived for any consecutive twelve (12) months out of the preceding thirty (30) months preceding the date of issuance of the proposed Additional Parity

Obligations (the "Test Period") adjusted as provided in paragraphs (2), (3), (4) and/or (5) below, is equal to not less than 125% of the Maximum Bond Service Requirement becoming due in any Bond Year thereafter on (A) all Bonds issued under this Ordinance, if any, then Outstanding, and (B) on the Additional Parity Obligations with respect to which such certificate is made.

(2) Upon recommendation of the Qualified Independent Consultants, the Net Revenues certified pursuant to (b) in the previous paragraph may be adjusted for purposes of this Section 20(S) by including: (a) 100% of the additional Net Revenues which in the opinion of the Qualified Independent Consultant would have been derived by the Issuer from rate increases adopted before the Additional Parity Obligations are issued, if such rate increases had been implemented before the commencement of such Bond Year and (b) 100% of the additional Net Revenues estimated by the Qualified Independent Consultant to be derived during the first full twelve month period after the facilities of the System are extended, enlarged, improved or added to with the proceeds of the Additional Parity Obligations with respect to which such certificate is made.

(3) Upon recommendation of the Qualified Independent Consultants, if the number of connections as of the first day of the month in which the proposed Additional Parity Obligations are to be issued exceeds the average number of such connections during such twelve (12) consecutive month period, then the Net Revenues certified pursuant to Section 20(S)(1)(b) may be adjusted to include the Net Revenues which would have been received in such twelve (12) consecutive months if those additional connections had also been connected to the System during all of such twelve (12) consecutive months.

(4) Upon recommendation of the Qualified Independent Consultant, if the Issuer shall have entered into a contract, which contract shall be for a duration of not less than the final maturity of the proposed Additional Parity Obligations, with any public body, whereby the Issuer shall have agreed to furnish services for the collection, treatment or disposal of sewage or agreed to furnish services in connection with any water system or any other utility system, then the Net Revenues certified pursuant to Section 20(S)(1)(b) may be increased (to the extent such amounts were not reflected in such Net Revenues) by the minimum amount which the public body shall guarantee to pay in any one year for the furnishing of services by the Issuer, after deducting from such payment the estimated Cost of Operation and Maintenance attributable in such year to such services.

(5) Upon recommendations of the Qualified Independent Consultants, if there is an estimated increase in Net Revenues to be received by the Issuer as a result of additions, extensions or improvements to the System during the period of three (3) years following the completion of such additions, extensions or improvements financed with the proceeds of Bonds or Additional Parity Obligations, then the Net Revenues derived from the System certified pursuant to Section 20(S)(1)(b) may be increased by fifty percent (50%) of the average annual additional Net Revenues calculated for such three year period.

(6) The Issuer need not comply with the provisions of paragraph (1) of this Section 20(S) if and to the extent the Bonds to be issued are Refunding Bonds, if the Issuer shall

cause to be delivered a certificate of the Finance Director of the Issuer setting forth the Average Annual Debt Service Requirement (i) for the Bonds then Outstanding and (ii) for all Series of Bonds to be immediately Outstanding thereafter and stating that the Average Annual Debt Service Requirement pursuant to (ii) above is not greater than that set forth pursuant to (i) above.

(7) The Issuer need not comply with the provisions of paragraph (1) of this Section 20(S) if and to the extent the Bonds to be issued are for the purpose of providing any necessary additional funds required for completion of any improvements to the System ("Completion Bonds") if originally financed with the proceeds of Bonds; provided that such Completion Bonds for which the Issuer need not comply with the provision of such paragraph (1) of this Section 20(S) may not exceed 10% of the total principal amount of Bonds estimated to be required for such improvements to the System at the time of issuance of the initial Series of Bonds to finance such improvements.

(8) The Finance Director of the Issuer shall have certified that the Issuer is not in default in the carrying out of any of the obligations assumed under this Ordinance and no event of default shall have occurred under this Ordinance and shall be continuing, and all payments required by this Ordinance to be made into the funds and accounts established hereunder shall have been made to the full extent required.

(9) The Supplemental Ordinance authorizing the issuance of the Additional Parity Obligations shall recite that all of the covenants contained herein will be applicable to such Additional Parity Obligations.

SECTION 21. DEFAULTS; EVENTS OF DEFAULT AND REMEDIES. Except as provided below, if any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default:"

(A) Default in the due and punctual payment of any interest on the Bonds;

(B) Default in the due and punctual payment of the principal of and premium, if any, on any Bond, at the stated maturity thereof, or upon proceedings for redemption thereof;

(C) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in this Ordinance or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer given by the Holders of not less than twenty-five percent (25%) of aggregate principal amount of Bonds then Outstanding (provided, however, that with respect to any obligation, covenant, agreement or condition which requires performance by a date certain, if the Issuer performs such obligation, covenant, agreement or condition within thirty (30) days of written notice as provided above, the default shall be deemed to be cured);

(D) Failure by the Issuer promptly to remove any execution, garnishment or attachment of such consequence as will materially impair its ability to carry out its obligations hereunder; or

(E) Any act of bankruptcy or the rearrangement, adjustment or readjustment of the obligations of the Issuer under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.

The term "default" shall mean default by the Issuer in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Ordinance, any Supplemental Ordinance or in the Bonds, exclusive of any period of grace required to constitute a default or an "Event of Default" as hereinabove provided.

Any Holder of Bonds issued under the provisions hereof or any trustee acting for the Holders of such Bonds may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under State or federal law, or granted and contained herein, and may enforce and compel the performance of all duties required herein or by any applicable law to be performed by the Issuer or by any officer thereof.

Nothing herein, however, shall be construed to grant to any Holder of the Bonds any lien on any property of the Issuer, except the Pledged Revenues.

The foregoing notwithstanding:

(i) No remedy conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder.

(ii) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient.

(iii) No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under this Ordinance, the Bondholders shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and the funds pending such proceedings, with such powers as the court making such appointment shall confer.

On the occurrence of an Event of Default, to the extent such rights may then lawfully be waived, neither the Issuer nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Ordinance, and the Issuer, for itself and all who

may claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws and all right of redemption to which it may be entitled.

SECTION 22. AMENDING AND SUPPLEMENTING OF ORDINANCE WITHOUT CONSENT OF HOLDERS OF BONDS. The Issuer, from time to time and at any time and without the consent or concurrence of any Holder of any Bonds, may enact a Supplemental Ordinance amendatory hereof or supplemental hereto if the provisions of such Supplemental Ordinance shall not materially adversely affect the rights of the Holders of the Bonds then Outstanding, for any one or more of the following purposes:

(A) To make any changes or corrections in this Ordinance as to which the Issuer shall have been advised by Bond Counsel that are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or omission or mistake or manifest error contained in this Ordinance, or to insert in this Ordinance such provisions clarifying matters or questions arising under this Ordinance as are necessary or desirable;

(B) To add additional covenants and agreements of the Issuer for the purpose of further securing the payments of the Bonds;

(C) To surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of this Ordinance;

(D) To confirm, as further assurance, any lien, pledge or charge or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Ordinance;

(E) To grant to or confer upon the Holders any additional right, remedies, powers, authority or security that lawfully may be granted to or conferred upon them;

(F) To assure compliance with federal "arbitrage" provisions in effect from time to time;

(G) To provide for the combining of the System with any other utility provided the conditions set forth in Section 26 hereof are satisfied;

(H) To provide for the transfer of the ownership and/or operation of the System pursuant to a governmental reorganization as set forth in Section 25 hereof; or

(I) To modify any of the provisions of this Ordinance in any other aspects provided that such modifications shall not be effective until after the Bonds Outstanding at the time such Supplemental Ordinance is adopted shall cease to be Outstanding, or until the holders thereof consent thereto pursuant to Section 23 hereof, and any Bonds issued subsequent to any such modification shall contain a specific reference to the modifications contained in such Supplemental Ordinance.

Except for Supplemental Ordinances providing for the issuance of Bonds pursuant hereto, the Issuer shall not adopt any Supplemental Ordinance authorized by the foregoing

provisions of this Section unless, in the opinion of Bond Counsel, the enactment of such Supplemental Ordinance is permitted by the foregoing provisions of this Section.

SECTION 23. AMENDMENT OF ORDINANCE WITH CONSENT OF HOLDERS OF BONDS. Except as provided in Section 22 hereof, no material modification or amendment of this Ordinance or of any Ordinance supplemental hereto shall be made without the consent in writing of the Holders of fifty-one percent (51%) or more in the principal amount of the Bonds so affected and then Outstanding. No modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon or in the amount of the principal obligation thereof or reduce the percentage of the Holders of the Bonds required to consent to any material modification or amendment hereof without the consent of the Holder or Holders of all such obligations.

SECTION 24. DEFEASANCE. The covenants and obligations of the Issuer shall be defeased and discharged under terms of this Ordinance as follows:

(A) If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated herein, then the pledge of the Pledged Revenues and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds the principal, redemption premium, if any, and interest due or to become due thereon, at the times and in the manner stipulated herein, such Bonds shall cease to be entitled to any lien, benefit or security under this Ordinance, and all covenants, agreements and obligations of the Issuer to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

(B) The Bonds, redemption premium, if any, and interest due or to become due for the payment or redemption of which moneys shall have been set aside and shall be held in trust (through deposit by the Issuer of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section 24. Any Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the escrow agent instructions accepted in writing by the escrow agent to notify Holders of Outstanding Bonds in the manner required herein of the redemption of such Bonds on said date, and (ii) there shall have been deposited with the escrow agent either moneys in an amount which shall be sufficient, or Acquired Obligations (including any Acquired Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the escrow agent at the same time, shall be sufficient, to pay when due the principal of and premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be. In the event of an advance refunding pursuant to clause (ii) above, the Issuer

shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding project relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement and this Ordinance, the terms of the escrow agreement and this Ordinance shall be controlling.

SECTION 25. GOVERNMENTAL REORGANIZATION. Notwithstanding any other provisions of this Ordinance, this Ordinance shall not prevent any lawful reorganization of the governmental structure of the Issuer, including a merger or consolidation of the Issuer with another public body or the transfer of a public function of the Issuer to another public body, provided that any reorganization which affects the System shall provide that the System shall be continued as a single enterprise and that any public body which succeeds to the ownership and operation of the System shall also assume all rights, powers, obligations, duties and liabilities of the Issuer under this Ordinance and pertaining to all Bonds.

SECTION 26. ADDITIONAL UTILITY FUNCTIONS. The Issuer may expand the utility functions of the System as they exist on the date hereof as permitted in the definition of "System" contained herein and adopted resolutions or ordinances of the Issuer to the effect that, based upon such certificates and opinions of its Consulting Engineer, independent certified public accountants, Bond Counsel, Financial Advisor or other Qualified Independent Consultants as the Issuer shall deem necessary, desirable or appropriate, the addition of such utility functions (a) will not impair the ability of the Issuer to comply with the provisions of this Ordinance, and (b) will not materially adversely affect the rights of the Holders of the Bonds.

SECTION 27. SEPARATELY FINANCED PROJECT. Nothing in this Ordinance shall prevent the Issuer from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness other than Bonds or Subordinated Debt, for any purpose of the Issuer authorized by the Act or from financing any such purpose from other available funds (such purpose being referred to herein as a "Separately Financed Project"), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Issuer's share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project or from other legally available funds of the Issuer, including but not limited to funds withdrawn from the Revenue Fund pursuant to Section 20(A) hereof.

SECTION 28. TAX COVENANTS. With respect to any Bonds for which the Issuer intends on the date of issuance thereof for the interest thereon to be excluded from gross income for purposes of Federal income taxation:

(A) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it shall not use the proceeds of such Series of Bonds in any manner which would cause the interest on such Series of Bonds to be or become includable in the gross

income of the Holder thereof for federal income tax purposes.

(B) The Issuer covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that neither the Issuer nor any Person under its control or direction will make any use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and neither the Issuer nor any other Person shall do any act or fail to do any act which would cause the interest on such Series of Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes.

(C) The Issuer hereby covenants with the Holders of each Series of Bonds (other than Taxable Bonds) that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from the gross income of the Holder thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code.

(D) The Issuer may, if it so elects, issue one or more Series of Taxable Bonds the interest on which is (or may be) includable in the gross income of the Holder thereof for federal income tax purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued hereunder to be or become includable in the gross income of the Holder thereof for federal income tax purposes. The covenants set forth in paragraphs (A), (B) and (C) above shall not apply to any Taxable Bonds.

(E) There is hereby created and established a fund to be known as the "Town of Surfside Utility System Revenue Bonds Rebate Fund" (the "Rebate Fund"), and a separate account therein for each Series of Bonds. The Issuer shall deposit into the appropriate account in the Rebate Fund, from investment earnings on moneys deposited in the other funds and accounts created hereunder, or from any other legally available funds of the Issuer, an amount equal to the Rebate Amount for such Rebate Year. The Issuer shall use such moneys deposited in the appropriate account in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by this Section. In complying with the foregoing, the Issuer may rely upon any instructions or opinions from Bond Counsel.

If any amount shall remain in the Rebate Fund after payment in full of all Bonds issued hereunder that are not Taxable Bonds and after payment in full of the Rebate Amount to the United States in accordance with the terms hereof, such amounts shall be available to the Issuer for any lawful purpose.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the Issuer, shall not be impressed with a lien in favor of the Bondholders and the moneys therein shall be available for use only as herein provided.

SECTION 29. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid or shall in any manner be held to adversely affect the validity of the Bonds, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Ordinance or of the Bonds issued hereunder.

SECTION 30. SALE OF BONDS. The Bonds may be issued and sold at public or private sale at one time or in installments from time to time and at such price or prices as shall be consistent with the provisions of the requirements of this Ordinance and other applicable provisions of law.

SECTION 31. GENERAL AUTHORITY. The members of the Town Commission of the Issuer and the Issuer's officers, attorneys and other agents and employees are hereby authorized to perform all acts and things required of them by this Ordinance or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Ordinance, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel to effectuate the sale of the Bonds to said initial purchasers.

SECTION 32. NO THIRD PARTY BENEFICIARIES. Except such other Persons as may be expressly described herein, in the Bonds, nothing in this Ordinance, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any Person, other than the Issuer and the Holders, any right, remedy or claim, legal or equitable, under and by reason of this Ordinance or any provision hereof, or of the Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Persons who shall from time to time be the Holders.

SECTION 33. NO PERSONAL LIABILITY. Neither the members of the Town Commission of the Issuer nor any person executing the Bonds shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 34. REPEAL OF INCONSISTENT INSTRUMENTS. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 35. EFFECTIVE DATE. This Ordinance shall be effective ten (10) days after adoption on second reading.

PASSED and ENACTED on the first reading this ____ day of _____, 2011

PASSED and ENACTED on the second reading this ____ day of _____, 2011.

(SEAL)

TOWN OF SURFSIDE, FLORIDA

Mayor

ATTEST:

Town Clerk

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

Town Attorney

On Second Reading Moved by: _____

On Second Reading Seconded by: _____

Vote:

Mayor Dietch	yes_____ no_____
Vice Mayor Graubart	yes_____ no_____
Commissioner Karukin	yes_____ no_____
Commissioner Kopelman	yes_____ no_____
Commissioner Olchych	yes_____ no_____

Town of Surfside Florida



Water and Sewer Rate Study

REVISED March 28, 2011

TischlerBise
Fiscal, Economic & Planning Consultants

43460 Ridge Park Drive
Suite 200W
Temecula, CA 92590
T: 951.719.8478
F: 301.320.4860
www.tischlerbise.com

March 28, 2011

Mr. Roger M. Carlton
Town Manager
Town of Surfside
9293 Harding Avenue
Surfside, Florida 33154

Dear Mr. Carlton,

Attached is the revised final report TischlerBise prepared for the long-term financial plan and rate study conducted for the Town of Surfside's Water and Sewer Enterprise Fund. This revised report and its contents reflect updated costs data related to water and sewer operations and proposed debt service allocated for water and sewer capital needs. The rates contained within this report reflect increases adopted by the Town Commission for Fiscal Year 10/11 and at levels for FY 11/12 through FY 14/15 as suggested in our prior analysis. The suggested rate increases as originally reported will produce revenues that will cover the proposed bond issue, its resulting annual debt service and will far exceed the required debt coverage ratio of 110 percent. The rate increases also are based on the assumption that there will be no changes in the enterprise fund's reserve structure and Town policy regarding the fund reserves. The suggested rate increases and the approximately \$2 million in grant monies position the Town to meet operating and capital expenses while maintaining healthy reserve levels in the future.

This report was undertaken as the Town is facing several challenges to continuing its high-quality utility operations. The focus of this study is to ensure that the utilities have sufficient revenues to meet their operational, capital and proposed debt service obligations and that rates are set proportionate to the costs of providing utility service to each customer class. Our report outlines the approach, methodology, findings, and conclusions of this study.

This report has been prepared using generally accepted rate setting techniques. The Town's utility accounting, budgeting, and billing records were the primary sources for the data contained within the report. Furthermore, we have worked closely with Town staff and the Town Commission over the course of this project. The conclusions contained within this report provide the Town with a set of recommendations to provide stable defensible funding for continued high-quality operations. We are confident that the results developed based on the cost of service analysis will result in fair and equitable rates to the Town's users.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Jewett". The signature is fluid and cursive, with the first name "Brian" and last name "Jewett" clearly distinguishable.

Brian Jewett
Vice-President
TischlerBise, Inc.

Table of Contents

Table of Contents	iv
List of Figures & Tables	v
Executive Summary	1
Overview of the Rate Study Process	1
Financial Plan Summary	2
Organization of the Report	6
Project Background	7
Key Financial Plan Objectives	8
Rate Setting Principles	10
Established Principles & Guidelines	10
Revenue Requirements	11
Financial Planning	11
Rate Design	11
Rate Setting Principles Summary	12
Utility Enterprise Fund Budget Analysis.....	13
Project Assumptions	13
Utility Revenues and Expenditures	13
Water Rate Analysis	15
Revenue Requirements Analysis.....	15
Cost of Service Analysis.....	17
Rate Design Analysis	20
Sewer Rate Analysis.....	26
Revenue Requirements Analysis.....	26
Cost of Service Analysis.....	28
Rate Design Analysis	30

List of Figures & Tables

Table of Contents	iv
List of Figures & Tables	v
Executive Summary	1
Figure 1: Comprehensive Rate Study Interrelated Analysis.....	2
Figure 2: Water System Financial Projection Using FY 10/11 Adopted Water Rates	3
Figure 3: Sewer System Financial Projection Using FY 10/11 Adopted Sewer Rates	3
Figure 4: Water System Financial Projection Using Water Rate Increases from Prior Rate Analysis.....	4
Figure 5: Sewer System Financial Projection Using Sewer Rate Increases from Prior Rate Analysis	5
Table 1: Water Monthly Base Service Charge (Adopted FY 10/11 & Suggested FY 11/12 – FY 14/15)....	5
Table 2: Water Consumption Charge (Adopted FY 10/11 & Suggested FY 11/12 – FY 14/15).....	6
Table 3: Wastewater Rate Structure (Adopted FY 10/11 & Suggested FY 11/12 – FY 14/15).....	6
Project Background	7
Rate Setting Principles	10
Figure 6: Overview of the “Cash Basis” Design.....	11
Utility Enterprise Fund Budget Analysis.....	13
Table 4: Escalation and Input Assumptions	14
Water Rate Analysis	15
Table 5: Water CIP and Funding Sources	15
Table 6: Water Revenue Adjustments	16
Figure 7: Major Budget Components of Water System	17
Table 7: Water Fund Balance Information.....	18
Table 8: Classification of Water Expenses by Function.....	19
Table 9: Allocation of Revenue Requirements by Functional Percentages	19
Figure 8: Consumption Charge Approaches	21
Table 10: Fixed Monthly Base Charges by Meter Size (Adopted and Suggested per Prior Analysis)	22
Table 11: Meter Equivalency Ratios.....	22
Table 12: Customer Consumption Charge Structure	23

Figure 9: Customer Billing Analysis: Adopted FY 10/11 Rates	24
Figure 10: Customer Monthly Consumption Charge Analysis	24
Figure 11: SFR Rate Comparison –12,000 gallons.....	25
Sewer Rate Analysis.....	26
Table 13: Sewer CIP and Funding Sources	26
Table 14: Sewer Revenue Adjustments	27
Figure 12: Major Budget Components of Sewer System.....	28
Table 15: Sewer Fund Balance Information.....	29
Table 16: Classification of Water Expenses by Function.....	30
Table 17: Allocation of Revenue Requirements by Functional Percentages	30
Table 18: Fixed Monthly Base Charges by Account or Dwelling Unit and Sewer Flow Rate	32
Figure 13: Customer Billing Analysis: FY 10/11 Adopted Sewer Rates	33
Figure 14: SFR Rate Comparison –12,000 gallons; Adopted FY 10/11 Rates.....	33

Executive Summary

The Town of Surfside retained TischlerBise to prepare a long-term financial plan and rate study for the water and sewer utilities to ensure each utility has sufficient revenues to meet operational, capital and projected debt service obligations. An additional but equally important objective of the analysis was to ensure that rates are set proportionate to the costs of providing utility service to each customer class. As part of this rate study, TischlerBise facilitated dialogue with the Town Commission and Town staff at several Commission meetings and project meetings. During these meetings, the Commission and staff made recommendations to be incorporated into the study where appropriate. This report documents the findings, analyses and recommendations of the comprehensive rate study effort.

The Town desires rates and fees that fully fund operations, maintenance, and future capital costs for infrastructure repair and replacement. The Town is facing several challenges to continuing its high-quality operations:

- Utility revenues were not keeping pace with increasing operational and capital costs prior to the adjustment made for FY 10/11.
- Purchased water costs and sewage disposal expenses have a volatile history and could spike again in the future.
- Utility infrastructure is aging and must be replaced soon to maintain high-quality service and minimize system water losses and sewer inflow/infiltration problems.

Therefore, the purpose of this analysis is to provide recommendations on changes to the current utility rate structures to meet these challenges and others identified during the course of the project.

Overview of the Rate Study Process

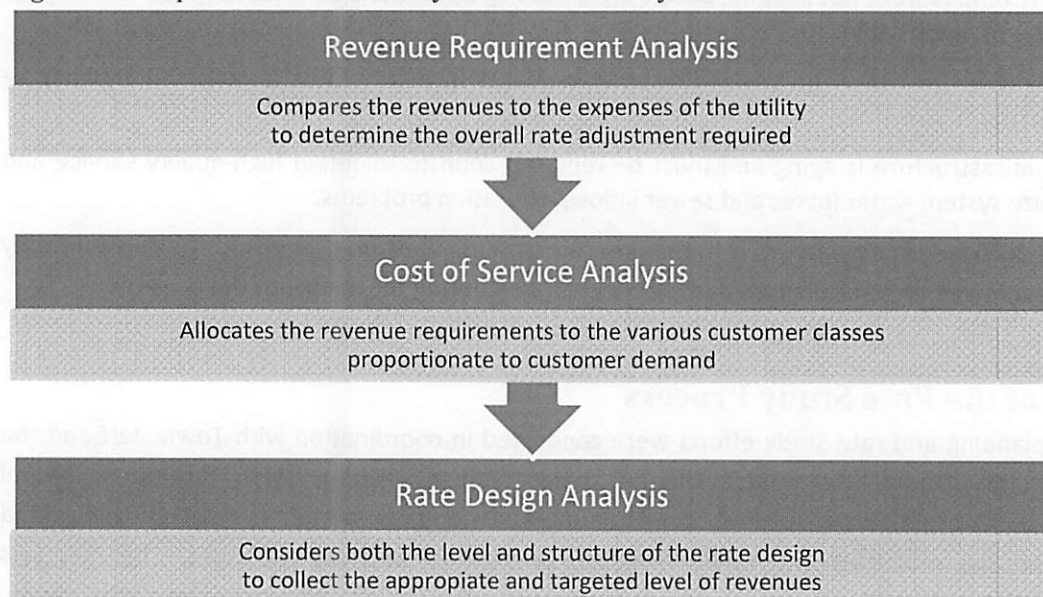
The financial planning and rate study efforts were conducted in coordination with Town staff and the Town Commission. During the course of the project, the consulting team facilitated several presentations and discussions with the Commission members and Town staff to review, explore and analyze rate setting principles and utility financial, operational and capital issues. The meetings consisted of presentations of information and data related to the Town's utility revenue needs, capital improvement plans, current rate structures, other relevant rate and financial issues. This process enabled the Town staff, Commission members and the consulting team to develop a multi-faceted understanding of financing planning issues, and to develop a broad consensus on a number of policy items and rate recommendations.

The scope of the study resulted in the development of cost-based water and sewer user charges through a comprehensive cost of service and rate design study process. Utility rates must be set at a level where a utility's operating and capital expenses are met with the revenues received from customers. This is a significant point, as failure to achieve this level may lead to insufficient funds being available to appropriately maintain the system and meet other obligations such as debt coverage ratios on bonds. To

evaluate the adequacy of the Town's existing rates, a comprehensive rate study was completed. A comprehensive rate study typically consists of following three interrelated analyses (Figure 1 provides an overview of these processes).

- **Financial Planning/Revenue Requirement Analysis:** Create a ten-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, and retirement of projected outstanding debt. In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and Town fiscal policies.
- **Cost of Service Analysis:** Identifies and apportions annual revenue requirements to the different customer classes based on their demand on each utility system.
- **Rate Design:** Develops a fixed/variable schedule of rates for each customer class to proportionately recover the costs attributable to them. This is also, where other policy objectives can be achieved, such as discouraging wasteful water use. The policy objectives are balanced with the cost of service objectives to maintain the delicate balance between customer equity, financial stability and resource conservation goals.

Figure 1: Comprehensive Rate Study Interrelated Analysis



Financial Plan Summary

The graphs below (**Figures 2 and 3**) demonstrate the current and projected financial conditions of the water and sewer systems including the FY 10/11 comprehensive rate restructuring with adopted rates and assuming little to no rate increases over the next 4 years.

Figure 2: Water System Financial Projection Using FY 10/11 Adopted Water Rates

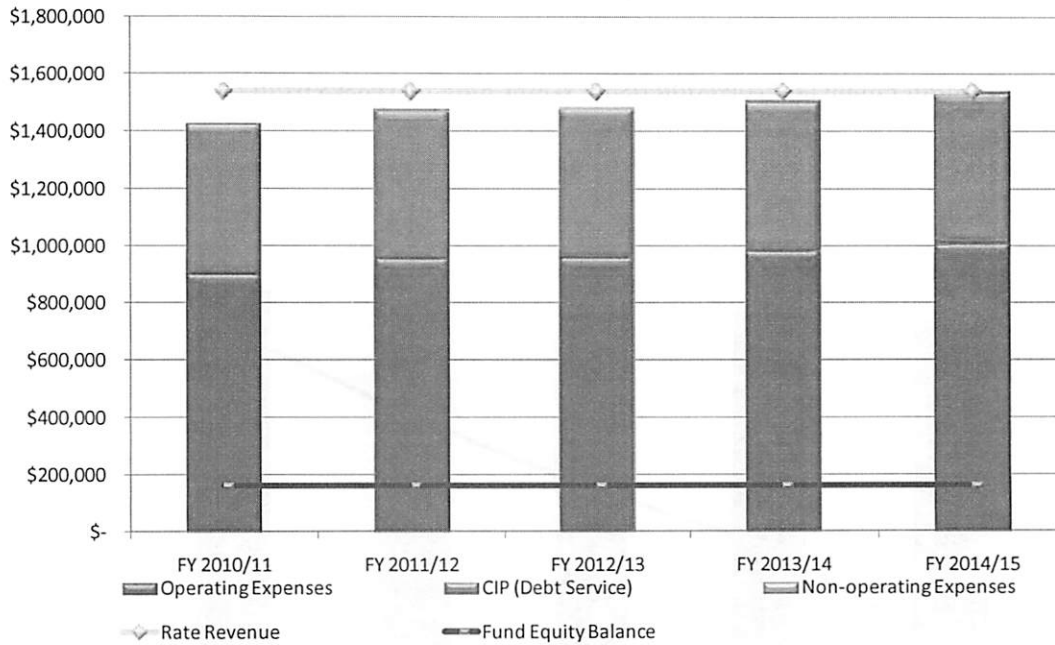
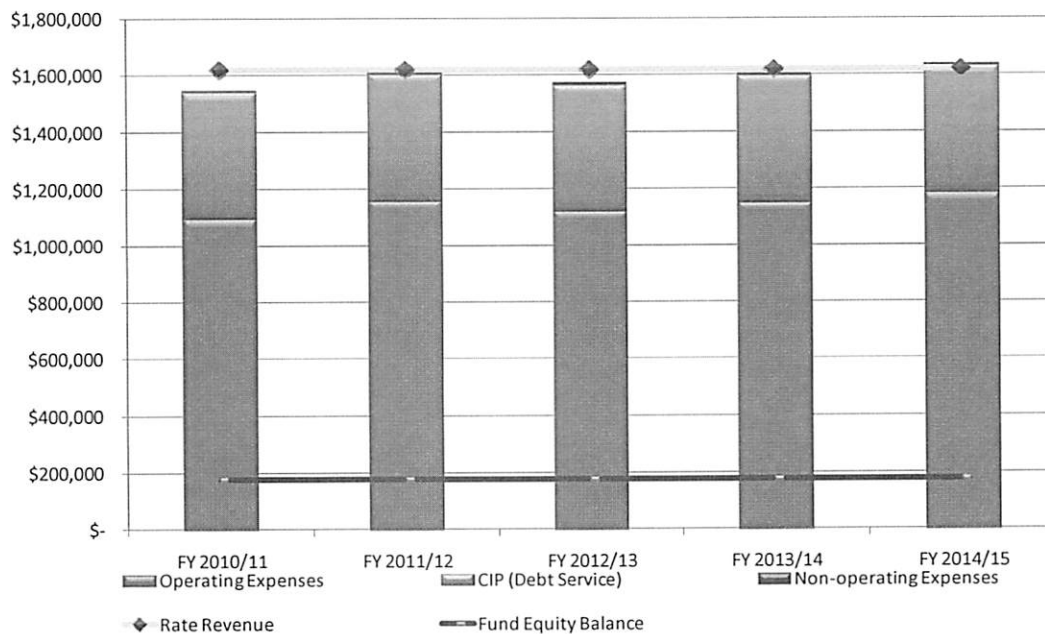


Figure 3: Sewer System Financial Projection Using FY 10/11 Adopted Sewer Rates



The graphs below (Figures 4 and 5) demonstrate the projected financial conditions of the water and sewer systems assuming adoption of rate increases from the previous analysis over the next 4 fiscal years.

Figure 4: Water System Financial Projection Using Water Rate Increases from Prior Rate Analysis

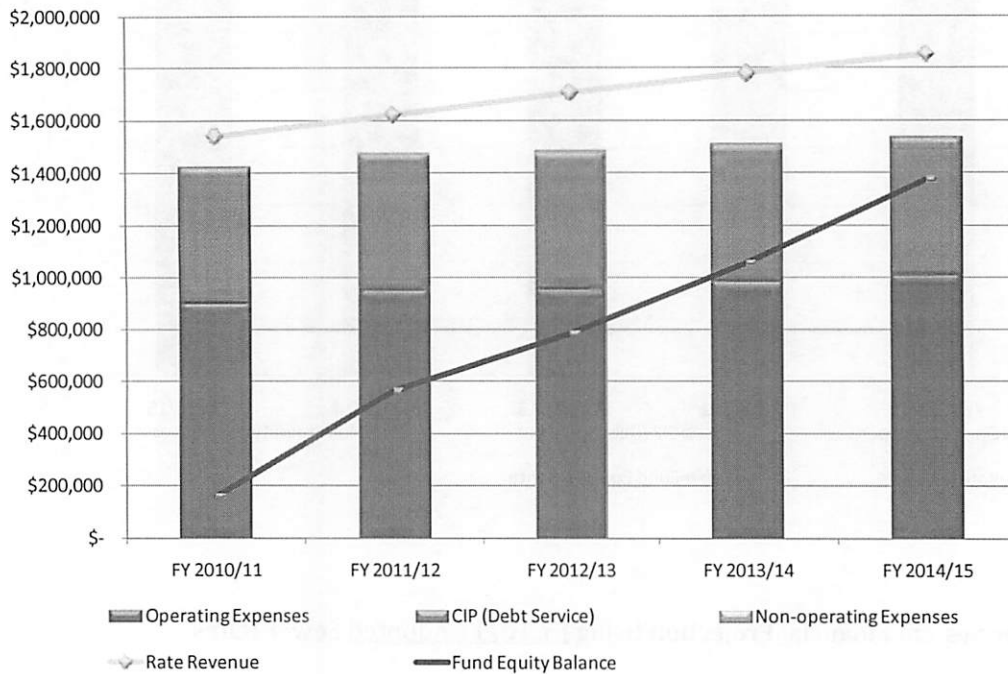
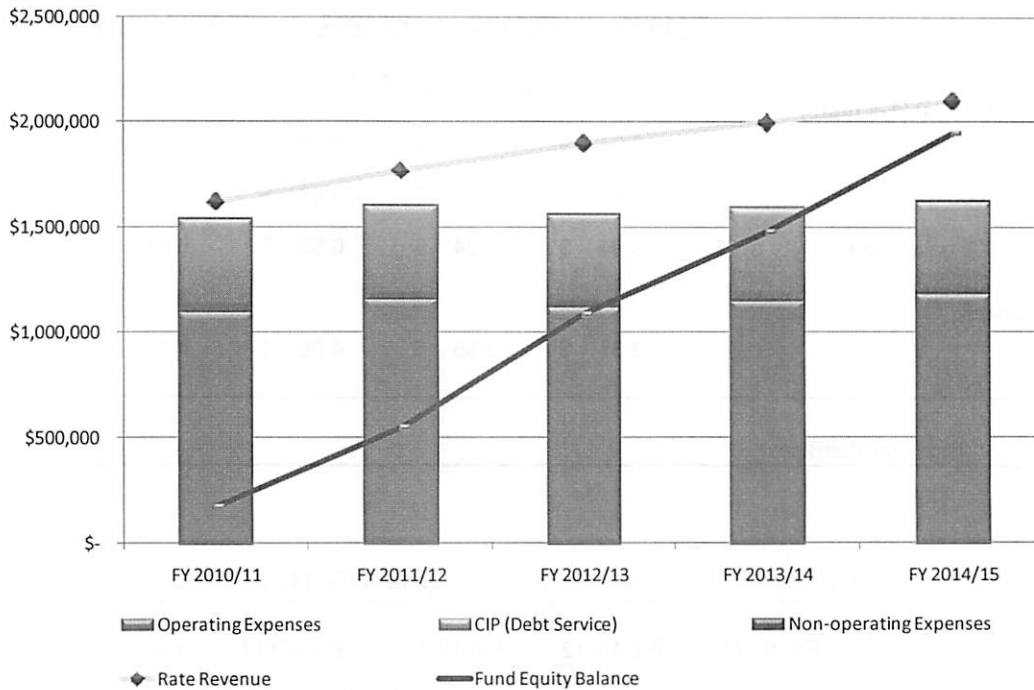


Figure 5: Sewer System Financial Projection Using Sewer Rate Increases from Prior Rate Analysis



After completing the financial plan and rate study, and after several meetings with the Town Commission and Town staff, the following tables (Tables 1, 2 and 3) present the rates for each utility system from Fiscal Year 2010/11 through Fiscal Year 2014/15. The following report provides detail regarding the supporting rate analysis and results. The increases for FY 11/12 through FY 14/15 were the increases projected in the original analysis which based on current assumptions may not be necessary.

Table 1: Water Monthly Base Service Charge (Adopted FY 10/11 & Suggested FY 11/12 – FY 14/15)

Meter Size	Adopted 10/11	FY Forecast 11/12	FY Forecast 12/13	FY Forecast 13/14	FY Forecast 14/15
5/8"	\$ 13.90	\$ 14.60	\$ 15.33	\$ 15.94	\$ 16.58
1"	20.22	21.24	22.30	23.19	24.12
1 1/2"	30.76	32.30	33.91	35.27	36.68
2"	43.40	45.57	47.85	49.76	51.75
3"	72.90	76.54	80.37	83.58	86.92
4"	115.03	120.78	126.82	131.90	137.17
6"	220.37	231.39	242.96	252.68	262.79
8"	346.78	364.12	382.33	397.62	413.53

Sources: Town of Surfside; TischlerBise.

Table 2: Water Consumption Charge (Adopted FY 10/11 & Suggested FY 11/12 – FY 14/15)

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Single-Family Residential (1-4 units)										
Block 1 (0 - 6,000 gal/month)	\$	2.97	\$	3.12	\$	3.27	\$	3.40	\$	3.54
Block 2 (6,001 - 12,000 gal/month)	\$	3.56	\$	3.74	\$	3.93	\$	4.09	\$	4.25
Block 3 (above 12,000 gal/month)	\$	5.94	\$	6.24	\$	6.55	\$	6.81	\$	7.08
All Other Customers										
Uniform Rate	\$	3.67	\$	3.85	\$	4.05	\$	4.21	\$	4.38

Sources: Town of Surfside; TischlerBise.

Table 3: Wastewater Rate Structure (Adopted FY 10/11 & Suggested FY 11/12 – FY 14/15)

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Uniform Variable Rate	\$	5.41	\$	5.89	\$	6.31	\$	6.62	\$	6.95
	Per Account/Dwelling Unit									
Monthly Fixed Charge	\$	3.43	\$	3.74	\$	4.01	\$	4.21	\$	4.42

Sources: Town of Surfside; TischlerBise.

Organization of the Report

This report is organized to provide an overview of utility rate setting principles utilized in this analysis, followed by an analysis of the water and sewer enterprise fund budget, and finally a separate detailed review of each utility's revenue requirements and rate design process. The following sections comprise the long-term financial plan and rate study report:

- Project Background
- Rate Setting Principles
- Enterprise Fund Budget Analysis
- Water Rate Analysis
- Sewer Rate Analysis

Project Background

The Town of Surfside owns and operates water and sewer systems for residents and businesses within Town limits. As of Fiscal Year 2009/10, the utility system provided service to approximately 1,551 residential and non-residential potable water and sewer system customer accounts. The Town operates each system as a self-supporting enterprise, with revenues and expenditures accounted for within one enterprise fund, separate from other Town enterprise and General Fund activities.

The Town's Public Works Department is responsible for operations and maintenance of water delivery and wastewater collection systems. The Town's potable water is provided by the Miami-Dade County Water and Sewer Department (MDWASD) which provides service for approximately two million customers in Miami-Dade County. The Town is serviced by the Hialeah-Prestion Water Treatment Plant service area. The source of water is from 45 shallow wells in the Biscayne Aquifer and augmented with five Upper Floridian Aquifer deep wells. Projected water supply to the Town is assured in accordance with the MDWASD Water Supply Plan.

Potable water is distributed to residents and commercial business by the Town via approximately 11 miles of cast iron pipe installed in 1938. Primary mains feeding the system run under the Town's streets and vary in size from 6-inches to 16-inches in diameter, which feed 3-inch and four-inch water lines located along the rear property lines. Disrepair and corrosion for over 70 years has created a fragile water distribution system that has repetitive breaks, loss of potable water, pavement restoration and other associated expenses. The 5-year Water Capital Improvement Program (CIP) addresses these major improvement needs within a two-year period beginning next fiscal year.

A funding plan for these improvements is included in this rate analysis and consists of current reserve funding, a Building Better Communities (BBC) countywide bond referendum ratified in 2004, and a projected bond issuance secured by current and projected rate revenues. At the time of the prior rate analysis conducted in 2010, the Town was planning for a utility-related bond issue of approximately \$13 million to be used for water, sewer and stormwater improvements (\$10 million allocated to water and sewer). Currently, the Town is considering a \$16 million bond issue related to utilities as well as other improvements such as street trees, street signage, traffic calming devices and possibly underground utility projects (\$10 million allocated to water and sewer).

The Town's sanitary sewer system is divided into two nearly equal area basins. It is interconnected with the MDWASD system; however, the Town maintains its own sewer collection system and two pumping stations. By agreement with the City of Miami Beach, the Town of Surfside and the Town of Bal Harbour share a sanitary force main that connects to the City of Miami Beach transmission system. The tri-agency agreement provides for the transmission of sewage via force mains to the MDWASD system and eventually to the treatment plant and disposal.

The Town's sanitary sewer collection system failed to meet the Miami-Dade County (MDCC) Infiltration/Inflow standards and exceeded the pump station run time limits. This situation prompted

violation notices commencing in 1983. The non-conformance with the MDCC Section 24-42.2 resulted in a Consent Agreement that required the Town to complete a Sanitary Sewer Evaluation Study (SSES). The Sewer Rehabilitation Plan was broken into three phases to bring the Town into compliance with mandates from the U.S. Environmental Protection Agency, the MDCC, and the Miami-Dade County Department of Environmental Resources Management (DERM). The three phases are as follows:

- **Phase I:** This phase was completed by placing full dish gaskets on all manhole openings. In addition, any rainwater leaders found to be attached to the sewer lines will be disconnected from the sanitary sewer system. All service laterals are planned to be either replaced or lined to reduce infiltration of groundwater.
- **Phase II:** This phase includes the investigation of sewer problems using video, smoke testing and other techniques to determine the sources of infiltration and inflow. All broken sanitary lines will be repaired or lined, as determined by the analysis. Severely deteriorated manholes will be sealed with a “Supercoat” system or full liner to reduce infiltration. Costs and unit prices have been established for lining the moderately cracked pipes and point repairs for the broken pipes.
- **Phase III:** This phase will consist of renovating the existing pump stations and installation of emergency generators to bring the system back into compliance with the current law, codes and Consent Decree.

Similar to the water system, the sewer 5-year Water Capital Improvement Program (CIP) addresses these major improvement needs within a two-year period beginning FY 10/11. A funding plan for these improvements is included in this rate analysis and consists of current reserve funding and a projected bond issuance secured by current and projected rate revenues.

Key Financial Plan Objectives

Several objectives were identified during the study to guide decisions regarding the financial plans and rate structures. The major objectives of the study were:

- Utility rates should generate sufficient revenues to meet operating costs, capital program requirements through related debt service obligations, and maintain targeted reserves consistent with sound financial management practices (*see detailed reserve discussion below*)
- Utility rates should be set proportionate to the cost of providing utility service to each customer class to promote fairness and equity
- A financial plan that minimizes future rate impacts on existing and new customers
- Utility rate structures should be supported by a financial model that is easy to update should costs and assumptions change in the future beyond what was projected at the time of this report

Net Asset Targets – Currently the Town designates reserves as a component of Net Assets. The Net Asset balance consists of investment in capital assets and restricted and unrestricted assets for a combined water and sewer total net assets. Some of the funds have been utilized for capital assets while renewal and replacement are restricted for capital project needs. Finally, unrestricted net assets can be used for any future item related to the utility fund operations or capital needs. The recent five-year financial plan for FY 10/11 through FY 14/15 has developed information that should eventually become

policy. For example, in the prior rate analysis, we recommended that the Town strive to meet target policy levels for three restricted fund categories for each utility system:

- Unrestricted Net Assets – Operating Reserves (to be set up to 25 percent of each utility's annual Operations and Maintenance Expenses). This component would ensure each utility system has sufficient cash on hand to cover emergencies, working capital needs or unexpected contingencies associated with operating the utility. Three months or a 25 percent reserve balance is a standard within the utility rate setting industry and gives the Town adequate coverage.
- Restricted Net Assets – Renewal and Replacement Reserves (to be set up to 2 times annual renewal and replacement costs for the current 5-year improvement plan for each utility system). This component would ensure each utility system has sufficient reserves to cover future major capital repair and replacement (R&R) needs for a short-term period until Town officials decide to issue future debt if major upgrades or replacements are required, or minor R&R needs on an on-going basis without the need for additional borrowing. There is no industry standard amount to be set aside for future R&R needs. However, many rate structures and studies include some amount of future annualized capital project costs for their R&R reserves. For this analysis, we utilized the upcoming 5-year CIP for each utility as our basis and projected annualized impact of each CIP. We believe that a 2-year annualized figure will give the Town enough R&R reserves to fund future capital needs in the short term without relying on additional rate increases or emergency loans.
- Restricted Net Assets – Rate Stabilization Reserves (to be set up to 10 percent of each utility's current year projected rate revenues). This component would ensure each utility system has sufficient reserves to handle potential short-term cash flow interruptions associated with contracted water purchase and sewage disposal costs. While there is no industry standard for a target amount of rate stabilization reserves, our experience demonstrates a 10 percent figure is prudent and not a significant burden on utility rates.

In reviewing the above objectives, it should be noted that the Town has limited control over external forces such as growth, consumer behavior, and system usage. Recognizing these factors, we believe that the recommendations in this study provide a fair, reasonable, and balanced set of suggested rates (FY 11/12 through FY 14/15) for the Town that, to the extent possible, meets these key objectives.

Rate Setting Principles

The primary objective of conducting a comprehensive rate study is to determine the adequacy of the existing rates (pricing and structure) and provide the basis for any necessary adjustments to meet the Departments operating and capital needs. The Town desires rate structures that fully fund operations, maintenance, and present and future capital costs. Furthermore, the Town desired to develop a conservation-based water and sewer rate structure. Water scarcity is a growing concern for South Florida communities. The most significant influence this situation places on the Town is large spikes in past water purchase costs from MDWASD. Therefore, significant consideration and dialogue took place between Town staff and the consulting team to review the existing rate structure and propose *changes* to meet this additional objective.

Over the past years, many generally accepted principles or guidelines have been established to assist in developing utility rates. The purpose of this section of the report is to provide a general background of the methodology and guidelines used for setting cost based utility rates. This will provide the reader with a higher-level understanding of the general process detailed later in this report.

Established Principles & Guidelines

As a practical matter, there should be a general set of principles to develop rates. The American Water Works Association (AWWA) establishes these principles in the M1 Manual – *Principles of Water Rates, Fees and Charges*. For sewer rate setting, the Water Environment Federation (WEF) establishes similar guidelines. These guiding principles help to ensure there is a consistent nationwide approach that is employed by utilities in the development of their rates.

Provided below is a short summary listing the established guidelines around which public utilities should consider when setting their rates. These closely reflect the Town’s specified objectives.

- Rates should be cost-based and equitable, and set at a level such that they provide revenue sufficiency.
- Rates and process of allocating costs should conform to generally accepted rate setting techniques.
- Rates should provide reliable, stable and adequate revenue to meets the utility’s financial, operation, and regulatory requirements.
- Rate levels should be stable from year to year (limit “rate shocks”).
- Rates should be easy to understand and administer.

These guidelines, along with the Town’s objectives, have been utilized within this study to help develop utility rates that are cost-based and equitable.

Revenue Requirements

The method used by most public utilities to establish their revenue requirements is called the “cash basis” approach of setting rates. As the name implies, a public utility combines its cash expenditures over a period of time to determine their recommended revenues from user rates and other forms of income. The figure below presents the “cash basis” methodology.

Figure 6: Overview of the “Cash Basis” Design

+ Operation and Maintenance Expenses
+ Taxes/Transfers
+ Capital Additions Financed with Rate Revenue
+ Debt Service (Principal and Interest)
= Total Revenue Requirements

Financial Planning

In the development of the revenue requirements, many assumptions are utilized to project future expenditures, customer and consumption growth, and necessary revenue adjustments. The Town’s budget documents are used as the initial starting point however; assumptions play a necessary role in projecting future recommended revenue.

Conservative growth assumptions and prudent financial planning are fundamental to ensuring adequate rate revenue to promote financial stability. The financial model developed by the consulting team appropriately considers the Town’s projected debt service coverage ratios and operating reserve balances. In addition, it is recommended that the Town begin recognizing some of the cost associated with future capital replacements that will allow the accumulation of a reserve for repair and replacement of depreciated items. This enables the Town to mitigate future rate increases as money for repair and replacement is collected automatically each year.

Rate Design

The final element, the rate design process, applies the results from the revenue requirements to develop rates that achieve the general guidelines and objectives of the Town. These objectives may include consideration of cost-based rates, but may also consider items such as ability to pay, continuity of past rate philosophy, conservation, encouragement of economic development, ease of administration, and legal requirements. While cost-based rates are an important objective, all objectives should be balanced appropriately.

While the general description of the utility rate setting process discussed in this section of the report is simplified and condensed, it does address the underlying fundamentals. One of the key principles for a comprehensive rate study is found in economic theory, which suggests the price of a commodity must roughly equal its cost if equity among customers is to be maintained – i.e. cost-based. For example,

capacity-related costs are usually incurred by a water utility to meet peak use requirements. Consequently, the customers causing peak demands should properly pay for the demand-related facilities in proportion to their contribution to maximum demands. Through refinement of costing and pricing techniques, consumers of a product are given a more accurate price signal of what the commodity costs to produce and deliver.

The above fundamentals have considerable foundation in economic literature. They also serve as primary guidelines for rate design by most utility regulators and administrative agencies. This “price-equals-cost” theory provides the basis for much of the subsequent analysis and comment. This theory is particularly important, as the rate structure has been modified to encourage conservation, while maintaining this economic principle.

Rate Setting Principles Summary

This section of the report has provided a brief introduction to the general principles, techniques, and economic theory used to set utility rates. These principles, techniques, and economic theory were the starting point for this rate study and the groundwork used to meet the Town’s key objectives in analyzing and adjusting its utility rates.

Utility Enterprise Fund Budget Analysis

This section describes the assumptions utilized and budgetary figures presented and projected (revenue and expenditures) for purposes of the water and sewer utility rate analysis

Project Assumptions

For the Town of Surfside to more accurately project future revenues and expenditures, growth, inflation and financial factors are estimated for each utility system (Table 4).

Escalation Factors – Because of current economic conditions and the developed nature of the Town, we have applied a nominal growth rate to new customer connections for the projection period of five fiscal years. In addition to these factors, we have also included several escalation or inflation factors for various operating and capital items associated with both utilities. Where past annual increases were consistent, we applied historical percentages to our forecast analysis. Where past annual increases were volatile or lacked a consistent pattern, we applied percentage increases based on our past experiences in utility rate and projection analyses.

Financial Ratios and Inputs – Certain financial ratios and assumption are utilized to account for Town central service support of the utility systems, bond covenant debt coverage ratios and financing terms for project revenue bonds to be issued, and an affordability index to demonstrate the affect potential rate increases might have on Surfside customers household income levels.

Utility Revenues and Expenditures

In the original analysis, water sales and sewer service charges are presented with no rate increases and are inflated by a nominal growth factor of 0.25 percent per year to account for modest new connection growth. Other revenue items are assumed to remain flat to demonstrate a conservative projection analysis. Budget line items are categorized into functional components to be utilized in the forthcoming cost allocation analysis. Budget line items are escalated by various projection factors found in Table 4. The division of costs is largely based on the ratio of the two largest line items in the fund: Water Purchases and Sewage Disposal. The exception to this approach is “Miscellaneous Maintenance – Water Tests” which applies solely to the water utility and allocated accordingly.

Table 4: Escalation and Input Assumptions

Description	Annual Figure	Notes
Escalators		
Residential Customer Growth Rate	0.25%	Annual Rate
Non-residential Customer Growth Rate	0.25%	Annual Rate
Personnel Costs	2.00%	Annual Rate
Water Purchases FY 11/12	7.00%	Annual Rate
Water Purchases FY 12/13	0.00%	Annual Rate
Water Purchases FY 13/14	3.00%	Annual Rate
Water Purchases FY 14/15	3.00%	Annual Rate
Sewage Disposal Costs FY 11/12	7.00%	Annual Rate
Sewage Disposal Costs FY 12/13	-5.00%	Reduction due to reduced infiltration inflow.
Sewage Disposal Costs FY 13/14	3.00%	Annual Rate
Sewage Disposal Costs FY 14/15	3.00%	Annual Rate
Operating Costs	2.00%	Annual Rate
Capital Outlay (excl Improvements)	5.00%	Annual Rate
Depreciation Costs	2.00%	Annual Rate
Fund Equity Targets		
O&M Reserves	25.0%	25% of current year O&M
Water Capital Reserves	\$ 420,358	2x annualized costs of renewal and replacement of FY11-FY15 CIP
Sewer Capital Reserves	\$ 521,202	2x annualized costs of renewal and replacement of FY11-FY15 CIP
Rate Stabilization Reserves	10.0%	10% of current year projected rate revenues
Financial Ratios and Inputs		
Indirect Cost Allocation (GF Reimburse)	10.0%	of central service support to utility fund
Debt Service Coverage Ratio	110%	1.10x (net operating income/annual debt service)
Price Elasticity Applied to Consumption	3.0%	

Notes:

Interest rate on upcoming bond issue assumed by Town Finance Director to be 5.0 percent.

Bond issue changed to \$16 million for water, sewer and stormwater plus additional street improvements.

Sources: Town of Surfside; TischlerBise.

Water Rate Analysis

Revenue Requirements Analysis

The first step in developing the revenue requirements is to develop a projection of revenues from existing rates and expenditures for operations and capital needs and was completed in the prior analysis. The utility capital improvements project (CIP) needs for the water utility are summarized in Table 5. This table presents the water-related 5-year capital improvement plan as prepared by the Town's engineering consultant. The table lists the outside funding sources to be utilized for the capital projects including accumulated restricted and unrestricted net asset reserves, Build Better Communities (BBC) reimbursement monies, nominal water impact fees, and bond proceeds from a proposed revenue bonds issue for both water and sewer related capital construction projects. The combined effect of these outside funding sources is to eliminate the need for future rate revenues to directly fund these projects. However, the rates will be required to fund the debt service obligations on the revenue bonds.

Table 5: Water CIP and Funding Sources

Project	Approved FY 10/11	Forecast FY 11/12	Forecast FY 12/13	Forecast FY 13/14	Forecast FY 14/15	5-year Total
Engineering/Architecture	\$ 83,200	\$ 31,000	\$ -	\$ -	\$ -	\$ 114,200
Construction	4,158,000	1,766,371	-	-	-	5,924,371
Prior CIP Appropriations (carry over to next FY)	508,974	-	-	-	-	508,974
Total Water Capital Projects	\$ 4,750,174	\$ 1,797,371	\$ -	\$ -	\$ -	\$ 6,547,545
Less: Outside Funding Sources						
Water Impact Fees	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Restricted Net Assets - Repair & Replacement	917,906	-	-	-	-	
Unrestricted Assets	172,000	-	-	-	-	
BBC Reimbursement	715,000	-	-	-	-	
Revenue Bonds Proceeds	5,000,000	-	-	-	-	
Carry-over from Prior FY	-	2,055,232	258,361	258,861	259,361	
Total Outside Funding	\$ 6,805,406	\$ 2,055,732	\$ 258,861	\$ 259,361	\$ 259,861	
Balance to Carry Over to Next FY	\$ 2,055,232	\$ 258,361	\$ 258,861	\$ 259,361	\$ 259,861	
Net CIP Projects Funded from Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Town of Surfside; TischlerBise.

These components comprise the foundation of the revenue requirement analysis. Given the current economic climate, the consulting team facilitated several meetings with Town staff and committee members to assure the accuracy of financial and growth variables in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still encompass adequate funds to support the operational activities and capital projects throughout the study period. The revenue requirements analysis figure, presented below in Table 6, provides a basis for evaluating the timing and level of water revenue increases required to meet the projected recommended revenue for the study period. The percentages shown at the bottom of the figure show the adopted FY 10/11 and recommended revenue adjustments for FY 11/12 through FY 14/15. Please

note that the recommended revenue increase percentages do not equate to the rate increase for each customer. Rather, these percentage figures describe the amount of additional rate revenue recommended to meet all utility obligations and policies.

Table 6: Water Revenue Adjustments

Description	Approved FY 10/11	Forecast FY 11/12	Forecast FY 12/13	Forecast FY 13/14	Forecast FY 14/15
Operating Revenue					
Water Sales (before increase)	\$ 1,305,255	\$ 1,308,518	\$ 1,311,789	\$ 1,315,069	\$ 1,318,357
Tapping Fees	300	300	300	300	300
Penalties	<u>870</u>	<u>870</u>	<u>870</u>	<u>870</u>	<u>870</u>
Total Operating Revenue	1,306,425	1,309,688	1,312,959	1,316,239	1,319,527
Additional Rate Revenue Required					
	<i>Revenue Increase</i>	<i>Months Effective</i>			
Year					
2010/11	18.00%	12	234,946	235,533	236,122
2011/12	5.00%	12	-	77,203	77,396
2012/13	5.00%	12	-	-	81,265
2013/14	4.00%	12	-	-	81,469
2014/15	4.00%	12	-	68,434	68,605
			-	-	71,349
Total Additional Water Sales Revenue			234,946	312,736	394,783
				464,204	536,713
Total Operating Revenue	1,541,371	1,622,424	1,707,742	1,780,442	1,856,239
O&M Expenses					
Personnel	141,450	144,279	147,165	150,108	153,110
Operations	125,301	127,807	130,363	132,971	135,630
Water Purchases (MDWSD)	<u>637,000</u>	<u>681,590</u>	<u>681,590</u>	<u>702,038</u>	<u>723,099</u>
Total O&M Expenses	903,752	953,677	959,118	985,117	1,011,839
Net Operating Income	637,619	668,747	748,624	795,326	844,400
Debt Service					
Annual Debt Service (Estimated)	<u>520,425</u>	<u>520,729</u>	<u>520,527</u>	<u>519,818</u>	<u>520,828</u>
Total Debt Service	520,425	520,729	520,527	519,818	520,828
Calculated Debt Coverage Ratio	123%	128%	144%	153%	162%
Targeted Debt Coverage Ratio	110%	110%	110%	110%	110%
Non-Operating Revenue					
Interest Income	<u>1,064</u>	<u>1,064</u>	<u>1,064</u>	<u>1,064</u>	<u>1,064</u>
Total Non-Operating Revenue	1,064	1,064	1,064	1,064	1,064
Non-Operating Expenses					
Capital Outlay (excl Improvements)	5,220	5,481	5,755	6,043	6,345
Rate Funded Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Expenses	5,220	5,481	5,755	6,043	6,345
Net Income (Loss) ¹	\$ 113,038	\$ 143,601	\$ 223,406	\$ 270,529	\$ 318,491

1. Positive net income to be applied to fund balances.

Source: Town of Surfside; TischlerBise.

For the original rate analysis, we assumed a 1.25x debt service coverage ratio. Based on current information, this revised analysis utilizes a 1.10x coverage ratio based on recent discussions with the Town's financial advisor. Please note that the revenue increases included in the prior rate analysis and this revised analysis will produce revenues well above those required to meet this lower coverage ratio. **Figure 7** illustrates the breakdown of the major budget components of the water utility. As the chart demonstrates, the primary costs of operating the water utility are water purchase costs from MDWASD and future debt service for needed capital improvements.

Figure 7: Major Budget Components of Water System

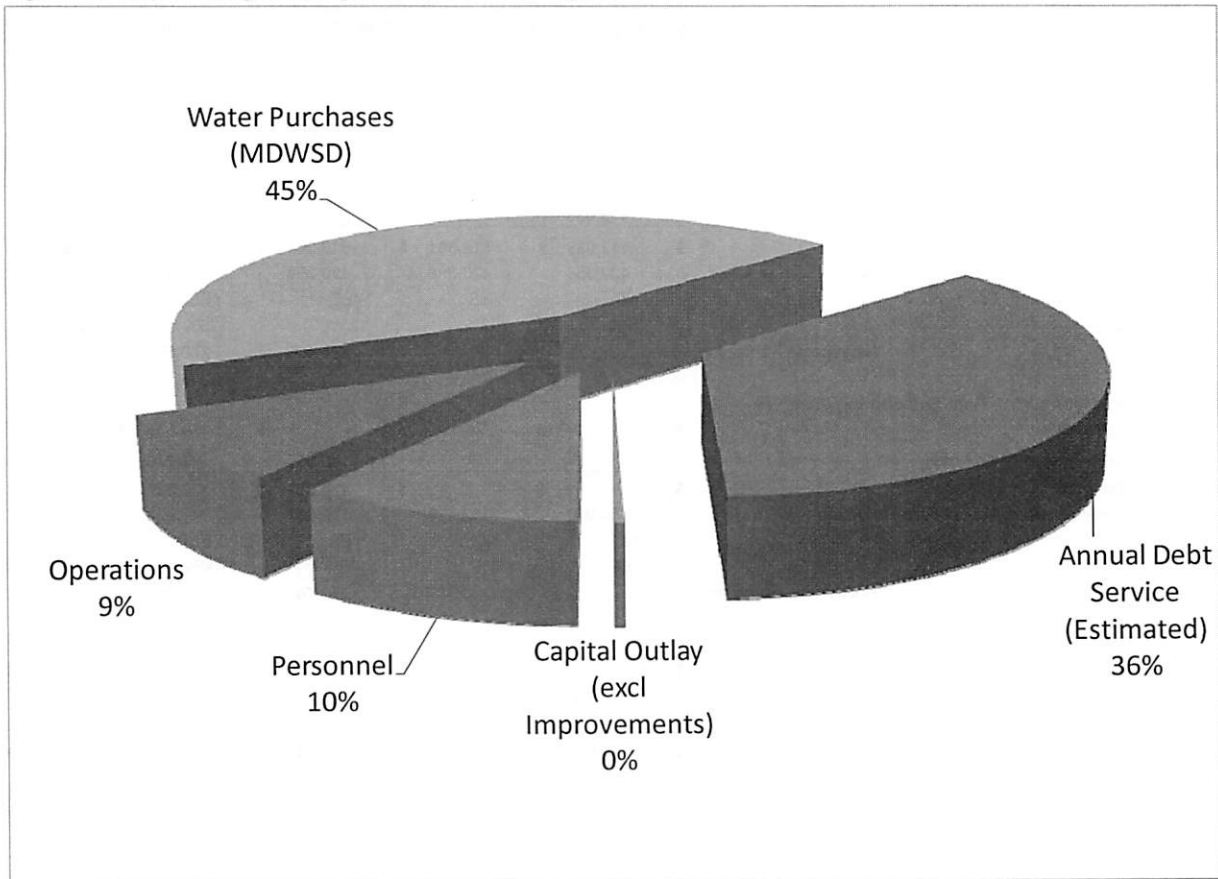


Table 7 on the next page presents the fund balance information utilizing the target fund balance figures for operating, capital and rate stabilization reserves.

Cost of Service Analysis

The cost of service analysis is a systematic process by which revenue requirements are used to generate a classification of fair and equitable costs in proportion to the service received for each user class. The cost of service allocation conducted in this study is established on the base-extra capacity method endorsed by the AWWA. Under the base-extra capacity method, revenue requirements are allocated to the different user classes proportionate to their use on the water system. Allocations are based on

average day (base) usage, maximum day (peak) usage, meters and services, and billing and collection. Use of this methodology results in an AWWA-accepted cost distribution among customer classes and a means of calculating and designing rates to proportionately recover those costs.

Table 7: Water Fund Balance Information

Description	Approved FY 10/11	Forecast FY 11/12	Forecast FY 12/13	Forecast FY 13/14	Forecast FY 14/15
Total Fund Equity - Water Only					
Beginning FY 10/11 Balance ¹	<u>\$ 1,137,906</u>	<u>See below for fund balance allocation (dependent on Town approval)</u>			
<hr/>					
Restricted Net Assets - Renewal & Replacement Reserves					
Beginning Balance	\$ 917,906	\$ 113,038	\$ 515,001	\$ 515,001	\$ 515,001
Restricted Net Assets to Fund Water CIP Projects	(917,906)	-	-	-	-
Surplus from CIP Program (after bond issue)	-	258,361	-	-	-
Deposit from Positive Net Income	<u>113,038</u>	<u>143,601</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Balance	\$ 113,038	\$ 515,001	\$ 515,001	\$ 515,001	\$ 515,001
Target Balance: Up to 2x Annualized R&R	420,358	420,358	420,358	420,358	420,358
Target Met?	NO	YES	YES	YES	YES
% of Target	27%	123%	123%	123%	123%
Net Income Remaining	-	-	223,406	270,529	318,491
Restricted Net Assets - Rate Stabilization Reserves					
Beginning Balance	\$ -	\$ -	\$ -	\$ 170,657	\$ 177,927
Deposit from Positive Net Income	-	-	<u>170,657</u>	<u>7,270</u>	<u>7,580</u>
Ending Balance	\$ -	\$ -	\$ 170,657	\$ 177,927	\$ 185,507
Target Balance: Up to 10% of Rate Revenues	154,020	162,125	170,657	177,927	185,507
Target Met?	NO	NO	YES	YES	YES
% of Target	0%	0%	100%	100%	100%
Net Income Remaining	-	-	52,749	263,259	310,912
Unrestricted Net Assets - Operating Reserves					
Beginning Balance	\$ 220,000	\$ 48,000	\$ 48,000	\$ 100,749	\$ 364,008
Unrestricted Net Assets to Fund Water CIP Projects	(172,000)	-	-	-	-
Deposit from Positive Net Income	-	-	<u>52,749</u>	<u>263,259</u>	<u>310,912</u>
Ending Balance	\$ 48,000	\$ 48,000	\$ 100,749	\$ 364,008	\$ 674,919
Target Balance: Up to 25% of Current Year O&M	225,938	238,419	239,780	246,279	252,960
Target Met?	NO	NO	NO	YES	YES
% of Target	21%	20%	42%	148%	267%

1. Water utility's share of total enterprise fund equity balance.

Source: Town of Surfside; TischlerBise.

The resulting functionalization factors that appear at the bottom of Table 8 are utilized to allocate system operating and capital costs to each customer class based on the each class' demand on the system. In Table 9, the functionalization percentages are used to allocate revenue requirements between variable costs of the water system (base and peak demands) and fixed costs of the system (meters and services and customer accounts). The final totals are then used to design the fixed base charges based on meter size and the variable rates per 1,000 gallons consumed.

Table 8: Classification of Water Expenses by Function

Description	Total Water Expenses	Base Water Demand	Peak Water Demand	Customer Accounts	Meters & Services	Basis of Classification
Source of Supply						
Water Purchases	\$ 672,000	\$ 222,681	\$ 449,319	\$ -	\$ -	33.1% Base 66.9% Peak
Water Tests	5,000	1,657	3,343	-	-	33.1% Base 66.9% Peak
Total Source of Supply Expense	677,000	224,338	452,662	-	-	
Water Distribution						
Electricity	18,735	6,208	12,527	-	-	33.1% Base 66.9% Peak
Maintenance - Distribution	48,666	16,222	16,222	-	16,222	33.3% Base 33.3% Peak 33.3% Meters
Total Water Distribution Expense	67,401	22,430	28,749	-	16,222	
General & Administrative						
Personnel	137,087	-	-	68,543	68,543	50% Customers 50% Meters
Indirect Cost Allocation	28,160	-	-	14,080	14,080	50% Customers 50% Meters
Miscellaneous G&A	81,029	-	-	40,515	40,515	50% Customers 50% Meters
Total G&A Expense	246,276	-	-	123,138	123,138	
Capital Requirements						
Capital Outlay (excl Improvements)	5,220	2,088	2,088	522	522	40% Base 40% Peak 10% Customers 10% Meters
Debt Service	388,154	155,262	155,262	38,815	38,815	40% Base 40% Peak 10% Customers 10% Meters
Total Capital Requirements Expense	393,374	157,349	157,349	39,337	39,337	...
TOTAL FUNCTIONALIZED COSTS	\$ 1,384,051	\$ 404,117	\$ 638,761	\$ 162,475	\$ 178,697	
FUNCTIONALIZATION FACTOR	100.0%	29.2%	46.2%	11.7%	12.9%	

Sources: Town of Surfside; TischlerBise

Table 9: Allocation of Revenue Requirements by Functional Percentages

Description	Functionalization					
	Factor	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Base Water Demand	29.2%	\$ 449,710	\$ 473,376	\$ 498,288	\$ 519,515	\$ 541,646
Peak Water Demand	46.2%	710,826	748,234	787,609	821,161	856,143
Customer Accounts	11.7%	180,806	190,321	200,337	208,871	217,769
Meters & Services	12.9%	198,858	209,323	220,339	229,725	239,512
Rate Revenue Required	100.0%	\$ 1,540,201	\$ 1,621,254	\$ 1,706,572	\$ 1,779,272	\$ 1,855,069

Sources: Town of Surfside; TischlerBise.

Rate Design Analysis

The final step of the rate study is the design of the water rates to collect the desired level of revenue determined in the revenue requirement analysis. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the water rate design for the Town.

Rate Design Balance

There is some flexibility in the design of the rate structure to meet the Town's pricing objectives while being consistent with cost of service principles. There are positives and negatives associated with the decrease in fixed revenue. Typically, a larger percentage of fixed rate revenue results in greater revenue stability since a greater percentage of total revenues are not influenced by fluctuations in consumption due to the weather. At the same time, the decrease in fixed revenue will improve equitability concerning cost recovery and the impact of conservation measures while reducing revenue stability, as users have greater control over their consumption and ultimately their bill. The fixed portion of the water rates generates an estimated 25 percent of total rate revenue

Criteria and Considerations

In determining the appropriate rate level and structure, the consulting team, in conjunction with Town staff, analyzed various financial scenarios concerning the adjustments and the implications attributed to those decisions.

A simplified list of some of the design considerations that were reviewed is listed:

- Consideration of the customer's ability to pay
- Clear and understandable rates
- Easily administered
- Conservation measures
- Revenue stability (month to month and year to year)
- Efficient allocation of resources
- Implementation of Capital Improvements (rate of improving the existing system)
- Fair and equitable (cost-based) rates

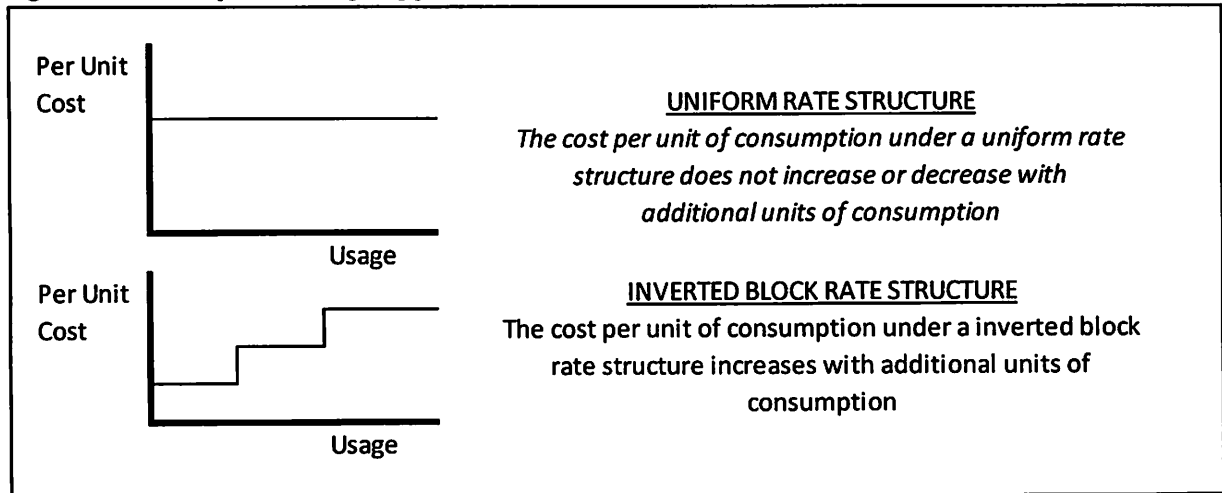
Every consideration has merit and plays an important role in a comprehensive rate study. When developing the Town's rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as some of the criteria sometime conflict with one another, i.e. the customers ability to pay and cost-based. In designing rates, there will always be concessions between the various objectives; however, we attempt to ensure the rates meet all of the leading objectives of the Town.

Overview of Existing Rate Structure

The Town has one water rate structure for its consumption charges: a uniform block rate structure. Regardless of consumption amounts (above a minimum allotment per meter size), the rate per unit of water (1,000 gallons) is consistent. There are some merits to this approach such as some degree of

certainty to a customer bill as well as a moderate incentive to conserve water. However, a more effective conservation pricing structure utilizes an inverted block, or inclining block, approach. This structure increases the marginal price of a unit of water above certain thresholds. Figure 8 provides an overview of the two rate structures.

Figure 8: Consumption Charge Approaches



The former water rate structure included two components: a bi-monthly allotment of water use based on a customer's meter size and a consumption charge of \$3.54 per 1,000 gallons of water use. As discussed above, the consumption rate is the same rate regardless of customer class and does not increase or decrease with amount of water use. The bi-monthly charge includes minimum water amounts depending on meter size. For example, a customer with a 5/8 inch water meter is allotted 12,000 gallons of water use on a bi-monthly basis. This allotment is included in the fixed base charge. If a 5/8 inch meter customer uses no water up to 12,000 gallons during a billing period, the corresponding base charge is the same amount (currently \$42.48 for a 5/8 inch meter customer). If a customer consumes water above the allotted amount, the water bill is calculated using the consumption charge of \$3.54 per 1,000 gallons times the amount of water.

For this analysis, for this analysis the Town eliminated the minimum allotment approach and adopted a cost-based approach including a fixed meter charge based on a customer's meter size and a variable rate for water consumed on a 1,000-gallon basis. We have two reasons for this modification:

- **Customer Equity.** We believe the current rate system to be inequitable to a group of customers who use less water than the allotted amounts. The current rate structure penalizes efficient customers and customers that use less water due to being a smaller customer (by way of small family size, small business, etc.). An efficient or small customer will typically use less than 12,000 gallons in a two-month period. In fact, Town billing records for the past year indicate that approximately 34 percent of all water customers use less than 12,000 gallons in a bi-monthly period. Whether they use 1,000 gallons or 11,000 gallons, they are still billed at the 12,000-gallon amount, or \$42.48.

- **Revenue Stability and Cost-of Service-Based.** Every utility has certain costs that must be funded regardless of water consumption amounts. These costs are fixed and typically do not fluctuate. If a customer does not use any water during a billing period, there are still costs associated for past use and future service availability. These items include but are not limited to capital replacement for past use, maintenance of assets to provide water in the future, debt service, and customer service. A fixed charge system without minimum water allotments ensures the utility's fixed costs will still be met while creating a more equitable billing system.

Table 10 below presents the recently adopted and suggested future fixed base charges by meter size in a monthly format. The fixed charges are calculated using a meter equivalent approach with the 5/8 inch meter as the baseline meter size in the analysis. As a meter size increases, the hydraulic capacity also increases thus allowing the customer to draw greater amounts of water when needed. With this greater ability to draw water, there is a corresponding increase in costs. Therefore, larger meters will have larger fixed charges associated with them. This approach is a standard in the water rate-making industry. Table 11 presents the meter equivalency approach and corresponding meter ratios. To ensure clarification, the base charges for FY 2010/11 through FY 2014/15 do not include minimum water amounts.

Table 10: Fixed Monthly Base Charges by Meter Size (Adopted and Suggested per Prior Analysis)

Meter Size	Adopted 10/11	FY Forecast 11/12	FY Forecast 12/13	FY Forecast 13/14	FY Forecast 14/15
5/8"	\$ 13.90	\$ 14.60	\$ 15.33	\$ 15.94	\$ 16.58
1"	20.22	21.24	22.30	23.19	24.12
1 1/2"	30.76	32.30	33.91	35.27	36.68
2"	43.40	45.57	47.85	49.76	51.75
3"	72.90	76.54	80.37	83.58	86.92
4"	115.03	120.78	126.82	131.90	137.17
6"	220.37	231.39	242.96	252.68	262.79
8"	346.78	364.12	382.33	397.62	413.53

Sources: Town of Surfside; TischlerBise.

Table 11: Meter Equivalency Ratios

Meter Size	GPM	Meter Ratio
5/8"	20	1.00
1"	50	2.50
1 1/2"	100	5.00
2"	160	8.00
3"	300	15.00
4"	500	25.00
6"	1,000	50.00
8"	1,600	80.00

Sources: AWWA M-5 Manual; Town of Surfside; TischlerBise.

For the variable consumption charge analysis, we present two options: 1) maintain the uniform rate approach regardless of customer class and consumption amounts, and 2) an inclining block rate structure for residential customers and a uniform block structure for all other customer classes (apartments, commercial and place of worship).

The inclining block approach is one that sends a price signal to excessive water users to cut back on their wasteful water consumption. Very efficient or low water users would be rewarded with a lower rate per 1,000 gallons compared to the current uniform rate. We applied the inclining block method to the residential customers only for two reasons: 1) there is less variation in residential water use between each customer compared to other customer classes and therefore average use figures easily apply to all residential customers, and 2) industry experience demonstrates that residential properties, particularly single-family detached residential customers, are most able to cut back on excessive use, and even discretionary use. Therefore, we recommend that the Town consider adoption of the inclining block approach to achieve conservation goals. **Table 12** shows the conservation-oriented rate structure for the Single-family Residential (1 to 4 units) customer consumption charge and the uniform block rate for all other customers. For clarification, the FY 10/11 rates were adopted by the Town Commission in October 2010 while the FY 11/12 through FY 14/15 rates are suggested per the prior rate analysis.

Table 12: Customer Consumption Charge Structure

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Single-Family Residential (1-4 units)										
Block 1 (0 - 6,000 gal/month)	\$	2.97	\$	3.12	\$	3.27	\$	3.40	\$	3.54
Block 2 (6,001 - 12,000 gal/month)	\$	3.56	\$	3.74	\$	3.93	\$	4.09	\$	4.25
Block 3 (above 12,000 gal/month)	\$	5.94	\$	6.24	\$	6.55	\$	6.81	\$	7.08
All Other Customers										
Uniform Rate	\$	3.67	\$	3.85	\$	4.05	\$	4.21	\$	4.38

Sources: Town of Surfside; TischlerBise.

Impact of Revenue Increase

In Fiscal Year 2010/11, the approved 18% increase in recommended revenue does not directly correlate to a 18% increase in all water rates. The cost of service analysis and, in Single-family Residential's case, the restructuring of the consumption blocks dictate the actual adjustments to the rates. **Figure 9** presents bi-monthly water charges for Single-family Residential customers with a 5/8 inch meter at various consumption levels utilizing the adopted FY 10/11 rates. Because of the inclining block rate structure, customers with low water use will see a decrease in their water bills while high use customers will experience greater monthly water bills.

Figure 9: Customer Billing Analysis: Adopted FY 10/11 Rates

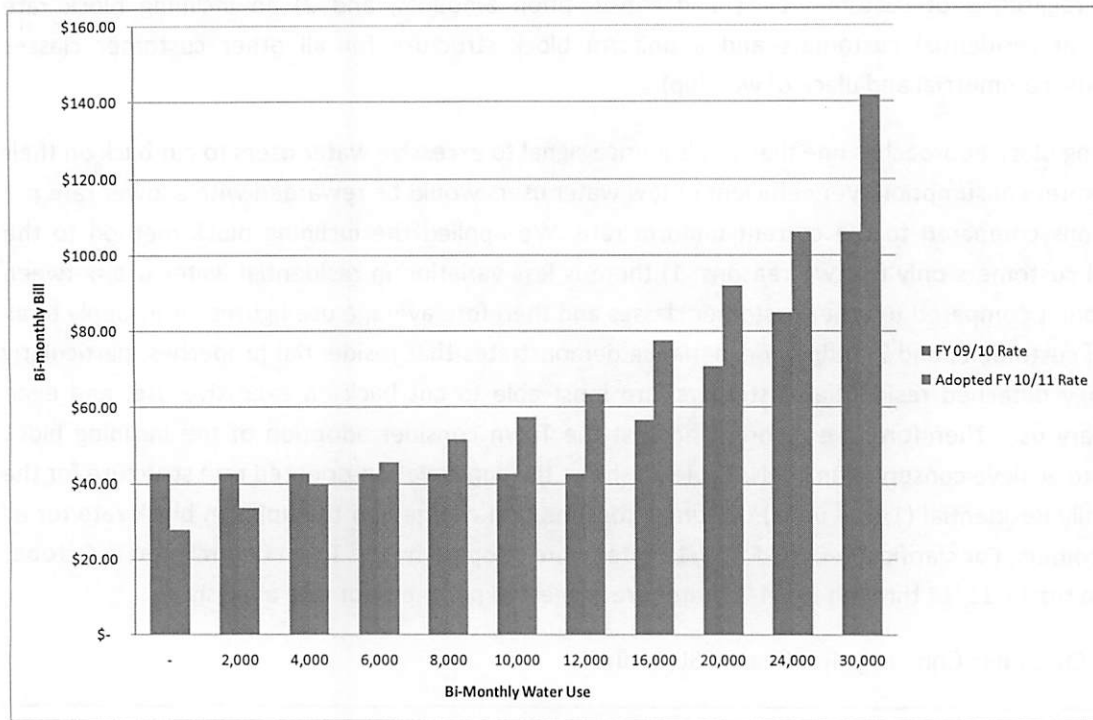
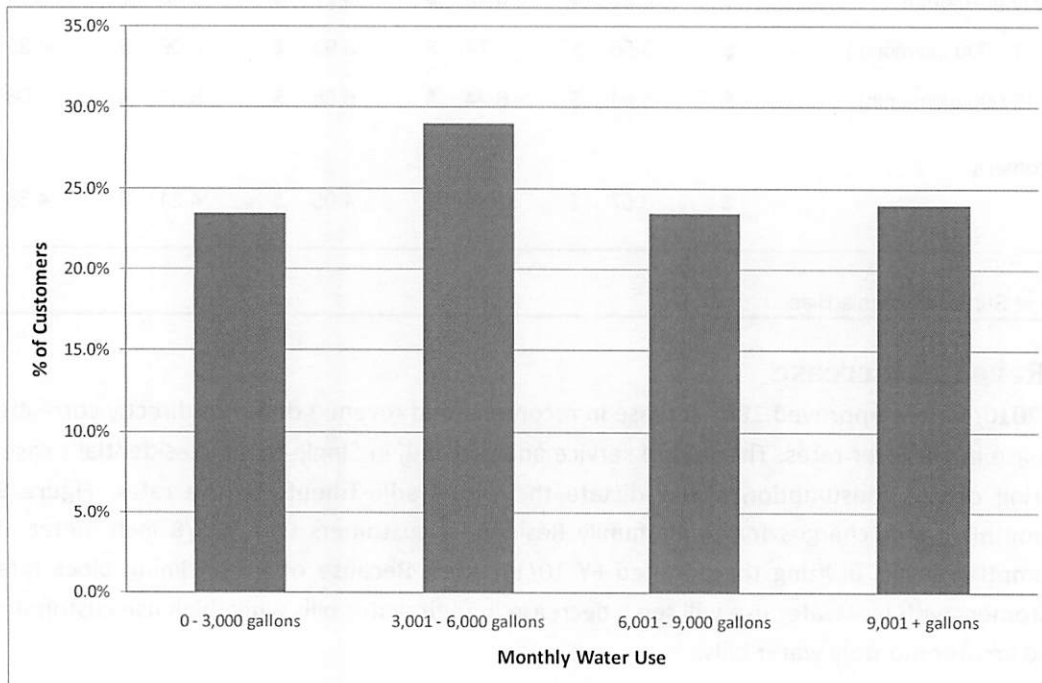


Figure 10 shows a use analysis of Single-family Residential customers at various water use levels.

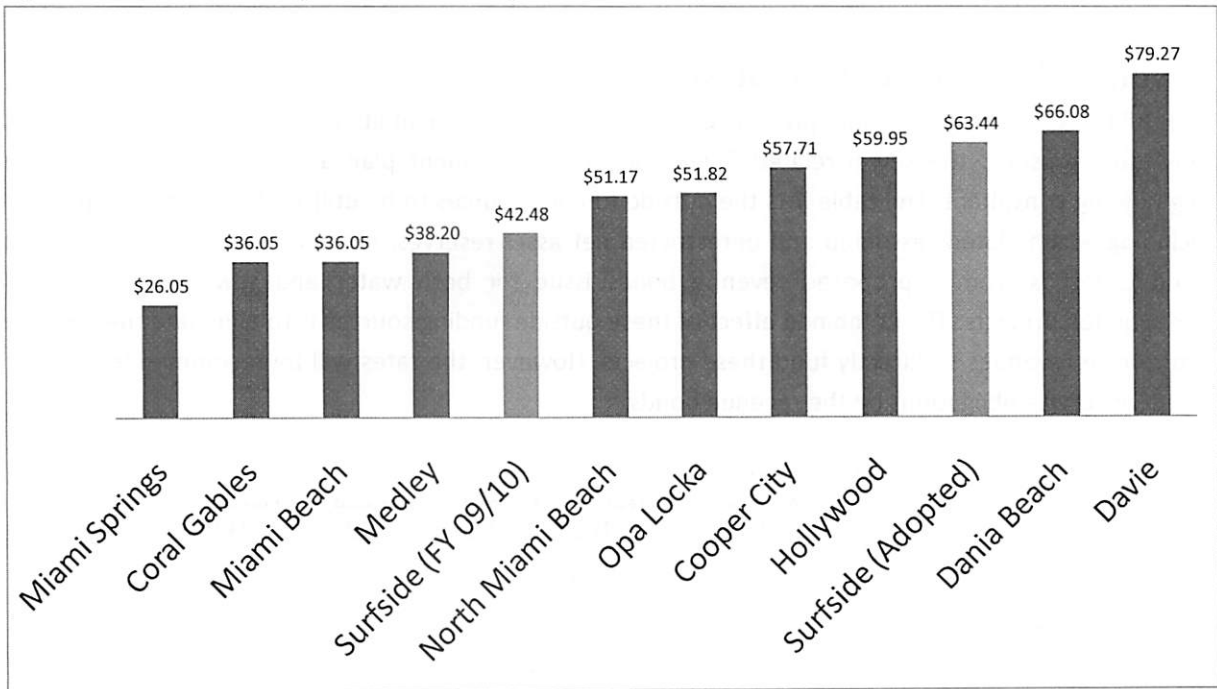
Figure 10: Customer Monthly Consumption Charge Analysis



Rate Comparison

While the cost structure and facilities vary greatly between water utilities, rate comparisons provide the Town a barometer of its rates in relation to surrounding communities. The figure (Figure 11) compares the estimated bi-monthly bill for 12,000 gallons of consumption utilizing FY 10/11 Surfside adopted rates and published rates from each jurisdiction listed in the graph.

Figure 11: SFR Rate Comparison –12,000 gallons



Sewer Rate Analysis

The Town's sewer utility system is in a similar position when compared to the Town's water utility. The sewer utility is facing increased costs related to operations and an increasing need to repair and replace existing infrastructure.

Revenue Requirements Analysis

The utility capital improvements project (CIP) needs for the sewer utility are summarized in **Table 13**. This table presents the sewer-related 5-year capital improvement plan as prepared by the Town's engineering consultant. The table lists the outside funding sources to be utilized for the capital projects including accumulated restricted and unrestricted net asset reserves, nominal water impact fees, and bond proceeds from a proposed revenue bonds issue for both water and sewer related capital construction projects. The combined effect of these outside funding sources is to eliminate the need for future rate revenues to directly fund these projects. However, the rates will be recommended to fund the debt service obligations on the revenue bonds.

Table 13: Sewer CIP and Funding Sources

Project	Approved FY 10/11	Forecast FY 11/12	Forecast FY 12/13	Forecast FY 13/14	Forecast FY 14/15	Total
Engineering/Architecture	\$ 78,200	\$ 26,000	\$ -	\$ -	\$ -	\$ 104,200
Construction	3,908,900	1,023,123	-	-	-	4,932,023
Prior CIP Appropriations	621,988	-	-	-	-	621,988
Total Sewer Capital Projects	\$ 4,609,088	\$ 1,049,123	\$ -	\$ -	\$ -	\$ 5,658,211
Less: Outside Funding Sources						
Sewer Impact Fees	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Restricted Net Assets - Repair & Replacement	751,014	-	-	-	-	
Unrestricted Assets	118,000					
Revenue Bonds Proceeds	5,000,000	-	-	-	-	
Carry-over from Prior FY	-	1,260,426	211,803	212,303	212,803	
Total Outside Funding	\$ 5,869,514	\$ 1,260,926	\$ 212,303	\$ 212,803	\$ 213,303	
Balance to Carry Over to Next FY	\$ 1,260,426	\$ 211,803	\$ 212,303	\$ 212,803	\$ 213,303	
Net CIP Projects Funded from Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Town of Surfside; TischlerBise.

Summary of Revenue Requirements Analysis

These components comprise the foundation of the revenue requirement analysis. Given the current economic climate, the consulting team facilitated several meetings with Town staff and committee members to assure the accuracy of financial and growth variables in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still encompass adequate funds to support the operational activities and capital projects throughout the study period. The revenue analysis figure, presented below in **Table 14**, provides a basis for evaluating

the timing and level of sewer revenue increases adopted by the Town for FY 10/11 and recommended for FY 11/12 through FY 14/15 to meet the obligations of the system for the study period.

Table 14: Sewer Revenue Adjustments

Description	Approved FY 10/11	Forecast FY 11/12	Forecast FY 12/13	Forecast FY 13/14	Forecast FY 14/15
Operating Revenue					
Sewer Service Charges (before increase)	\$ 1,407,825	\$ 1,411,344	\$ 1,414,873	\$ 1,418,410	\$ 1,421,956
Penalties	870	870	870	870	870
Total Operating Revenue	1,408,695	1,412,214	1,415,743	1,419,280	1,422,826
Additional Rate Revenue Required					
<i>Year</i>	<i>Revenue Increase</i>	<i>Months Effective</i>			
2010/11	15.00%	12	211,174	211,702	212,231
2011/12	9.00%	12	-	146,074	146,439
2012/13	7.00%	12	-	-	124,148
2013/14	5.00%	12	-	-	95,122
2014/15	5.00%	12	-	-	100,128
Total Additional Sewer Charge Revenue			211,174	357,776	482,818
				579,147	680,722
Total Required Revenue			1,619,869	1,769,990	1,898,561
				1,998,427	2,103,548
O&M Expenses					
Personnel	152,688	155,742	158,857	162,034	165,274
Operations	129,859	132,456	135,105	137,807	140,564
Sewage Disposal (City of Miami Beach)	816,000	873,120	829,464	854,348	879,978
Total O&M Expenses	1,098,547	1,161,318	1,123,426	1,154,189	1,185,816
Net Operating Income	521,322	608,672	775,135	844,238	917,732
Debt Service					
Annual Debt Service (Estimated)	443,325	443,584	443,411	442,808	443,498
Total Debt Service	443,325	443,584	443,411	442,808	443,498
Calculated Debt Coverage Ratio	118%	137%	175%	191%	207%
Targeted Debt Coverage Ratio	110%	110%	110%	110%	110%
Non-Operating Revenue					
Interest Income	1,064	1,064	1,064	1,064	1,064
Total Non-Operating Revenue	1,064	1,064	1,064	1,064	1,064
Non-Operating Expenses					
Capital Outlay (excl Improvements)	5,980	6,279	6,593	6,923	7,269
Rate Funded Capital Projects	-	-	-	-	-
Total Non-Operating Expenses	5,980	6,279	6,593	6,923	7,269
Net Income (Loss) ¹	\$ 73,080	\$ 159,873	\$ 326,195	\$ 395,571	\$ 468,029

1. Positive net income to be applied to fund balances.

Source: Town of Surfside; TischlerBise.

Figure 12 illustrates the breakdown of the major budget components of the sewer utility. As the chart demonstrates, the primary cost of operating the utility is the costs of sewage disposal via the City of Miami Beach.

Figure 12: Major Budget Components of Sewer System

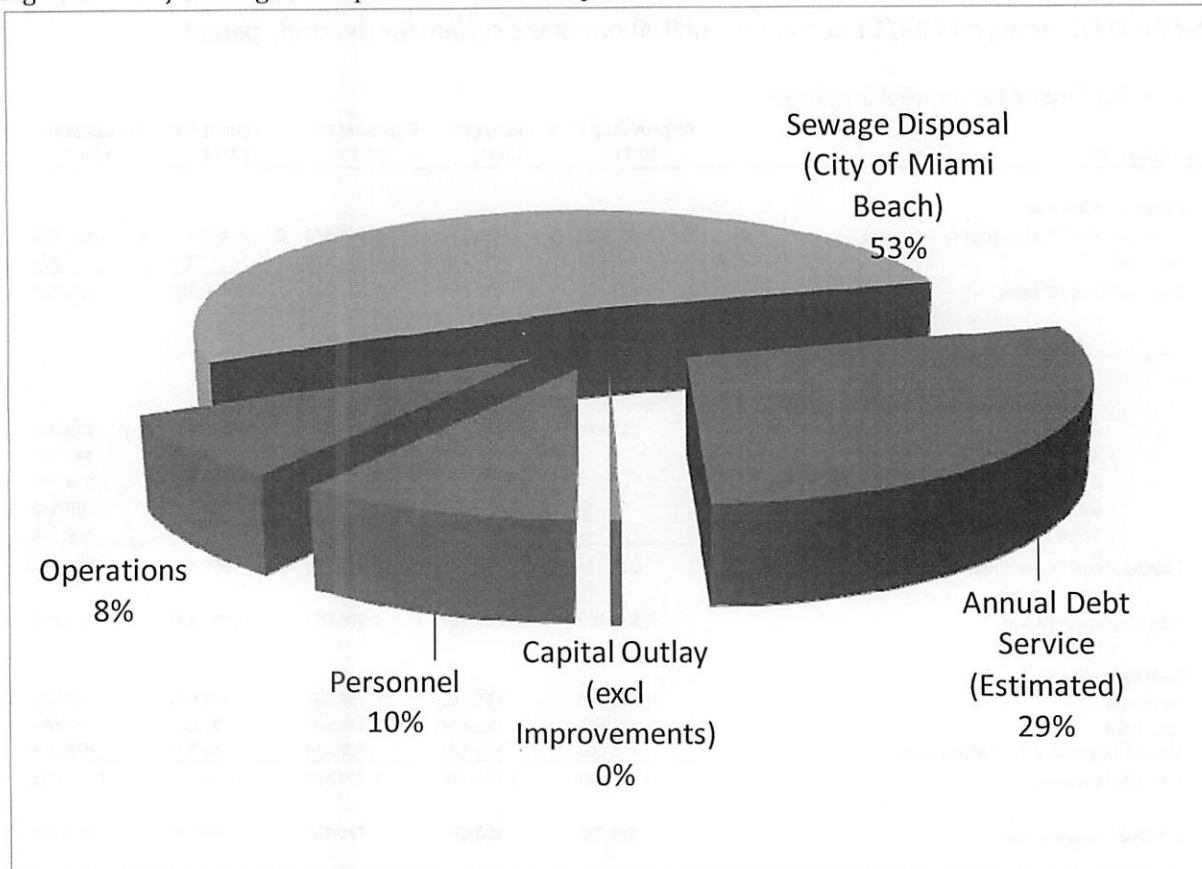


Table 15 on the next page presents the fund balance information utilizing the target fund balance figures for operating, capital and rate stabilization reserves.

Cost of Service Analysis

The cost of service analysis is a systematic process by which revenue requirements are used to generate a classification of fair and equitable costs in proportion to the service received for each user class. The cost of service allocation conducted in this study is established on a basic flow and customer account basis. This simplified method is used because the Town is only responsible for effluent flow, not treatment. This method is one endorsed by the Water Environment Federation (WEF), the nation's leading organization for the wastewater industry. Revenue requirements are allocated to the different user classes proportionate to their flow demands and number of customer accounts or dwelling units. Use of this methodology results in an acceptable cost distribution among customer classes and a means of calculating and designing rates to proportionately recover those costs.

Table 15: Sewer Fund Balance Information

Description	Approved FY 10/11	Forecast FY 11/12	Forecast FY 12/13	Forecast FY 13/14	Forecast FY 14/15
Total Fund Equity - Sewer Only					
Beginning FY 10/11 Balance ¹	\$ 971,014	See below for fund balance allocation (dependent on Town approval)			
Restricted Net Assets - Renewal & Replacement Reserves					
Beginning Balance	\$ 751,014	\$ 73,080	\$ 444,756	\$ 657,059	\$ 657,059
Restricted Net Assets to Fund Sewer CIP Projects	(751,014)	-	-	-	-
Surplus from CIP Program (after bond issue)	-	211,803	212,303	-	-
Deposit from Positive Net Income	73,080	159,873	-	-	-
Ending Balance	\$ 73,080	\$ 444,756	\$ 657,059	\$ 657,059	\$ 657,059
Target Balance: Up to 2x Annualized R&R	521,202	521,202	521,202	521,202	521,202
Target Met?	NO	NO	YES	YES	YES
% of Target	14%	85%	126%	126%	126%
Net Income Remaining	-	-	326,195	395,571	468,029
Restricted Net Assets - Rate Stabilization Reserves					
Beginning Balance	\$ -	\$ -	\$ -	\$ 189,769	\$ 199,756
Deposit from Positive Net Income	-	-	189,769	9,987	10,512
Ending Balance	\$ -	\$ -	\$ 189,769	\$ 199,756	\$ 210,268
Target Balance: Up to 10% of Rate Revenues	161,900	176,912	189,769	199,756	210,268
Target Met?	NO	NO	YES	YES	YES
% of Target	0%	0%	100%	100%	100%
Net Income Remaining	-	-	136,426	385,585	457,517
Unrestricted Net Assets - Operating Reserves					
Beginning Balance	\$ 220,000	\$ 102,000	\$ 102,000	\$ 238,426	\$ 624,010
Unrestricted Net Assets to Fund Sewer CIP Projects	(118,000)	-	-	-	-
Deposit from Positive Net Income	-	-	136,426	385,585	457,517
Ending Balance	\$ 102,000	\$ 102,000	\$ 238,426	\$ 624,010	\$ 1,081,527
Target Balance: Up to 25% of Current Year O&M	274,637	290,329	280,856	288,547	296,454
Target Met?	NO	NO	NO	YES	YES
% of Target	37%	35%	85%	216%	365%

1. Sewer utility's share of total enterprise fund equity balance.

Source: Town of Surfside; TischlerBise.

The resulting functionalization factors that appear at the bottom of Table 16 are utilized to allocate system operating and capital costs to each customer class based on the each class' demand on the system. In Table 17, the functionalization percentages are used to allocate revenue requirements between variable costs of the water system (flow demands) and fixed costs of the system (customer accounts or dwelling units). The final totals are then used to design the fixed base charges based on account or dwelling unit and the variable rates per 1,000 gallons of sewage flow.

Table 16: Classification of Water Expenses by Function

Description	Total Sewer Expenses	Flow	Customer Accounts	Basis of Classification
Collection and Transmission				
Sewage Disposal	\$ 725,389	\$ 725,389	\$ -	100% Flow
Electricity	21,463	21,463	-	100% Flow
Maintenance	55,754	55,754	-	100% Flow
Total Collection and Transmission Expense	802,606	802,606	-	
General & Administrative				
Personnel	157,051	78,526	78,526	50% Flow 50% CA
Indirect Cost Allocation	32,261	16,131	16,131	50% Flow 50% CA
Miscellaneous G&A	24,092	12,046	12,046	50% Flow 50% CA
Total G&A Expense	213,404	106,702	106,702	
Capital Requirements				
Capital Outlay (excl Improvements)	5,980	5,382	598	90% Flow 10% CA
Debt Service	377,151	339,436	37,715	90% Flow 10% CA
Total Capital Requirements Expense	383,131	344,818	38,313	
TOTAL FUNCTIONALIZED COSTS	\$ 1,399,141	\$ 1,254,126	\$ 145,015	
FUNCTIONALIZATION FACTOR	100.0%	89.6%	10.4%	

Sources: Town of Surfside; TischlerBise.

Table 17: Allocation of Revenue Requirements by Functional Percentages

Description	Functionalization Factor	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Sewer Flow	89.6%	\$ 1,451,196	\$ 1,585,758	\$ 1,701,003	\$ 1,790,518	\$ 1,884,744
Customer Accounts	10.4%	167,803	183,362	196,688	207,039	217,934
Rate Revenue Required	100.0%	\$ 1,618,999	\$ 1,769,120	\$ 1,897,691	\$ 1,997,557	\$ 2,102,678

Sources: Town of Surfside; TischlerBise.

Rate Design Analysis

The final step of the rate study is the design of the sewer rates to collect the desired level of revenue determined in the revenue requirement analysis. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the sewer rate design for the Town.

Criteria and Considerations

In determining the appropriate rate level and structure, the consulting team, in conjunction with Town staff, analyzed various financial scenarios concerning the adjustments and the implications attributed to those decisions.

Below, we present a simplified list of some of the design considerations that were reviewed during this analysis:

- Consideration of the customer's ability to pay
- Clear and understandable rates
- Easily administered
- Revenue stability (month to month and year to year)
- Implementation of Capital Improvements (rate of improving the existing system)
- Fair and equitable (cost-based) rates

Every consideration has merit and plays an important role in a comprehensive rate study. When developing the Town's rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as some of the criteria sometime conflict with one another, i.e. the customers ability to pay and cost-based. In designing rates, there will always be concessions between the various objectives; however, we attempt to ensure the rates meet all of the leading objectives of the Town.

Overview of Former Rate Structure

Prior to the 2010 rate analysis, the Town had one sewer rate structure for all customers based on the customers meter size. Similar to the prior water rate structure, the bi-monthly charge included minimum sewer flow amounts depending on meter size. If there were sewer flow in excess of this minimum allotment, the customer would be charged \$4.69 per 1,000 gallons of sewer flow for that billing period. For the prior analysis, we recommended that the Town eliminate the minimum allotment approach and adopt a cost-based approach including a fixed base charge per customer account or per dwelling unit (in the case of single-family residential accounts, apartments and condominiums) and a variable rate for sewer flow on a 1,000 gallon basis. The Town adopted our recommended approach We had two reasons for this modification:

- Customer Equity. We believed the prior rate system was inequitable to a group of customers who have sewer flows less than the allotted amounts. The prior rate structure penalized efficient customers and customers that have less sewer flow due to being a smaller customer (by way of small family size, small business, etc.).
- Revenue Stability and Cost-of Service-Based. Every utility has certain costs that must be funded regardless of sewer flow amounts. These costs are fixed and typically do not fluctuate. If a customer does not use any water during a billing period, there are still costs associated for past use and future service availability. These items include but are not limited to capital replacement for past use, maintenance of assets to provide sewer collection operations in the

future, debt service, and customer service. A fixed charge system without minimum allotments ensures the utility's fixed costs will still be met while creating a more equitable billing system.

Table 18 below presents the FY 10/11 adopted fixed base charges in a monthly format as well as the adopted sewer flow rate per 1,000 gallons. The fixed charges are calculated using number of customer accounts and dwelling units. The FY 11/12 through FY 14/15 rates are suggested per the prior rate analysis.

Table 18: Fixed Monthly Base Charges by Account or Dwelling Unit and Sewer Flow Rate

Description	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
	Rate per 1,000 gal				
Uniform Variable Rate	\$ 5.41	\$ 5.89	\$ 6.31	\$ 6.62	\$ 6.95
	Per Account/Dwelling Unit				
Monthly Fixed Charge	\$ 3.43	\$ 3.74	\$ 4.01	\$ 4.21	\$ 4.42

Sources: Town of Surfside; TischlerBise.

Impact of Revenue Increase

In Fiscal Year 2010/11, the approved 15% increase in recommended revenue did not directly correlate to a 15% increase in all sewer bills. The cost of service analysis dictates the actual adjustments to the bills. Figure 13 presents bi-monthly sewer charges for Single-family Residential customers at various sewer flow levels at the adopted FY 10/11 rates. Under this structure, customers with low sewer flow levels will see a decrease in their bills while high flow customers will experience greater monthly bills.

Rate Comparison

While the cost structure and facilities vary greatly between sewer utilities, rate comparisons provide the Town a barometer of its rates in relation to surrounding communities. The figure (Figure 14) compares the estimated bi-monthly bill for 12,000 gallons of sewer flow at adopted FY 10/11 adopted Town rates and published rates from the other jurisdictions.

Figure 13: Customer Billing Analysis: FY 10/11 Adopted Sewer Rates

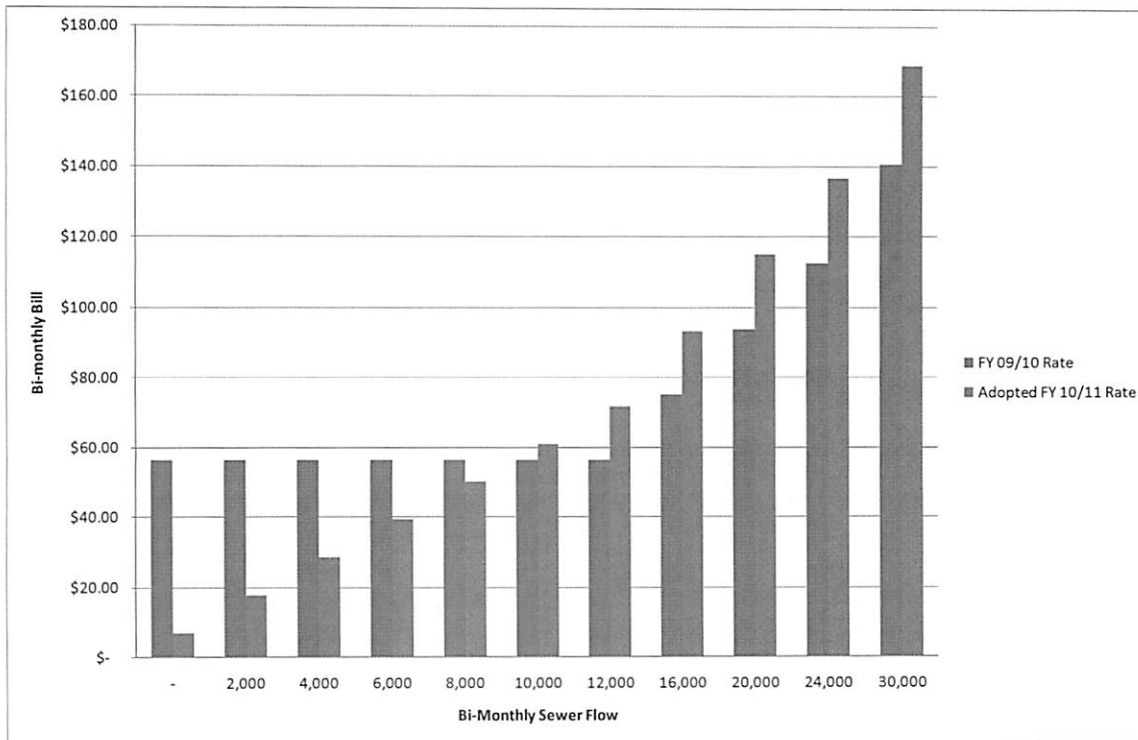
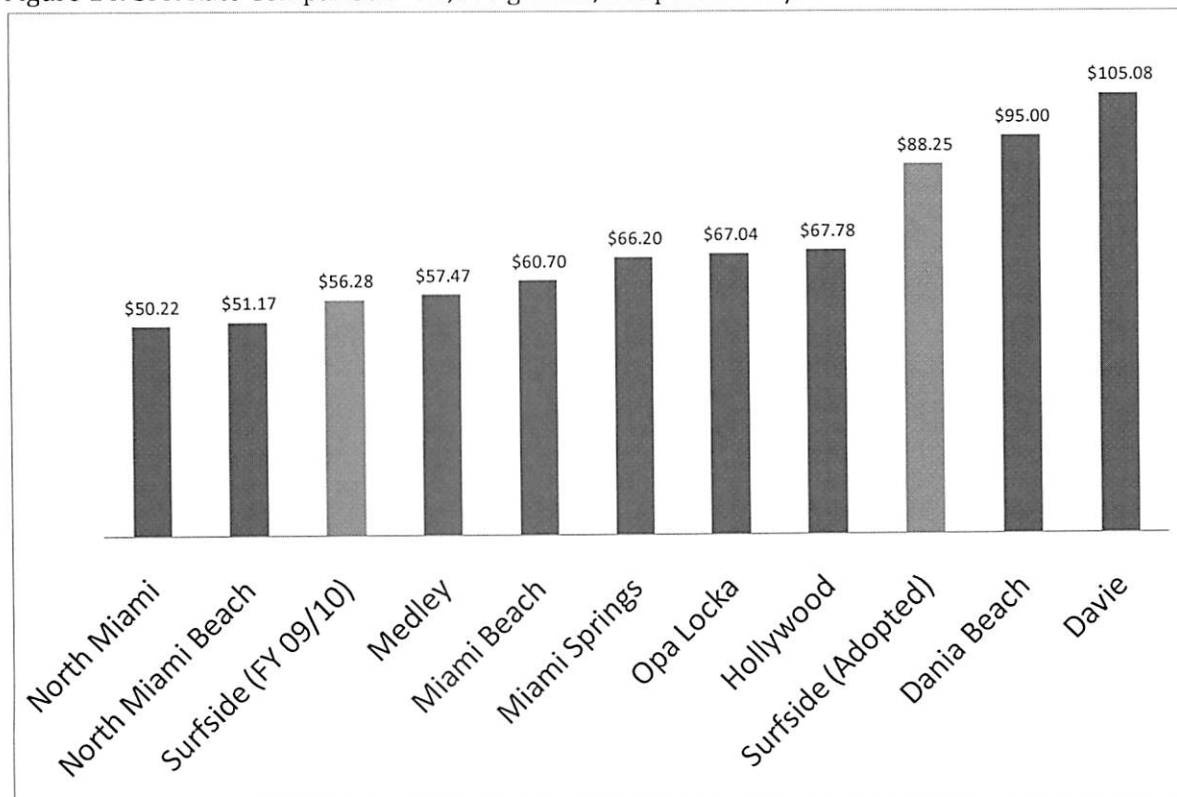


Figure 14: SFR Rate Comparison –12,000 gallons; Adopted FY 10/11 Rates





Town of Surfside Sources Table

Sources

Regions Bond (Less origination Costs)	\$ 15,950,000.00
Indian Creek Agreement	\$ 150,000.00
Reallocation of Roadway Funds	\$ 200,000.00
Reallocation of Storm Water Funds	\$ 150,000.00
FDEP Grants & BBC Bond	\$ 1,872,500.00
Subtotal	\$ 18,322,500.00

ATTACHMENT

“8”

WATER, WASTEWATER AND STORMWATER FACILITIES PLAN



TOWN OF SURFSIDE, FLORIDA

**FY 2010 -2011 IMPROVEMENTS
July 18, 2011**

DEP Project No.

**** (Drinking Water)**

**** (Clean Water)**

Prepared by:



Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS

Public Utility Management and Planning Services, Inc.
P.O. Box 221890
Hollywood, FL 33022-1890

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
1.0 INTRODUCTION	3
1.1 Corporate Limits	3
1.2 Summary of the System	3
1.3 Financial Basis of the Utility System.....	3
2.0 GENERAL ENVIRONMENT OF SERVICE AREA.....	6
2.1 Description of Planning Area.....	6
2.1.1 South Florida Climate/Ecology.....	6
2.1.2 Topography and Soils	8
2.1.3 Watershed/Surface Waters.....	9
2.1.4 Hydrogeological Considerations.....	9
2.1.5 Wellhead Protection.....	13
2.1.6 Flora and Fauna.....	13
2.1.7 Air Quality	14
2.1.8 Socio-economic Conditions of the Town	1432.2
Managerial Capacity of the Town.....	16
3.0 WATER SYSTEM.....	17
3.1 Water Service Area	17
3.2 Water Treatment	17
3.2.1 Raw Water Supply	17
3.2.2 Water Treatment	17
3.2.3 Reclaimed Water System.....	17
3.2.4 Treatment Plant Laboratory	18
3.2.5 Regulatory Standing.....	18
3.3 Water Distribution	18
3.4 Water Conservation Program.....	19
3.5 Current Water Agreements	19
3.5.1 Miami-Dade County Bulk Water Agreement.....	19
3.6 Summary of the Water System	19
4.0 WASTEWATER SYSTEMS.....	28
4.1 Sewer Service Area.....	28
4.2 Wastewater Treatment System	28
4.3 Wastewater Collection	28
4.2 Wastewater Agreements	30
4.4.1 Miami-Dade Wastewater Agreement	30
4.5 Stormwater.....	30
5.0 NEEDS ASSESSMENT	41
5.1 Water System Needs	41
5.1.1 Water Main Replacement Program.....	42

5.1.1.1	Current Situation	42
5.1.1.2	Problems with Current Situation	42
5.1.1.3	Summary of Alternatives	42
5.1.2	Recommended Water Project	44
5.2	Wastewater Improvements.....	44
5.2.1	Infiltration/Inflow Reduction	44
5.2.2	Wastewater Program	48
5.3	Stormwater Program.....	49
5.4	Infrastructure Program	52
5.5	Permits Required.....	53
5.6	Environmental Assessment.....	53
6.0	FINANCIAL ASSESSMENT	60
6.1	Financial Basis of the Utility	60
6.1.1	Availability Charges	60
6.2	Water and Sewer System	62
6.3	Methodology	62
7.0	PUBLIC PARTICIPATION	65
8.0	CONCLUSIONS AND RECOMMENDATIONS	66
APPENDIX A	Infiltration and Inflow Consent Order	66
APPENDIX B	Annual SSES Review	75
APPENDIX C	Categorical Exclusion Notice	81
APPENDIX D	Advertisement of Meeting	84
APPENDIX E	Meeting Minutes	86
APPENDIX F	List of Speakers Commenting on Plan (none)	100
APPENDIX G	Capital Financing Plan	102
APPENDIX H	Site Certification	109
APPENDIX I	Plan Adoption Resolution	111
APPENDIX J	Miami Dade Bulk Wastewater Rates	114
APPENDIX K	Rate Resolution (12 pages)	117
APPENDIX L	Rate Study (41 pages)	130

LIST OF TABLES

Table 3.1	Past Water Demands	20
Table 3.2	Projected Demands	21
Table 3.3	Water Quality from 2009 Consumer Confidence Report Note	22
Table 3.4	Proposed Water Distribution Replacement Program	23
Table 3.5	Comparison of Present Worth Of Do Nothing vs Replace Options	24
Table 4.1	Monthly Comparison of Flows (Flows highest in the Fall and Winter)	31
Table 5.1	Estimate of Water System Costs	43
Table 5.2	Present Worth – Increasing Operations and Maintenance	44
Table 5.3	Recommended Water Program	44
Table 5.4	EPA Infiltration Allowance	45
Table 5.5	Phase II Infiltration and Inflow Costs	46
Table 5.6	Outline of Proposed Sanitary Sewer Improvements	47
Table 5.7	Present Worth – Increasing Operations and Maintenance	48
Table 5.8	Recommended Wastewater Program	49
Table 5.9	Stormwater Improvements	51
Table 5.10	Comparison of Stormwater Improvement Options	52
Table 5.11	Recommended Stormwater Program	52
Table 5.12	Summary of Surfside Program	53
Table 6.1	Demonstration that Projected Debt Fits into Current Rate Projections for the Town of Surfside	64
Table 8.1	Capital Improvement Program (based on data supplied by CGA)	67

LIST OF FIGURES

Figure 1.1 Town of Surfside Corporate Limits.....	5
Figure 2.1 Location of Surfside	6
Figure 2.2 Precipitation Patterns.....	7
Figure 2.3 Average Annual Temperatures.....	7
Figure 2.4 Topographic Map of Surfside.....	8
Figure 2.5 Hydrogeological Profile (Meyer, 1989).....	10
Figure 2.6 Critical Habitat Map	13
Figure 2.7 Census tracts in the Town of Surfside.....	15
Figure 2.8 Family Income.....	15
Figure 2.9 Household Value	16
Figure 3.1 Water Service Area.....	24
Figure 3.2 Water Use 2002-2010.....	25
Figure 3.3 Projected Water Use	26
Figure 3.4 Damaged Water Main.....	27
Figure 4.1 Town of Surfside Sewer Service Area	31
Figure 4.2 Past Wastewater Use	32
Figure 4.3 Projected Wastewater Use.....	32
Figure 4.4 Wastewater Flows Shows Them to be Highest From July to October.....	33
Figure 4.5 Example of old Orangebrook Pipe in Very Deteriorated Condition	33
Figure 4.6 Example of Old Orangebrook Pipe in Very Deteriorated Condition	34
Figure 4.7 Example of Old Cast Iron Service Line in Very Deteriorated Condition –to Exposed to Salt Water.....	35
Figure 4.8 Example of old PVC Service Line – Many are in Deteriorated Condition	35
Figure 4.9 Potential Points where Infiltration and Inflow enter the system.....	36
Figure 4.10 Indication of Inflow to the Sewer System	36
Figure 4.11 Chimney Seal Installed (Courtesy, USSI, Inc).....	37
Figure 4.12 Installation Procedure (Courtesy, USSI, Inc).....	37
Figure 4.13 LDL Plug Design (Courtesy, USSI, Inc).....	38
Figure 4.14 LDL Plug Installed in Cleanout (Courtesy, USSI, Inc).....	38
Figure 4.15 Rim/Flange of Manhole.....	39
Figure 4.16 Inflow Defender Manhole Rain Dish	39
Figure 4.17 Stormwater Problem Areas.....	40
Figure 5.1 Flood Plain Map for the Town of Surfside.....	55
Figure 5.2 No permits needed for Wastewater System Improvements	56
Figure 5.3 Stamped Approved Stormwater Plans	57
Figure 5.4 Requirement of Contractor Bond for Final Stormwater Permit	58
Figure 5.5 Schedule of Project	59

EXECUTIVE SUMMARY

The Town of Surfside is located on the coast of northeastern Miami-Dade County. The Town was incorporated under the laws of the State of Florida in 1935. The Town covers an area of 1.0 square mile adjacent to the ocean, 50 percent of which is water. The population is 5,838. The community is primarily residential, with a small concentration of shopping, offices and oceanfront property. Water and sewer treatment services are supplied to the Town by Miami-Dade County and Miami Beach through bulk service arrangements.

The Chief Administrative Officer of the Town Government is the Town Manager, who is appointed by the Town Commission. The Utilities Department is one of the major departments within the Town.

The Town also owns and operates a water distribution system and sewer collection system. There are some pressure deficiencies in the current water distribution piping system and some old lines that need replacement. Infiltration and inflow are ongoing issues for the sewer system, for which there is a consent order. Infiltration and inflow are important for the Town of Surfside because it directly costs the Town money. Addressing infiltration and inflow would reap immediate benefits through reduced flows to Miami-Dade County, and would lessen the potential for overflows.

This document has been prepared to outline the planning status for the Town of Surfside's water, stormwater and sewer systems based on recent planning for major improvements, and to support the Town's efforts to apply State Revolving Fund (SRF) loans and grants for the period 2011 to 2020. The Town's immediate focus is on: addressing infiltration and inflow concerns, water piping upgrades, stormwater improvements and pipeline upgrades. The following summarizes the major improvements considered:

- Infiltration and inflow correction to address deficiencies inherited from the Florida Water system acquisition
- Water lines in several areas of the Town need looping for pressure improvements, plus replacement of small diameter galvanized pipelines and old cast iron pipes that leak excessively. The Town would reduce operating costs and improve system integrity with these improvements.
- The Town proposes to install stormwater piping and pumping to address flowing problems throughout the community. A pumping station is needed to improve flows in the interceptor that these piping systems will be connected with.

Borrowing funds for these projects can be accomplished at low interest rates from the State of Florida's State Revolving Fund (SRF) loan program. The SRF program provides low interest loan monies to finance the cost of construction of publicly owned water, wastewater and stormwater facilities. Authority for the program is found in the Florida Administrative Code, Chapters 62-622, 62-503 and 62-504. The Florida Department of Environmental Protection (FDEP) is charged with implementing the program. Generally,

any local government entity which has jurisdiction over the collection, transmission, treatment, storage or disposal of wastewater, is eligible to apply for SRF loans. The projects for wastewater must be associated with domestic wastewater on the public system, including treatment plants, collection systems, transmission lines, storage, disposal alternatives (or changes thereto), reclaimed water use or similar projects. The same applies for water and stormwater.

This is the first such facilities plan for the Town, even though ongoing improvements to the water plant and piping systems have been occurring for many years. This program is fully consistent with the Town's adopted comprehensive plan.

1.0 INTRODUCTION

1.1 Corporate Limits

The Town of Surfside was incorporated in 1935 under the laws of the State of Florida. The Town covers of 1.0 square mile and is located south of the Broward/Miami-Dade County Line. The Town serves all of the community within its corporate limits with water and sewer service. The community is primarily residential, with concentrations of light shopping and offices within the corporate limits. The Town is on an island, with a beach, just above sea level elevation.

1.2 Summary of the System

The Town of Surfside purchases water service from Miami-Dade County. The water supplies are derived from Biscayne Aquifer groundwater wells. Southeast Florida is underlain by a series of interspersed rock formations with varying permeability. The Town owns and operates a water distribution system and sewer collection system within the Town limits (see Figure 1.1). The Town contracts with City of Miami Beach for wastewater transmission and ultimate treatment and disposal at Virginia Key Treatment Facility, operated by Miami-Dade County Water and Sewer. However, the costs for capital for the facility are passed to the municipal customers.

1.3 Financial Basis of the Utility System

The Town's water and sewer utility system were created to develop safe, reliable and financially self-supporting potable water and sanitary wastewater systems which meet the water and sewage needs of the residents of the Town of Surfside, and to ensure that existing and future systems are constructed, operated and managed with the least possible cost to the users, with no direct or indirect financial aid from the general fund or taxpayers of the Town. As a result, the Public Works Department includes the water and sewer systems, which have been set up as an Enterprise Fund, operating as a business would, whereby water and wastewater service revenues are used to fund operations. The water and sewer systems receive no taxpayer funding for its operations. The revenues are varied and include monthly water and wastewater bills, system connection charges and reserve capacity fees. The stormwater enterprise fund is set-up in a similar manner.

This document has been prepared to initiate the planning status for the Town of Surfside's water and sewer system, based on recent planning for major improvements, and to support the Town's efforts to obtain SRF loans and grants for the period 2011 to 2015. The Town's immediate focus is on: addressing infiltration and inflow concerns, water piping upgrades, stormwater improvements and pipeline upgrades. The following summarizes the major improvements considered:

- Infiltration and inflow correction to address deficiencies inherited from the Florida Water system acquisition
- Water lines in several areas of the Town need looping for pressure improvements and replacement of small, galvanized pipelines that leak excessively. The Town would reduce operating costs and improve system integrity with these improvements.

- The Town proposes to install stormwater piping and pumping to address flowing problems throughout the community. A pumping station is needed to improve flows in the interceptor that these piping systems will be connected with.

Borrowing funds for these projects can be accomplished at low interest rates from the State Revolving Fund (SRF) loan program. The State of Florida's SRF program provides low interest loan monies to finance the cost of construction of publicly owned water, wastewater and stormwater facilities. Authority for the program is found in Chapters 62-622, 62-503 and 62-504 of the Florida Administrative Code. The Florida Department of Environmental Protection (FDEP) is charged with implementing the program. Generally, any local government entity which has jurisdiction over the collection, transmission, treatment, storage or disposal of wastewater, is eligible to apply for SRF loans. The projects for wastewater must be associated with domestic wastewater on the public system, including treatment plants, collection systems, transmission lines, storage, disposal alternatives (or changes thereto), reclaimed water use or similar projects. The same applies for water and stormwater.

This is the first such facilities plan for the Town, even though ongoing improvements to the water plant and piping systems have been occurring for many years. **This program is fully consistent with the Town's adopted comprehensive plan.**

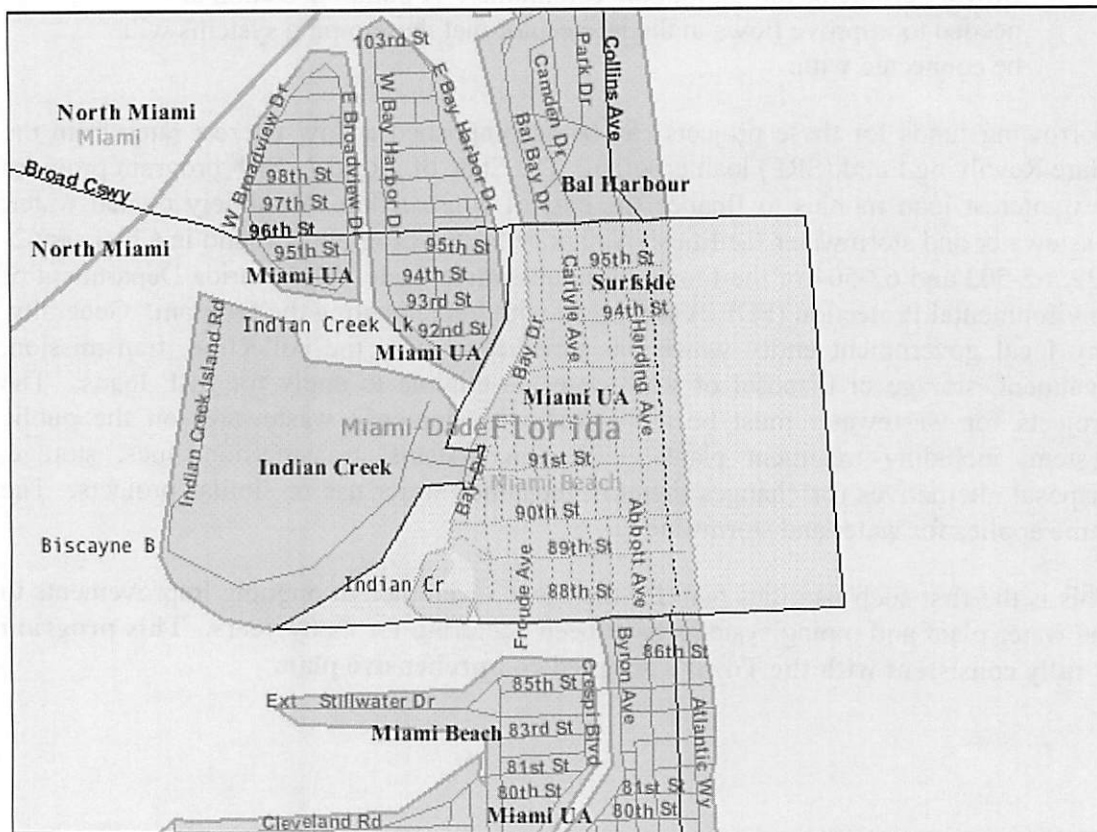


Figure 1.1 Town of Surfside Corporate Limits

2.0 GENERAL ENVIRONMENT OF SERVICE AREA

2.1 Description of Planning Area

2.1.1 South Florida Climate/Ecology

The Town of Surfside is located on the coastal portion of southeastern Florida (see Figure 2.1), where the climate is subtropical, with average annual temperatures between 71 and 75 degrees Fahrenheit. Temperatures below freezing are not unknown, although they are extremely rare. Cooler temperatures are associated with shorter winter days having less direct sunlight, causing reduced evapotranspiration and generally lower humidity. The ocean temperature buffers the Town from both warmer summer and cooler winter temperatures.

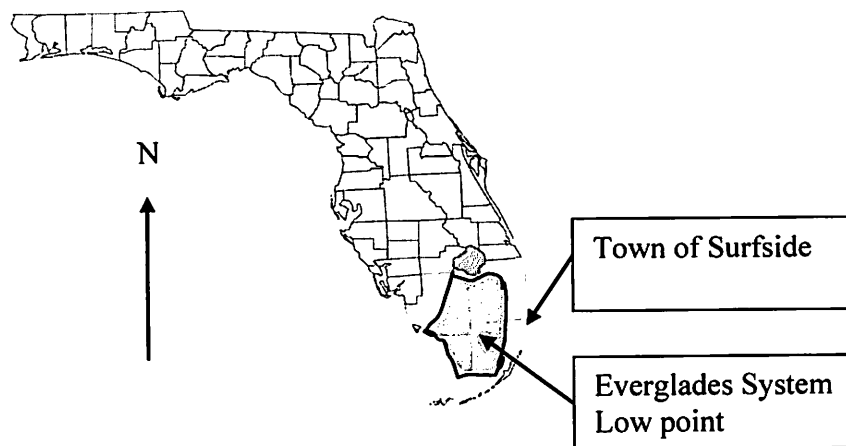


Figure 2.1 Location of Surfside

Water is the resource that determines the entire ecology of all of south Florida. Average annual rainfall is between 50 and 60 inches per year. However, the rainfall fluctuates over a 6 to 10 year wet-dry cycle. Florida also has one of the highest evapotranspiration rates in the southeastern United States. Approximately 70 percent of the November 30), resulting in extreme wet and dry seasonal variations (see Figure 2.2). Throughout the wet season, the Atlantic Ocean and adjacent estuarine areas produce large amounts of water vapor (produced by evaporation from the sun) which form puffy, white, cumulus clouds. As these clouds move over land, additional water vapor accumulates from evaporation in the Everglades, local lakes and ponds, and evapotranspiration from vegetation. As the amount of water vapor increases, the clouds combine to form anvil-topped thunderheads. At some point, the condensed vapor exceeds the holding capacity of the atmosphere. The moisture is released as rain in the form of localized thunderstorms, completing the hydrologic cycle. During an average rainy season, the elevation of groundwater in the water table aquifer may be at or above the ground, where its movement becomes a terrestrial (flooding) matter.

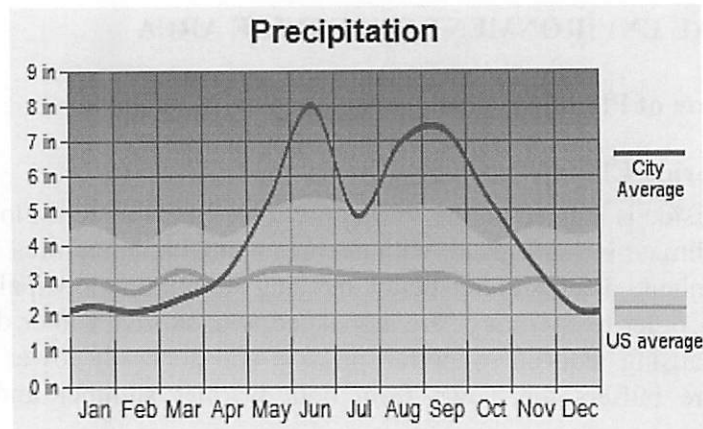


Figure 2.2 Precipitation Patterns (<http://www.city-data.com/city/Surfside-Florida.html>)

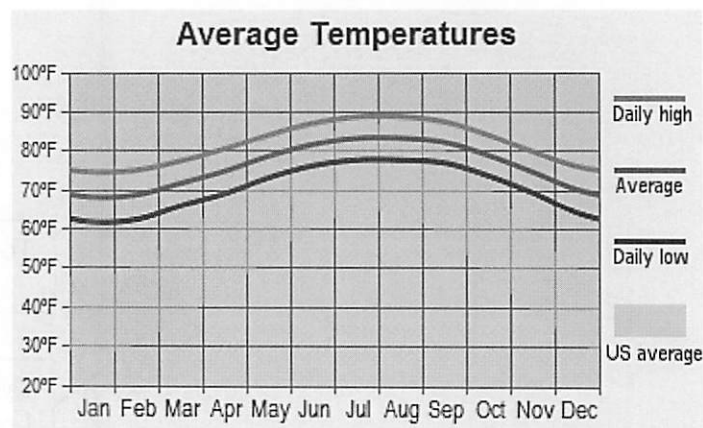


Figure 2.3 Average Annual Temperatures (<http://www.city-data.com/city/Surfside-Florida.html>)

Evapotranspiration can be significant, particularly in environments such as those found in south Florida. For growth, plants must continually absorb water through their roots and circulate it up through the plant. Water leaves the plant through its leaves by the process of transpiration, and enters the atmosphere. For aquatic plants that grow in swampy environments, the quantity of water lost is significant. These evapotranspiration effects during the summer months when the temperatures are highest (see Figure 2.3) offset a good portion of the rainfall. Open water has the highest evaporation rate.

Although a large amount of rain falls in southeast Florida during the wet season in average years, the rainfall is still not sufficient to compensate for water lost during the dry season. The average rainfall exceeds the evaporation rate during the wet months but there is a large deficit during the dry months. The result is dry-season water shortages that are a recurrent phenomenon affecting a variety of systems, including groundwater levels and supplies, and vegetation patterns. Compounding the variation is that much of

the excess summer rainfall is discharged to tide by the extensive canal system that makes South Florida developable.

2.1.2 Topography and Soils

The topography of South Florida is virtually flat. In southwest Florida the land slopes south-southwest at 5 to 10 inches per mile or less. The Town of Surfside lies on the beach. While virtually all of south Florida is less than 15 feet above sea level, with the majority ranging between 0 and 12 feet, the Town of Surfside is an island with elevation below 5 ft NGVD (see Figure 2.4).

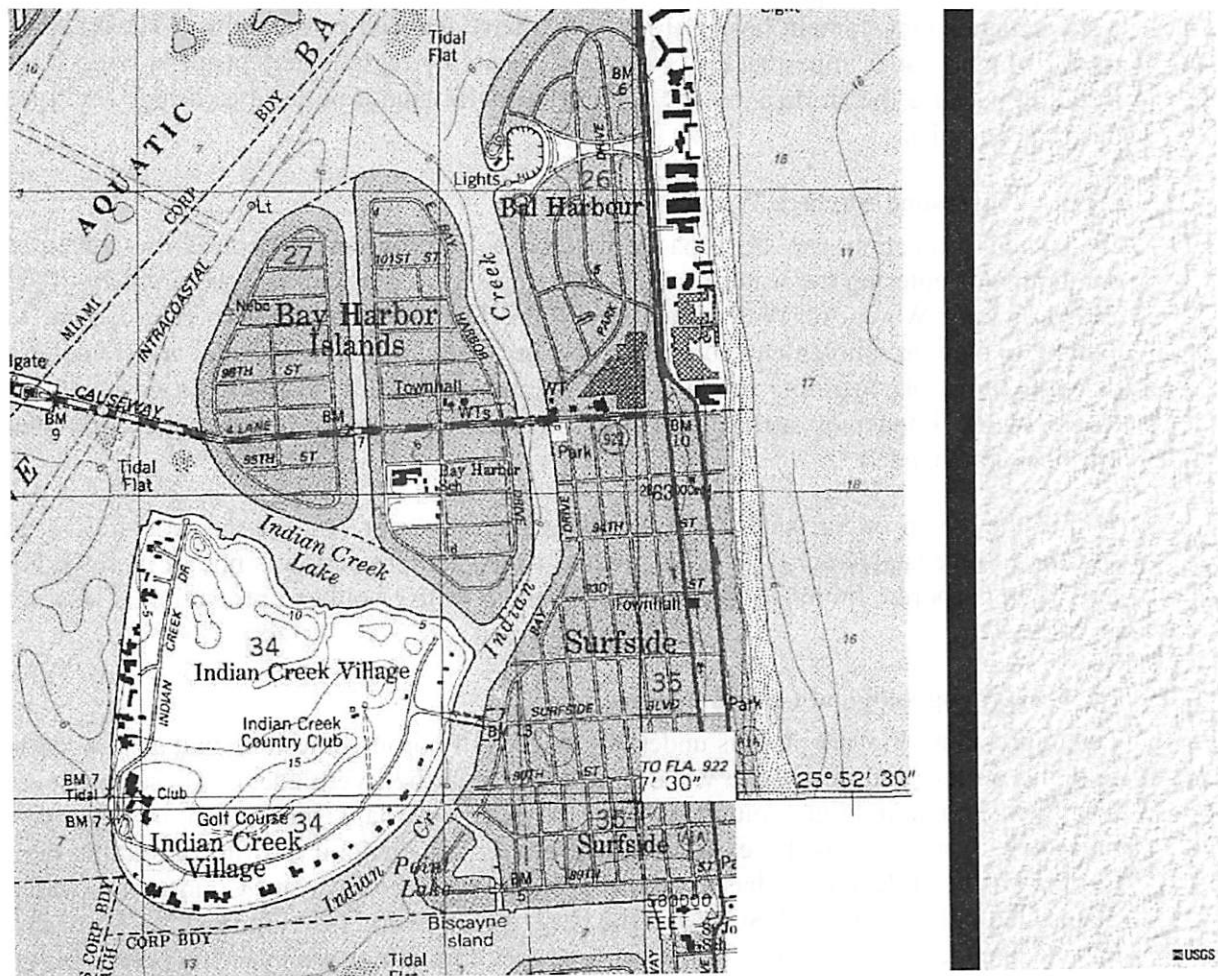


Figure 2.4 Topographic Map of Surfside (source USGS)

As an island community, the Town has a topography which makes it vulnerable to flooding. This is typical for southeast Florida. In the Everglades the slope can be as little as 1 inch per mile to the south. The coastal ridge of the east coast is the exception, as it slopes more quickly toward the sea. This flat topography causes a significant amount of rainfall to percolate downward into the soil, eventually recharging the surficial aquifer system.

The influence of soil, though not as noticeable in South Florida as in other areas of the United States, is reflected by plant cover. The soil types present in the area reflect both the past and present environmental characteristics of the sites where they are found. However, the improvements made by man over the past 70 years have significantly altered this natural system. Muck from remnant mangroves and swamps have far less permeability than limestone. While the native soil and topography create an environment that is generally highly permeable and capable of absorbing significant percolation of the water into the soil, the change in the land use has resulted in water falling on impermeable land, where the water collects in pools or runs off rapidly where development has taken place, in direct contrast to the natural condition. Areas that were once wetlands may contain layers of muck that have reduced permeability. The result of run-off flowing over impermeable or lower permeability regions may result in large-scale flooding because the storm intensity (rate of rainfall) cannot be used to design facilities due to economics.

2.1.3 Watershed/Surface Waters

Watershed protection can be broadly defined as a program to reduce the threat of contaminants entering the water supplies. Having such a program is a requirement of the Safe Drinking Water Act Amendments of 1986 (Section 1428). States are required to submit a plan to implement source protection. However, in Florida, the State has delegated this responsibility to counties to do on county-wide basis. Utilities should be aware of the impact of surface activities on their water supply, and make additional efforts where needed.

Within the Town of Surfside, the only major surface water body is the Atlantic Ocean and the Intracoastal Waterway. As a result, watershed protection is not an issue within the Town corporate limits. Since the Town has no wells, wellhead protection is also not an issue.

2.1.4 Hydrogeological Considerations

The entire south Florida plain is underlain by beds of porous limestone that absorb water standing on the land during the wet season (mostly in the Everglades). These limestone formations contain large volumes of fresh water - perhaps more than in any other limestone formations in the eastern United States. A geologic profile of southeastern Florida has been developed based on drilling data from the Broward County, the United States Geological Survey (USGS) and the City of Hollywood (see Figure 2.5). Southeast Florida is underlain by a series of interspersed rock formations with varying permeability. The uppermost formation generally encountered along the southeast coast is the Pamlico Sand formation of the Biscayne Aquifer. This surficial, Pleistocene Age deposit occurs throughout most of South Florida and consists predominantly of fine to medium-grained quartz sand, with varying amounts of shell, detrital clays and organic constituents. Thickness of the sand is variable in the area, but averages approximately 40 feet. Under the surficial sand lies a series of fossiliferous, sandy limestones, which are part of the Anastasia or Fort Thompson formation. These also date to the Pleistocene Age and often occur interwoven with each other and the Key Largo Limestone, making distinction difficult. Together with the Pamlico Sand layer these formations compose the wedge-

shaped Biscayne Aquifer, which gains thickness as it approaches the coast, where it can be as much as 400 feet deep (but generally less than 200 feet).

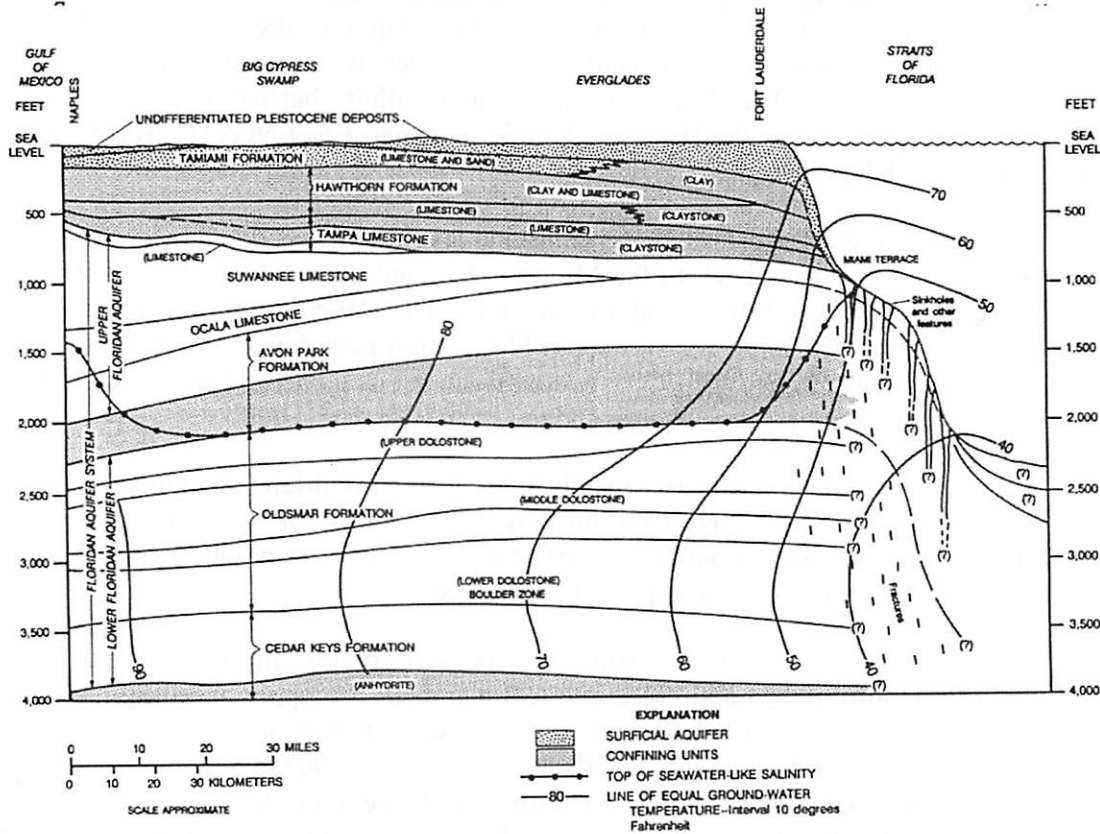


Figure 2.5 Hydrogeological Profile (Meyer, 1989)

The Biscayne Aquifer is one of the most productive aquifers in the world, since its components are all very permeable and full of water. Beneath the Town of Surfside, the Biscayne Aquifer often contains two distinct sandy, limestone beds that are generally separated by 40 to 50 feet of sand. The upper bed occurs between 40 and 100 feet below land surface (bls) and the lower bed between 110 and 200 feet bls. The Tamiami Formation of the Pleistocene Age lies beneath the Anastasia/Ft Thompson Formations. The Tamiami Formation in the Town of Surfside area consists primarily of fossiliferous, sandy, limestones that have well developed secondary porosity and are highly permeable.

The water levels in the Biscayne Aquifer fluctuate in response to rainfall, drainage and withdrawal for irrigation and potable use. Since the Biscayne Aquifer is exposed to the surface with little in the way of confinement, the only major recharge in the area is rainfall, most of which occurs between May and November. During the winter months the aquifer's water level continues to decline without some form of supplemental recharge. The canals operated by the South Florida Water Management District are designed provide flood protection, but also serve to limit drawdown induced by the canals by delivering water stored in Lake Okeechobee during the dry season. Western

Beneath the Biscayne Aquifer, is a thick, confining layer known as the Hawthorn Group. The Hawthorn Group dates back to the Miocene Age and contains two formations; the Peace River Formation and the Arcadia Formation. The Hawthorn Group Aquifers are used for water supply in some areas of south Florida, but have low permeabilities. The Hawthorn Group beneath Broward County appears to act as a barrier between the saline water of the underlying Floridan Aquifer and the fresh Biscayne Aquifer.

The Arcadia Formation consists mostly of very soft, poorly lithified marls. This formation can be informally subdivided into two members, the upper unit (480-545 feet) that consists of poorly lithified sand marls that are highly friable and a lower unit (545-925 feet) that consists of finer grained marls that are cohesive (due to a high clay content) rather than friable. The upper Arcadia Formation marls are light olive gray to yellowish gray, contain abundant fine grained quartz sand, and have a fauna dominated by small benthonic foraminifera. The lower formation marls are light olive gray, sparsely fossiliferous and appear to have very low porosities. The boundary between the upper and lower Arcadia Formations is located at approximately 545 feet. Phosphate grains and shell fragments are common in both the upper and lower Arcadia Formation. The lower Arcadia Formation marls are the principal barrier to vertical flow between the Upper Floridan and the Biscayne Aquifer.



Calvin Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS

The Suwannee Limestone can be informally subdivided into two units based on fauna and lithology. The upper part of Suwannee Limestone consists of light gray to yellowish gray fossiliferous limestones that contain a diverse marine fauna (gastropods, echinoderms, bivalves, foraminifera, etc.). The lower Suwannee Limestone, as well as the Ocala Limestone and part of the Avon Park formation, consist predominantly of fossil peloid grainstones and packstones with low diversity faunas dominated by the distinctive large cone-shaped foraminifera of the genus *Dictyoconus*. The upper Suwannee Limestone consists of interbedded limestones with variable, but usually low visual porosity, whereas the Lower Suwannee Limestone usually has medium to high intergranular porosity.

The Ocala Limestone is lighter-colored (white to very pale orange) and less fossiliferous than either the lower Suwannee Limestone or the upper Avon Park Formation below it. The upper and lower boundaries of the Ocala Limestone are placed, respectively, at 1125 feet. The Ocala Limestone has a low gamma ray emission because of its relative purity. The upper Avon Park Formation is darker colored (yellowish gray) than the overlying upper Floridan Aquifer limestones. The Avon Park is harder than the overlying Formations. The Floridan Aquifer within these formations is an artesian system where the potentiometric surface of the water is about 25 feet above the land surface, providing an expected surface between of about feet ngvd. The water level elevation may vary seasonally since it depends on recharge from other areas. Analysis of the water of the Floridan System indicates that it contains some chlorides, with salinity increasing with depth and proximity to the coastline. Dissolved chlorides range from 2000-5000 mg/l. Location along the coast creates the potential for water quality changes with time (toward higher chlorides). Upper Floridan water is suitable for low pressure, reverse osmosis feedwater and is productive enough to provide approximately 1.5 MGD wells at relatively close spacing. The primary production zones lie between 925-1,050 feet and between 1415 and 1700 feet below land surface. The dissolved chloride concentrations remain relatively stable throughout the production zones.

Below 1700 feet, the dissolved chloride concentrations rapidly increase beyond 10,000 mg/l as they approach the Oldsmar Formation. The lower Oldsmar Formation, commonly referred to as the "Boulder Zone," is a highly cavernous, limestone, dolomitic formation of highly mineralized water with little artesian pressure. The basic "Boulder Zone" terminology was first utilized by oil well drillers to describe the apparent difficulty of drilling through a highly fractured formation, akin to drilling through boulders. The formation is characterized by frequent loss of drilling fluid, which goes into these large, cavernous areas. The formation is actually a rather intricate networks of vugs and caverns that exist in the lower portion of the Floridan system. The Boulder Zone is generally limestone that is highly fractured and interspersed with dolomite. The zone is several hundred feet thick, and is most generally used for the injection of concentrate reject water from membrane plants and excess treated wastewater effluent. A comparison of videotapes indicates that the Boulder Zone on the east coast appears to be thinner and less fractured than it is on the west coast (which has larger vugs) and a hydraulic gradient which provides limited movement of water within the formation.

2.1.5 Wellhead Protection

Watershed protection can be broadly defined as a program to reduce the threat to water supplies from contaminants. Having such a program is a requirement of the Safe Drinking Water Act amendments of 1986 (Section 1428). States are required to submit a plan to implement source protection. However, in Florida, the State has delegated this responsibility to counties to do on county-wide basis. Utilities should be aware of the impact of surface activities on their water supply, and make additional efforts where needed.

The Town is a barrier island. As a result there are no wells on the island that would be used for potable water supplies. As a result there are no issues for the Town and the Town is not within any wellhead protection zone.

2.1.6 Flora and Fauna

The elevation and path of water moving across the land dictates the type of ecology that will develop. Because vegetative types differ in their nutrient requirements and in ability to live in water-saturated or saline areas, soil type also plays a role in determining plant distribution. Because virtually all areas within the Town have been developed at some point, there is little native soil remaining in unaltered form. The significant alterations in the course of the past 60 years that has caused it to become intensively drained, diked and developed to allow for man's use. The result is that the paradise of flora and fauna that once existed in south Florida has been totally changed by artificial manipulation to control flooding. Today, visitors to South Florida often see water in abundance in the canals, swamps and lakes that exist throughout south Florida.

A review of the Fish and Wildlife Service cite indicates the following species of concern that might be present on the site: eastern indigo snake, wood stork, crested caracara. Of these species, only the wood stork has been seen on the site feeding, but not nesting. The site is not conducive to wood stork nesting activity. There is no critical habitat on the site (see Figure 2.6).



Figure 2.6 Critical Habitat Map

2.1.7 Air Quality

Air quality for the Town of Surfside, like the rest of south Florida is good as a result of the onshore winds that disperse any pollutants that might exist. The utility does nothing that would potentially affect air pollution.

2.1.8 Socio-economic Conditions of the Town

As of July, 1, 2006, the Annual Estimates of the population of incorporated Places of Florida web-site, provided by the US Census Bureau, the estimated the Town's population at 5,838. As of the 2000 Census, there were 4,909 people, residing in the Town. Racial make-up of the Town of Surfside was noted as follows (<http://www.city-data.com/city/Surfside-Florida.html>):

- White Non-Hispanic (52.7%)
- Black (1.3%)
- Hispanic (43.5%)
- Asian (0.5%)
- American Indian (0.5%)
- Other race (1.5%)

There were 2,248 households: 59.2% of the households were considered family households. 46.6% of the households were married couples living together, 9.6% had a female head-of-household with no husband present, and 15.1% of all households were made up of individuals. 29.4% of the population is children under 18 years old, while 25.9 percent were over 65 year old. The census tracts are outlined on Figure 2.7.

The median income for a household in the town was \$62,399 in 2008, up from \$50,297 in 2000 (see Figure 2.8). Average house value is \$613,059 in 2006, which is \$400,000 over the state-wide average and nearly double the value in 2000 (see Figure 2.9). About 11.5% of the population lives below the poverty line, including 19.4% of those under age 18 and 7.9% of those aged 65 or over (<http://www.city-data.com/city/Surfside-Florida.html>).

There are no significant economically disadvantaged people in the Town according to the census. The Town has substantial minority populations, but all of the projects are designed to improve current levels of service. Hence they will only see a net benefit to the projects

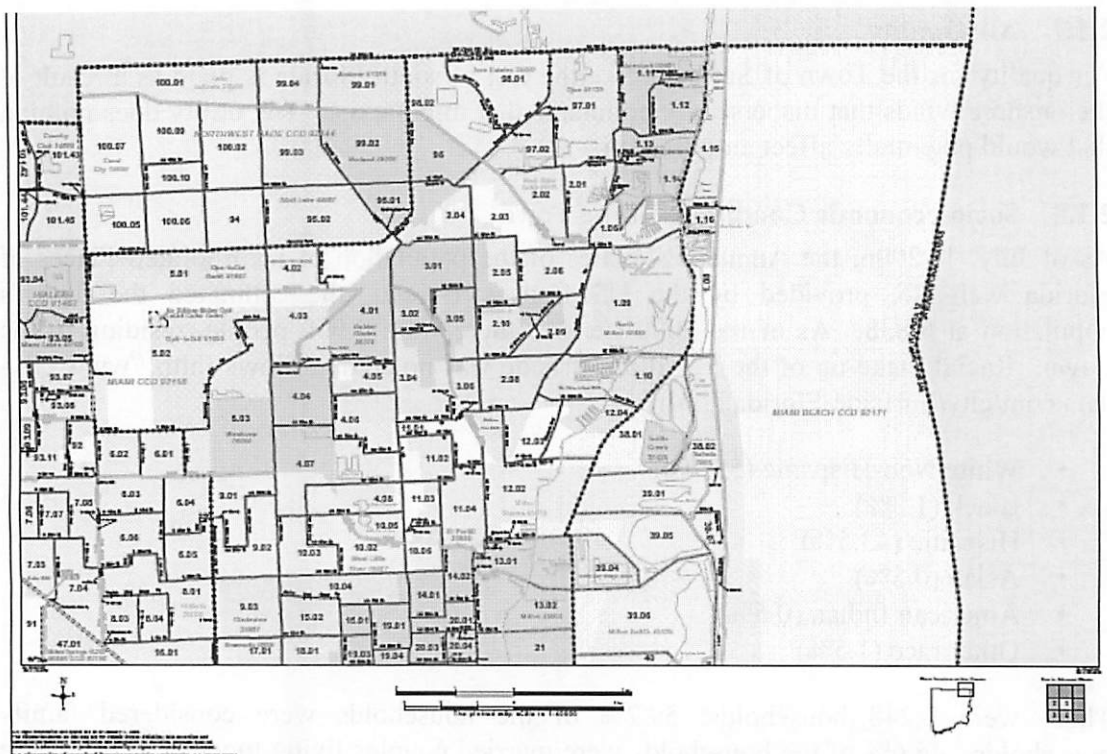


Figure 2.7 Census tracts in the Town of Surfside 38.02

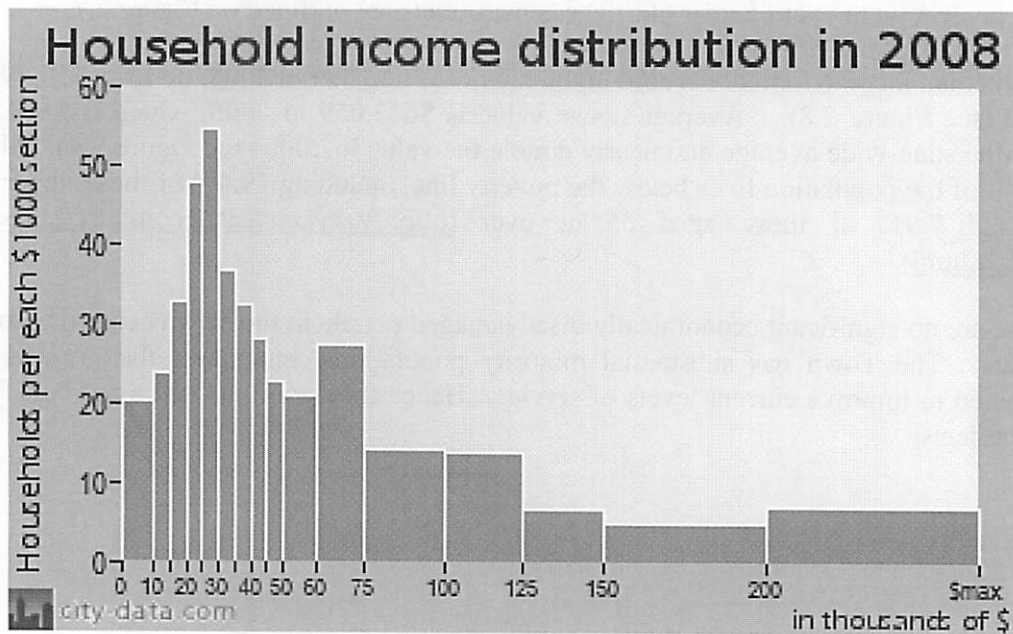


Figure 2.8 Family Income (<http://www.city-data.com/city/Surfside-Florida.html>)

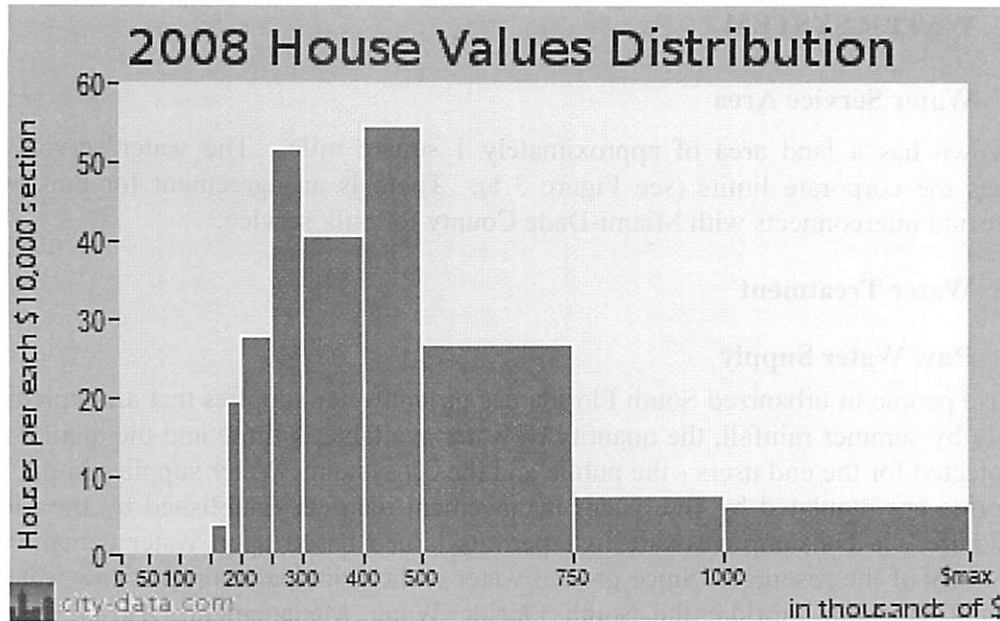


Figure 2.9 Household Value (<http://www.city-data.com/city/Surfside-Florida.html>)

2.2 Managerial Capacity of the Town

The governing body for the Town consists of four at-large Commissioners, one of whom is chosen annually to be the Vice Mayor, and an At-Large elected Mayor. Elections are held every two years. The Chief Administrative Officer of the Town Government is the Town Manager who is appointed by the Town Council. Public Works which manages the Utilities section, is one of the major departments within the Town. The others are Executive, Legal, Town Clerk, Building, Police, Parks & Recreation and Finance. The Utilities section operates the water, wastewater and stormwater utility systems within the Town. The water system has over 1,550 connections within the Town's service area. The wastewater system serves 1,550 connections with central sewer.

The Town Manager, Public Works and Finance Department staffs have significant experience with the current utility system. The Town also utilizes consultants who help with specialized issues, including engineering, operations and SRF program issues. The Town is fully prepared to implement a program of this magnitude.

3.0 WATER SYSTEM

3.1 Water Service Area

The Town has a land area of approximately 1 square mile. The water service area matches the corporate limits (see Figure 3.1). There is an agreement for bulk water service and interconnects with Miami-Dade County for bulk service.

3.2 Water Treatment

3.2.1 Raw Water Supply

Because people in urbanized South Florida use groundwater supplies that are replenished directly by summer rainfall, the quantity of water available is finite and the quality must be protected for the end users - the public and the ecosystem. Water supplies in the State of Florida are regulated by five water management districts established by the Florida Legislature, via consumptive water use permits issued based upon water demands and availability of the resource. Since ground water is the principal source of raw water for treatment in south Florida, the South Florida Water Management District regulates withdrawals by issuing water use permits, which limit both annual average and maximum day withdrawals from the aquifer. Periodic renewal (typically five years) of the consumptive use permits allows the water systems to adjust the quantities for withdrawal based on growth and/or prior experience. These permits are controlled by Miami-Dade County since they supply potable water to the Town. The Town has no water use permits.

3.2.2 Water Treatment

The Town currently purchases all of its potable water via bulk service agreement from Miami-Dade County, which provides service for approximately two million customers in Miami-Dade County. The Town of Surfside is serviced by the Hialeah-Preston Water Treatment Plant service area. The source of water is from 45 shallow wells in the Biscayne Aquifer and augmented with five Upper Floridian Aquifer deep wells. Projected water supply to the Town of Surfside is assured in accordance with the MDWASD Water Supply Plan and contractual agreements. Table 3.1 and Figure 3.2 outline the past water demands (2002-2010). Table 3.2 and Figure 3.3 outline the projected demands. Table 3.3 outlines the water quality information from the Town's most recent consumer confidence report. The County has sufficient water to supply the Town's needs. The water quality meets all drinking water standards. However, pipe deterioration in the distribution system creates water quality concerns that the Town wants to correct.

3.2.3 Reclaimed Water System

Effluent reuse may of substantial benefit to the region for a number of reasons, the most important of which is the reduction of competing water withdrawals from the surficial aquifer system by the application of the reclaimed water. The Central and South Florida drainage system has lowered the water table, causing saltwater intrusion to occur. Carefully designed applications of effluent to critical areas of the surficial aquifer could protect and maintain freshwater sources. However, the Town must rely on Miami-Dade

County for reclaimed water, as the Town has no treatment plant of its own. To date, the Miami-Dade County has not had facilities or the quantity of reclaimed water available to extend this service to the Town of Surfside. This situation could change if Miami-Dade County extends reclaimed water to the beach.

3.2.4 Treatment Plant Laboratory

The Town currently contracts routine monitoring. All other laboratory samples, including all compliance samples, are sent to contract labs.

3.2.5 Regulatory Standing

The Town is in full compliance with its water system. There are no known regulatory actions for same.

3.3 Water Distribution

Water Distribution is responsible for the maintenance and repair of the potable water distribution and sewer collection systems throughout the Town. Currently there are over 11 miles of water lines installed beginning in 1938. Primary mains feeding the system run under the Town's streets and vary in size from 6-inch to 16-inches in diameter, which feed three-inch and four-inch water lines located along the rear property lines. Materials on the water distribution system vary from galvanized iron to asbestos concrete to PVC and ductile iron, depending on the age of the system. The oldest water lines exceed fifty years, which may be beyond their useful life. Some of these water lines are made of cast iron and some are galvanized. For much of the year they are partially submerged, sometimes in salt water. An investigation of the condition of these pipelines indicates a state of deterioration of older pipelines and the priority for replacement. Those pipelines submerged in saltwater are likely to have especially acute problems (see Figure 3.4). Failures of these pipelines, especially large ones, will cause road and potentially property damage, so a proactive approach by the Town is needed. .

Experience throughout Florida indicates that the acidic soil conditions do not promote long life of galvanized pipelines. Some of the Town's service lines, including all of those on replaced water mains, are non-metallic, thereby eliminating corrosion potential. The existing services attached to the cast iron lines may be constructed with galvanized fittings. These service lines are subject to severe corrosion and may also be a source of leaks and lead leaching into the water supplies. They should be replaced at the same time as the rest of the pipes. Standard materials for water lines are PVC C900 for the pipe, polyethylene or copper tubing for service lines and brass fittings to connect the PVC and polyethylene tubing. All are appropriate materials.

Daily maintenance includes large user meter readings and repairs to pumps, valves and piping. The Town should replace or overhaul the large meters no less than every two years. Town crews repair most breaks, valves and leaks. An annual contract will also be in place for fire hydrant testing and repair that includes maintenance, painting and reporting fire flows to the Town.

Maintenance and upgrades to the water meter inventory to maintain these assets in good condition is required. The present meter base is approximately 1,550 active accounts. Since the average life for accurate registration is from seven to ten years, Town crews change out many of the oldest meters each year. All large meters appear to have been repaired or replaced in the past two years. Unaccounted-for water is under 15 percent according to Town staff which means a leak detection or monitoring program does not need to be implemented at this time. Table 3.4 shows work intended to be constructed to address deteriorated piping.

3.4 Water Conservation Program

The Town of Surfside has had a formal water conservation program since 2007. A typical water conservation program is composed of five elements: develop/maintain an accurate database of water consumption to reduce municipal water waste; a retrofit program; the modification of relevant Town Codes (plumbing, irrigation, landscaping, the promotion of Florida Friendly Landscaping; and public information and education programs).

3.5 Current Water Agreements

3.5.1 Miami-Dade County Bulk Water Agreement

An agreement between the Town of Surfside and Miami-Dade County provides for Miami-Dade County to supply the Town of Surfside with potable water. The agreement has the following provisions:

- Defined the service area – limiting Surfside to the then-Town limits.
- Defined a rate methodology for potable water
- Defined meter locations, readings, meter inaccuracies and a dispute resolution
- The agreement has a provision on water quality

The Town maintains the distribution system.

3.6 Summary of the Water System

The water system is old, but has been maintained over the years. Staff operates the facilities to meet all regulatory requirements. Staff and management of the utility are appropriate. Water supplies are adequate to supply the Town's needs. However, deficiencies in the system do exist. The major issue for construction is water lines in several areas of the Town need looping for pressure improvements and to replace small, galvanized pipelines that leak excessively. The Town would reduce operating costs and improve system integrity with these improvements.

Table 3.1 Past Water Demands

Date	MGD	Date	MGD
Oct-02	0.88	Jul-06	1.11
Nov-02	0.83	Aug-06	1.06
Dec-02	1.03	Sep-06	0.96
Jan-03	0.97	Oct-06	1.07
Feb-03	1.03	Nov-06	1.09
Mar-03	0.98	Dec-06	1.01
Apr-03	1.01	Jan-07	1.21
May-03	0.91	Feb-07	1.10
Jun-03	0.92	Mar-07	1.05
Jul-03	1.01	Apr-07	1.10
Aug-03	0.93	May-07	0.92
Sep-03	0.96	Jun-07	0.88
Oct-03	0.95	Jul-07	0.85
Nov-03	1.00	Aug-07	1.01
Dec-03	0.99	Sep-07	0.90
Jan-04	1.01	Oct-07	0.83
Feb-04	1.00	Nov-07	0.96
Mar-04	1.09	Dec-07	0.83
Apr-04	1.02	Jan-08	0.97
May-04	0.91	Feb-08	0.84
Jun-04	1.20	Mar-08	0.82
Jul-04	1.06	Apr-08	0.93
Aug-04	1.02	May-08	0.90
Sep-04	0.88	Jun-08	1.00
Oct-04	0.84	Jul-08	0.86
Nov-04	1.06	Aug-08	0.93
Dec-04	0.97	Sep-08	0.93
Jan-05	1.18	Oct-08	0.96
Feb-05	1.11	Nov-08	0.79
Mar-05	1.13	Dec-08	0.95
Apr-05	1.07	Jan-09	1.00
May-05	1.00	Feb-09	0.73
Jun-05	1.14	Mar-09	1.17
Jul-05	1.00	Apr-09	1.03
Aug-05	1.17	May-09	0.90
Sep-05	1.01	Jun-09	0.84
Oct-05	1.00	Jul-09	0.96
Nov-05	1.01	Aug-09	0.90
Dec-05	0.98	Sep-09	1.00
Jan-06	1.12	Oct-09	0.95
Feb-06	1.09	Nov-09	0.89
Mar-06	1.12	Dec-09	1.01
Apr-06	1.12		
May-06	1.27		
Jun-06	1.11		

Table 3.2 - Projected Demands

Date	MGD	Date	MGD
Jan-07	1.21	Jan-11	0.93
Feb-07	1.10	Feb-11	0.93
Mar-07	1.05	Mar-11	0.93
Apr-07	1.10	Apr-11	0.93
May-07	0.92	May-11	0.94
Jun-07	0.88	Jun-11	0.94
Jul-07	0.85	Jul-11	0.94
Aug-07	1.01	Aug-11	0.94
Sep-07	0.90	Sep-11	0.94
Oct-07	0.83	Oct-11	0.95
Nov-07	0.96	Nov-11	0.95
Dec-07	0.83	Dec-11	0.95
Jan-08	0.97	Jan-12	0.95
Feb-08	0.84	Feb-12	0.95
Mar-08	0.82	Mar-12	0.96
Apr-08	0.93	Apr-12	0.96
May-08	0.90	May-12	0.96
Jun-08	1.00	Jun-12	0.96
Jul-08	0.86	Jul-12	0.96
Aug-08	0.93	Aug-12	0.97
Sep-08	0.93	Sep-12	0.97
Oct-08	0.96	Oct-12	0.97
Nov-08	0.79	Nov-12	0.97
Dec-08	0.95	Dec-12	0.98
Jan-09	1.00	Jan-13	0.98
Feb-09	0.73	Feb-13	0.98
Mar-09	1.17	Mar-13	0.98
Apr-09	1.03	Apr-13	0.98
May-09	0.90	May-13	0.99
Jun-09	0.84	Jun-13	0.99
Jul-09	0.96	Jul-13	0.99
Aug-09	0.90	Aug-13	0.99
Sep-09	1.00	Sep-13	0.99
Oct-09	0.95	Oct-13	1.00
Nov-09	0.89	Nov-13	1.00
Dec-09	1.01	Dec-13	1.00
Jan-10	0.90	Jan-14	1.00
Feb-10	0.90	Feb-14	1.00
Mar-10	0.91	Mar-14	1.01
Apr-10	0.91	Apr-14	1.01
May-10	0.91	May-14	1.01
Jun-10	0.91	Jun-14	1.01
Jul-10	0.91	Jul-14	1.01
Aug-10	0.92	Aug-14	1.02
Sep-10	0.92	Sep-14	1.02
Oct-10	0.92	Oct-14	1.02
Nov-10	0.92	Nov-14	1.02
Dec-10	0.93	Dec-14	1.03

Table 3.3
Water Quality from 2009 Consumer Confidence Report
Note report shows nothing but lead, copper and coliforms?

Parameter	MGCL	MCL	Town Value	Range for Town	Health Impact
Total Coliform (%)	0	0	1%	0-1%	Naturally present in the environment.
Lead (ppb) (At entry point) (ppb)	0	*AL=15	0.18	ND	Corrosion of plumbing systems; erosion of natural deposits.
Lead (At tap) (ppb)	0	*AL=15	0.18	ND	Corrosion of plumbing systems; erosion of natural deposits.
Copper (At tap) (ppm)	1.3	*AL=1.3	8.5	ND -0.14	Corrosion of household plumbing systems; erosion of natural deposits.

Table 3.4 Proposed Water Distribution Replacement Program

PROJECT TITLE: Water Main Replacement Design				CG&A PROJECT NO. 09-2365	
LOCATION:					
OWNER: Town of Surfside					
ESTIMATED BY Shaun Bamforth		CHECKED BY		APPROVED BY	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT	NET PRICE	TOTAL PRICE
1	8" Gate Valve	170	EA	\$1,650.00	\$280,500.00
2	Fire Hydrant Assembly	23	EA	\$2,750.00	\$63,250.00
3	8" x 6" Tee	23	EA	\$650.00	\$14,950.00
4	8" x 8" Tee	49	EA	\$700.00	\$34,300.00
5	8" x 8" Cross	5	EA	\$1,000.00	\$5,000.00
6	8" 90 Degree Bend	16	EA	\$405.00	\$6,480.00
7	8"- 45 Degree Bend	224	EA	\$228.00	\$51,072.00
8	8"- 22.5 Degree Bend	4	EA	\$405.00	\$1,620.00
9	8"- 11.25 Degree Bend	2	EA	\$405.00	\$810.00
10	8" x 6" Reducer	10	EA	\$225.00	\$2,250.00
11	8" P.V.C. 900	25594	LF	\$40.00	\$1,023,760.00
12	6" P.V.C. 900	611	LF	\$37.50	\$22,912.50
13	Air Release Valves	15	EA	\$750.00	\$11,250.00
14	BSP	57	EA	\$500.00	\$28,500.00
15	Proposed Water Service (NIC Meter)	687	EA	\$1,300.00	\$893,100.00
16	Pipe Plugs	46	EA	\$250.00	\$11,500.00
17	Mill and Remove Pavement	68251	SY	\$7.50	\$511,882.50
18	Asphalt - 1st lift	68251	SY	\$10.00	\$682,510.00
19	Asphalt - 2nd lift	68251	SY	\$8.00	\$546,008.00
20	Mobilization (10%)	1	LS		\$419,165.50
21	MOT (10%)	1	LS		\$419,165.50
				TOTAL =	\$5,029,986.00

Table 3.5 Comparison of Present Worth Of Do Nothing vs Replace Options

Maintenance	\$525,000	\$515,000
Growth Rate	1.045	Var from 1.018
Present Worth	\$5,029,986	\$4,863,920
Assume 6.125% Infl		
Debt	0	\$101,419.00
TOTAL PW	\$5,029,986	\$4,965,339

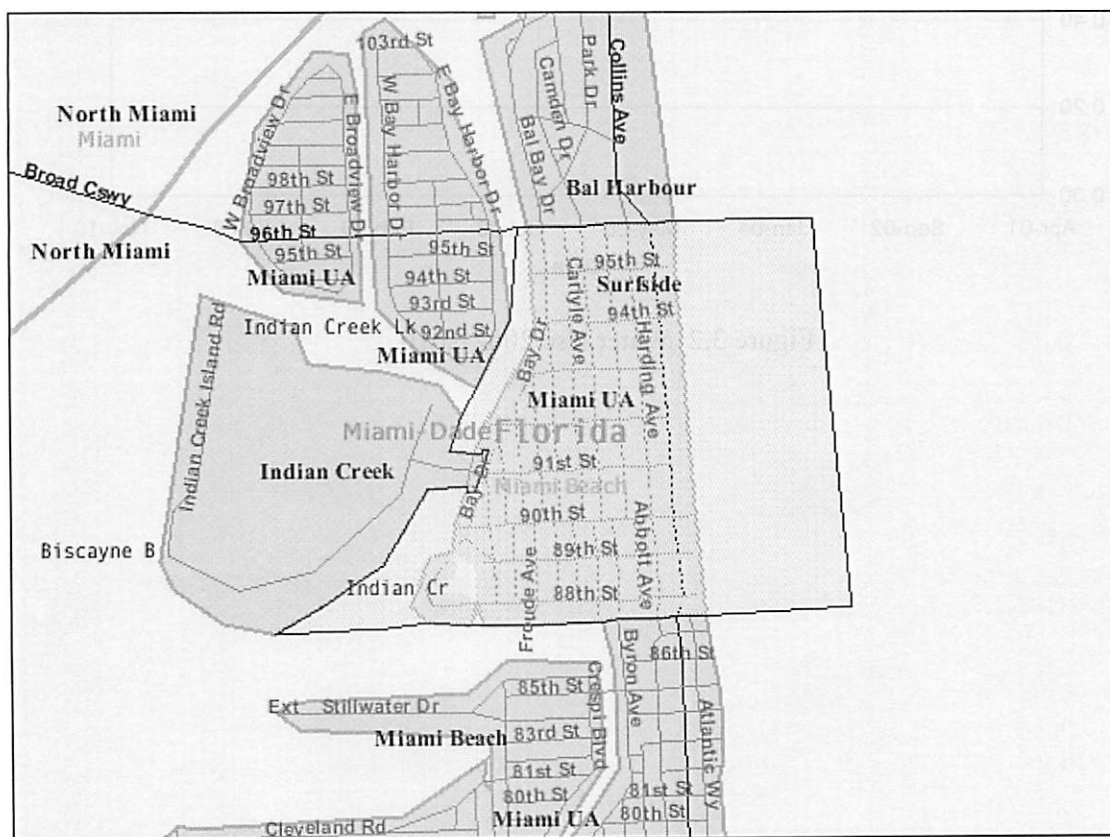


Figure 3.1 Water Service Area

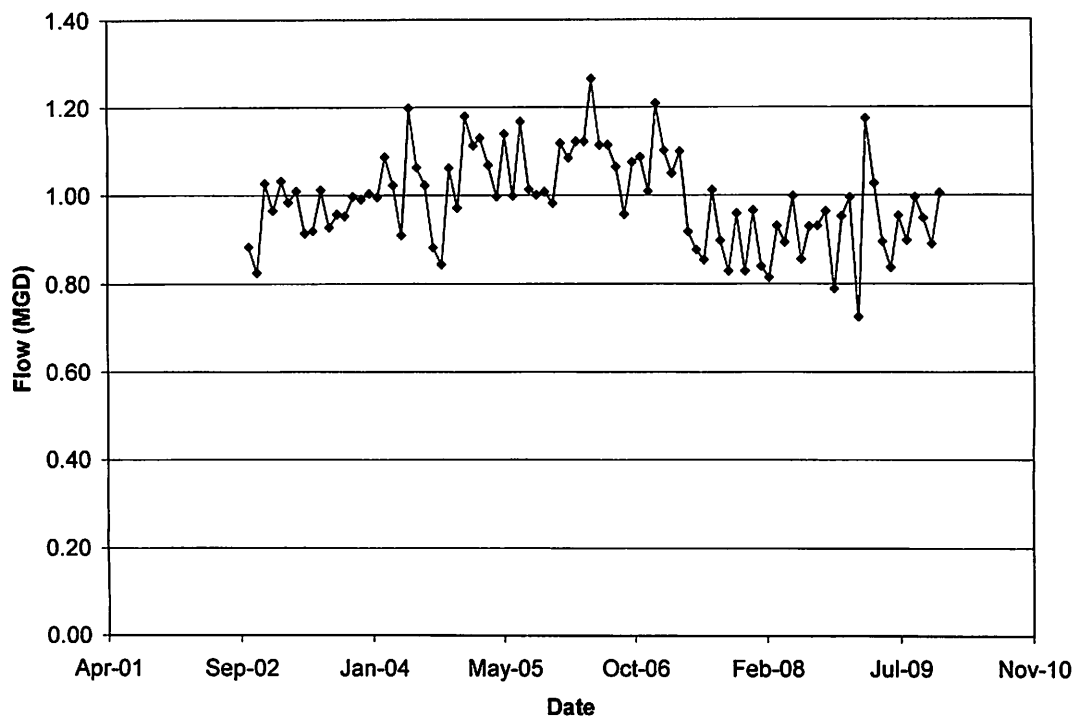


Figure 3.2 Water Use 2002-2010

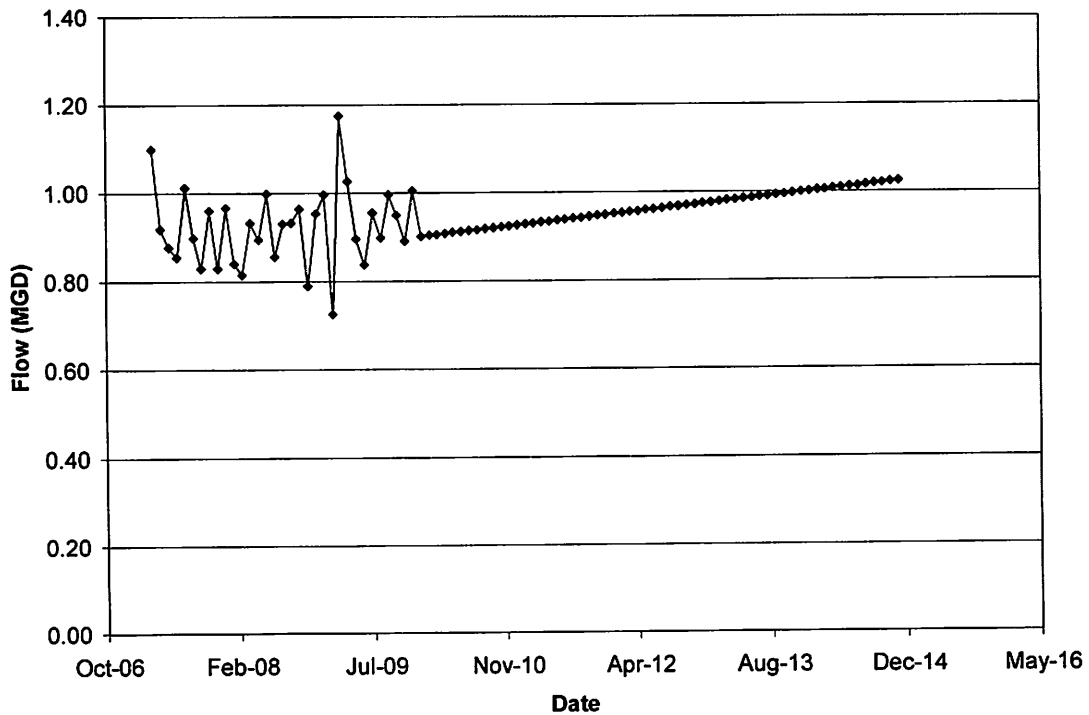
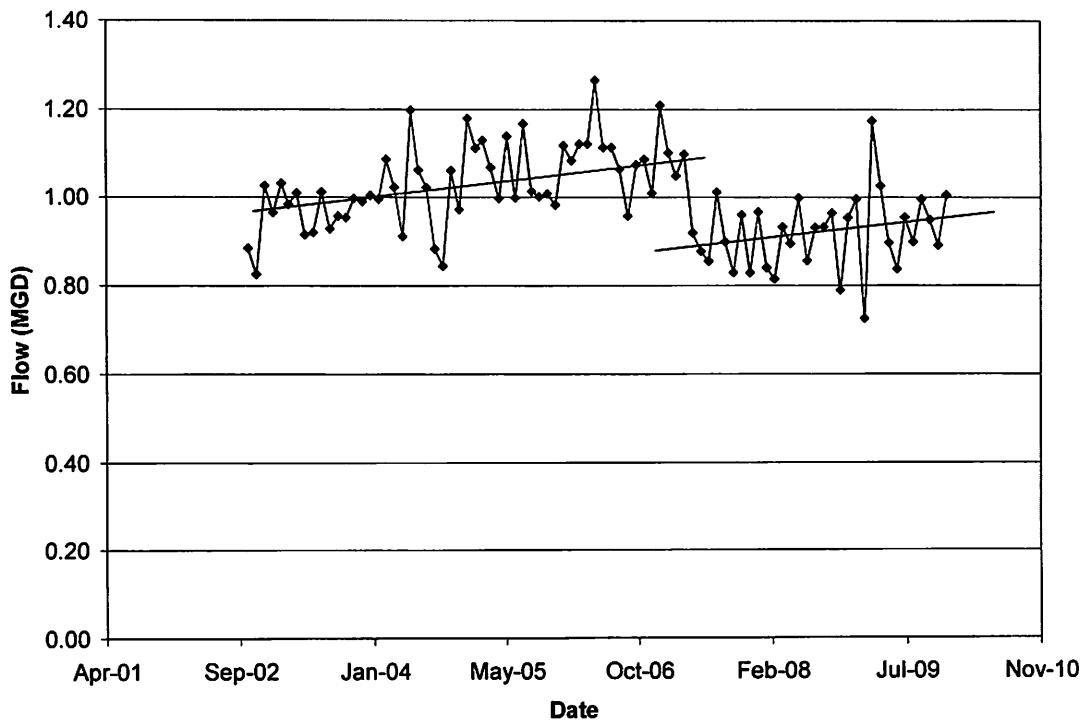


Figure 3.3 Projected Water Use



Figure 3.4 Damaged Water Main

4.0 WASTEWATER SYSTEMS

4.1 Sewer Service Area

Like the water system, the Town of Surfside provides service throughout the entire Town, but contracts with Miami-Dade County to treat the wastewater. Figure 4.1 shows the area served by the Town, which conforms to the water service area.

4.2 Wastewater Treatment System

The Town of Surfside is supplied by Wastewater by Miami-Dade County. The agreement is outlined in Section 4.4.

4.3 Wastewater Collection

The Town is responsible for maintenance of its own lift stations and collection systems, and since keeping excess flows down benefits the Town financially, correction of leaks and infiltration should be priority projects. Ongoing testing of the influent by the Town of Surfside, and monitoring of the Town's two lift stations provides a measure to determine whether inappropriate amounts of infiltration are going to the wastewater plant. The collection system consists of gravity sewer of which is made up of PVC (poly vinyl chloride) or VCP (vitrified clay pipe).

Maintenance and repair of the sewer force main piping and gravity collection system includes excavation and repair to manholes, gravity piping, service connections and force mains. Town crews are responsible for insuring the reliable service of two sewage lift stations and accompanying force mains and gravity lines throughout the Town of Surfside. Wastewater from the Town is transmitted through over 155 manholes, nearly 11 miles of gravity mains and force main piping to the wastewater treatment plant.

Figure 4.2 shows the flows for the past four years. From Figure 4.2 the following can be discerned:

- Average daily flows are just under 1 MGD at present
- Flows increase with Rainfall

Wastewater flows should be less than sewer flows. Historically the sewer flows appear to have been about 400,000 gpd less than water flows. With the implementation of water conservation and limits on irrigation, the water flows decreased by 200,000 gpd. However, sewer flows have increased dramatically in the past 3 years (see Table 4.1 and Figure 4.3) to a point where they are about 300,000 gpd (or 40 percent) higher than sewer flows. Figure 4.2 outlines the projected Figure 4.4 shows flows to be highest in September and October, which coincides with a high groundwater table at the end of the rainy season. The data indicates that the Town of Surfside is in need of a comprehensive infiltration and inflow program. The Town is facing action from FDEP over the SSOs. This is a substantial issue with infiltration and inflow. A consent order has been issued at have the town address the problem (see Appendix A). Note that Aappendix A includes the consent decree with Miami-Dade DERM that requires compliance with the Town so that Miami Dade County can comply with its consent order with US EPA (first cover page included for reference only)

Figure 4.5-4-7 shows various sewer laterals made of Orangeburg pipe that are in deteriorated shape. Orangeburg pipe and cast iron does not last in the salty soils in Surfside. These need to be replaced as a part of the infiltration and inflow program the Town proposes. These are major sources of both inflow and infiltration of nth system. Figure 4.8 shows that the system has other issues (like broken service line piping) that also need to be addressed with smoke testing and point repairs – also part of the infiltration and inflow program.

The manholes and clean-outs are required for access and removal of material that may build up in the piping system and for changes in direction of the pipe. In Surfside, during storm events, SSOs are common. Figure 4.9 shows various places where water can enter the sewer system. The figure shows that when it rains, there is increased flow into the sanitary sewer system. The fact that increases in flow are rainfall driven, indicates the presence of inflow – direct input of stormwater from cleanouts, broken piping of manholes. It is not indicative of infiltration which is groundwater. Infiltration is an ongoing issue for any collection system. The manhole cover may not seal perfectly, becoming another source of infiltration. Pre-cast concrete manholes limit the number of joints. Elastomeric seals are placed between successive manhole rings. Many utilities will require the exterior of the manholes to have a coal-tar or epoxy covering the exterior which helps to keep water out. Service lines exist on private property and typically the utility has limited control over what happens there. Hence the removal or accidental breaking of a cleanout, or cracking of the pipe may be a significant source of inflow to the system. Both are potential sources of inflow during rain events. Simple methods can be used to detect them and they should be part of ongoing maintenance efforts.

Storms highlight the need to reduce infiltration and inflow into the collection system so as not to overwhelm the piping system causing plant damage or sewage overflows into streets. Figure 4.10 shows a graph of rainfall and sewer flows. Peaking indicated inflow into the sewer system. The following outlines a basic program for inflow detection as a part of the preconstruction evaluation of the utility system:

- Inspection of all sanitary sewer manholes for damage, leakage or other problems
- Repair of benches in poor condition or exhibiting substantial leakage
- Repair of manhole walls in poor condition or exhibiting substantial leakage
- Repair/sealing of chimneys in all manholes to reduce infiltration from the street during flooding events (Figures 4.11 and 4.14)
- Installation of LDL plugs where manholes in the public right-of-way or other portion of the Utility's system is damaged (Figure 4.13 and 4.14)
- Installation of dishes in all manholes to prevent infiltration (see Figures 4.15 and 4.16)
- Identification of sewer system leaks, including those on private property (via location of smoke on private property)
- To gain a better understanding of potential infiltration amounts, the raw wastewater quality for the Town of Surfside should be tested for BOD and chlorides. Low BOD indicates water diluting the sewage. High chlorides means seawater is getting into the system. Low flow inspection event

Maintenance and repair of the force main piping and gravity collection system includes the cleaning and televised inspection of the gravity lines and manholes, and the cleaning and

adjustments to the force main air release valves. Repairs include excavation and repair to manholes, gravity piping, service connections and force mains. The sewer cleaning program involves the cleaning and televised inspection of 10 percent of the gravity lines and manholes each year, the cleaning and adjustments to the force main air release valves, and response to complaints about stoppages. In addition, new connections, gravity mains and force main piping are installed. After the cleaning and inspection are complete all points that are in need of repair are logged and are prioritized. The utility has trained personnel to repair gravity sewer pipe by installing fiberglass liners inside of piping at the point of failure.

There are two lift stations. The maintenance staff is responsible for the inspection, maintenance, and repair of pumping stations. The pumping stations are inspected regularly to insure proper electrical and pumping efficiency. In addition each pump station is inspected on an annual schedule that involves removing each pump for a detailed inspection as well as the pump control panel and the SCADA (Supervisory Control and Data Acquisition) system is fine tuned as needed. From these inspections the department generates and prioritizes a list of needed repairs and or upgrades that help avoid failures and costly down time.

Table 4.2 outlines the anticipated improvements on the sanitary sewer system.

4.4 Wastewater Agreements

The following agreements involve the Town of Surfside.

4.4.1 Miami-Dade Wastewater Agreement

The agreement between the Town of Surfside and Miami-Dade County was executed in March 12, 1985. The concept in the agreement is to permit the Town of Surfside to discharge its treated wastewater to the ocean via the County's North District ocean outfall.

The following are the basic concept is:

- Surfside can deliver wastewater to Miami-Dade County for treatment and disposal up to 1.0 MGD average daily flow
- Cost is \$2.45/100 gallons in the wet season
- Sets responsibilities for the maintenance and water quality
- Provides for correction of inflow to the process

At present the Town is under a consent order with the County for excessive sewer flows (see Appendix A). One of the main goals of the sewer project is to correct this problem.

4.5 Stormwater

Most of the Town is located below elevation 5. Mean high tide is elevation 2.0. As a result there is severe potential for flooding. Flooding coinciding with sanitary sewer leaks and overflows creates a potential for environmental impacts to Biscayne Bay. Figure 4.17 shows the areas with significant potential issues with stormwater flooding and impacts from sanitary sewer. The Town anticipates a project to protect property and water quality in this area.

**Table 4.1 Monthly Comparison of Flows
(Flows highest in the Fall and Winter)**

Date	2003	2004	2005	2006	2007	2008	2009
Jan	0.73	0.82	0.82	0.82	0.82	0.82	0.94
Feb	0.73	0.81	0.71	0.84	0.79	0.79	0.73
Mar	0.87	0.70	0.73	0.87	0.77	0.77	0.75
Apr	0.82	0.65	0.70	0.83	0.73	0.73	0.70
May	0.74	0.56	0.63	0.73	0.64	0.64	0.73
June	0.80	0.58	0.68	0.78	0.68	0.68	0.98
July	0.60	0.54	0.56	0.63	0.57	0.57	0.73
Aug	1.05	0.54	0.62	0.72	0.63	0.63	0.81
Sept	0.92	0.56	0.60	0.68	0.61	0.61	1.27
Oct	1.31	0.70	0.78	0.91	0.87	0.87	1.13
Nov	1.10	0.42	0.66	0.63	0.86	0.86	1.29
Dec	0.81	0.47	0.53	0.65	0.84	0.84	1.22

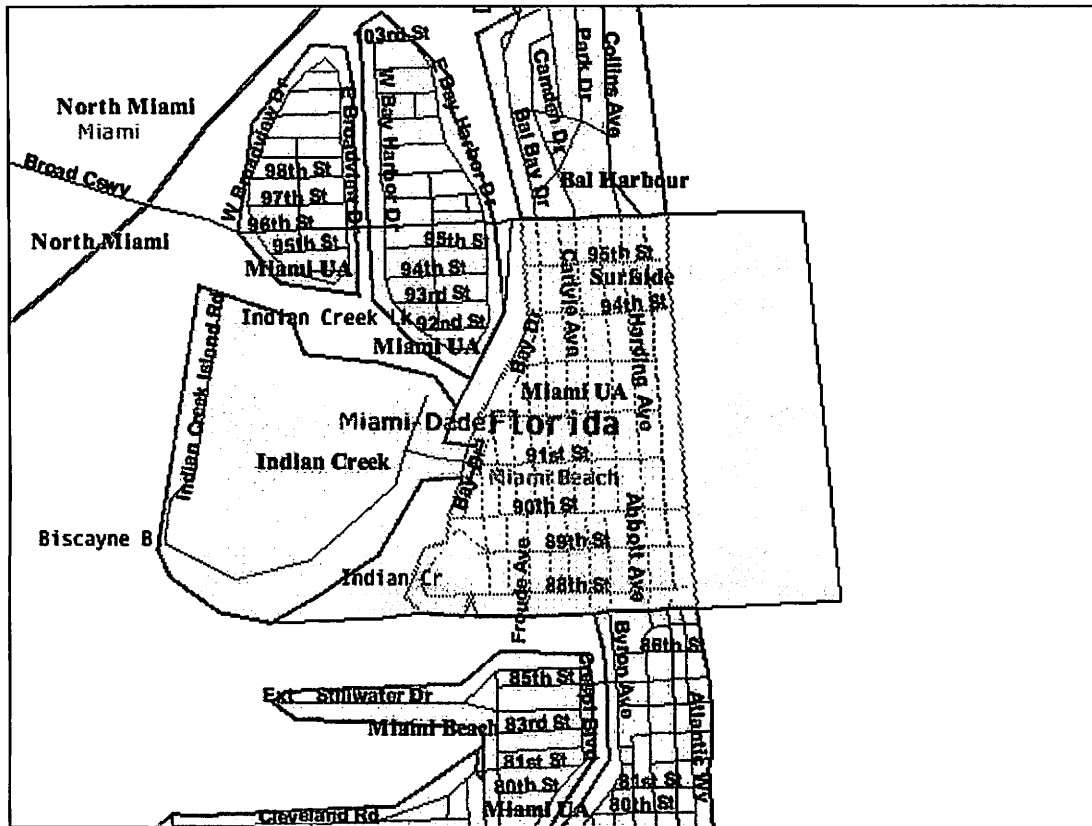


Figure 4.1 Town of Surfside Sewer Service Area

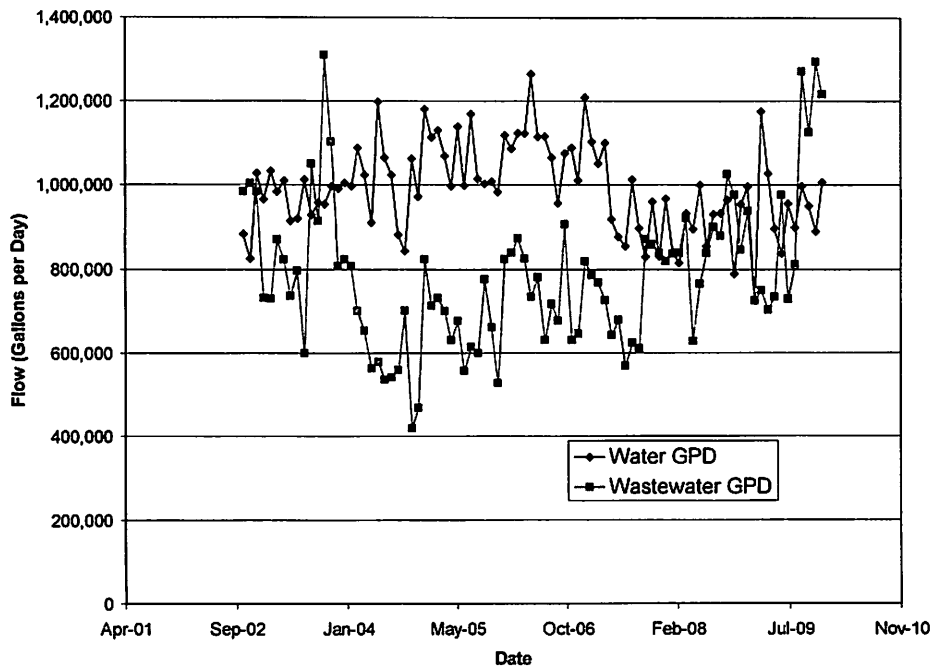


Figure 4.2 Past Wastewater Use

(Historically Flows were About 300,000 gpd Less That Water Flows, but are Currently on a Large Upswing)

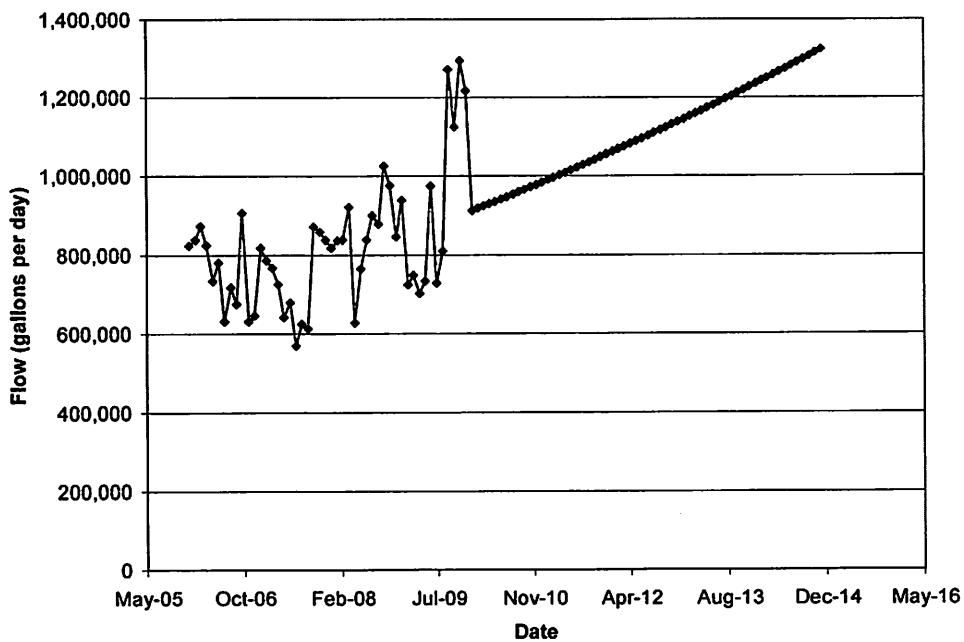


Figure 4.3 Projected Wastewater Use

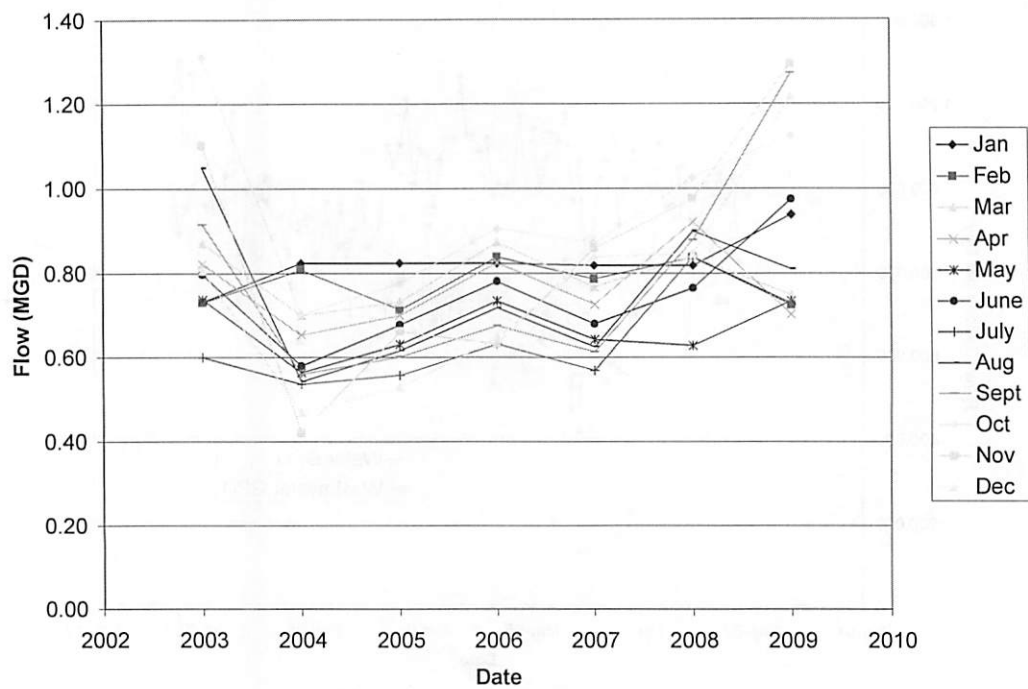


Figure 4.4 Wastewater Flows Shows Them to be Highest From July to October

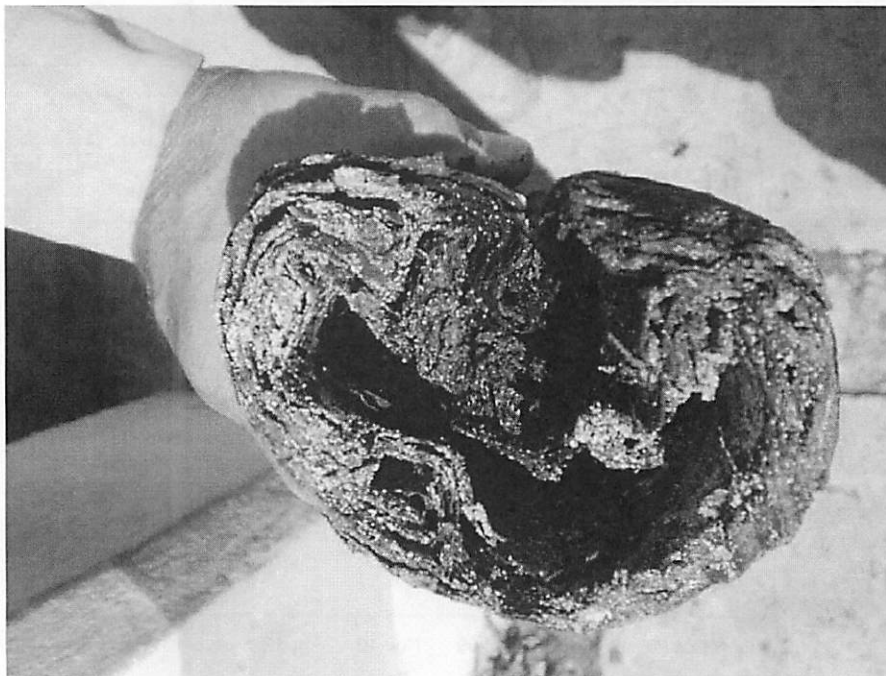


Figure 4.5 Example of old Orangebrook Pipe in Very Deteriorated Condition



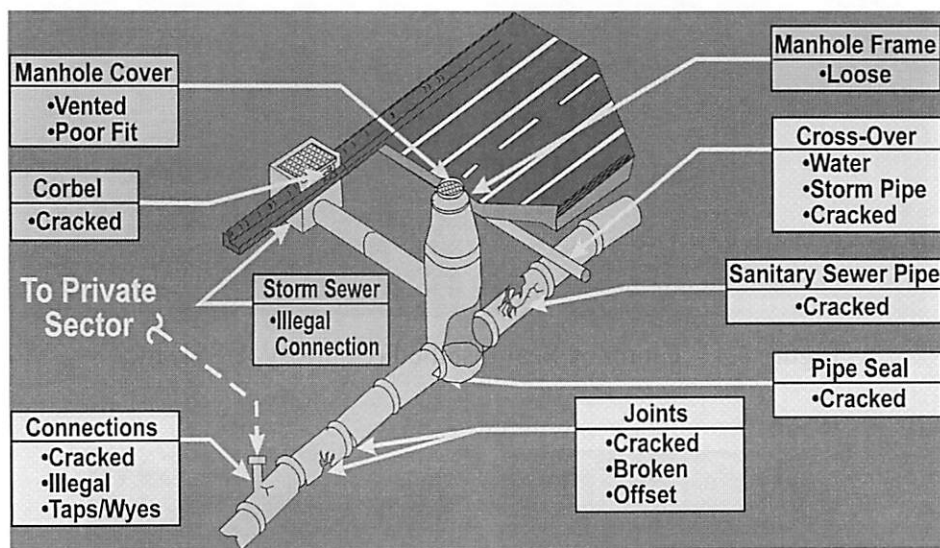
Figure 4.6 Example of Old Orangebrook Pipe in Very Deteriorated Condition



Figure 4.7 Example of Old Cast Iron Service Line in Very Deteriorated Condition – Exposed to Salt Water



Figure 4.8 Example of old PVC Service Line – Many are in Deteriorated Condition and/or Broken



Rain and High Groundwater Affects Wastewater Collection System

Figure 4.9 Potential Points where Infiltration and Inflow enter the system

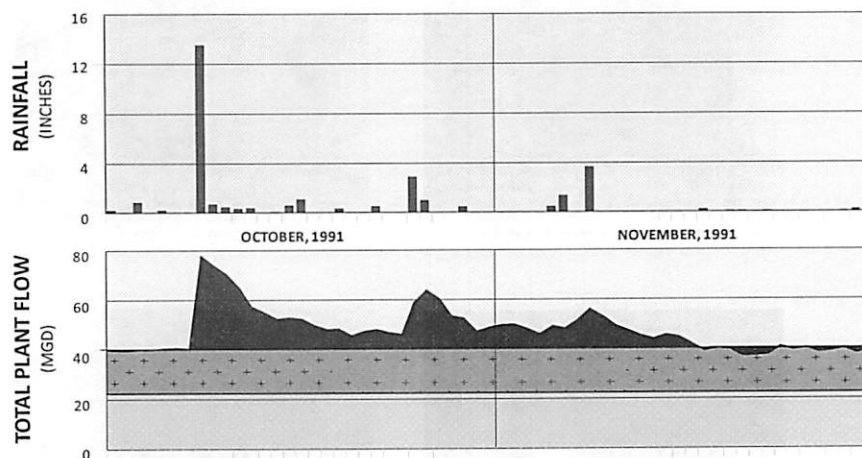


Figure 4.10 Indication of Inflow to the Sewer System Example only (Bloetscher, 2009)

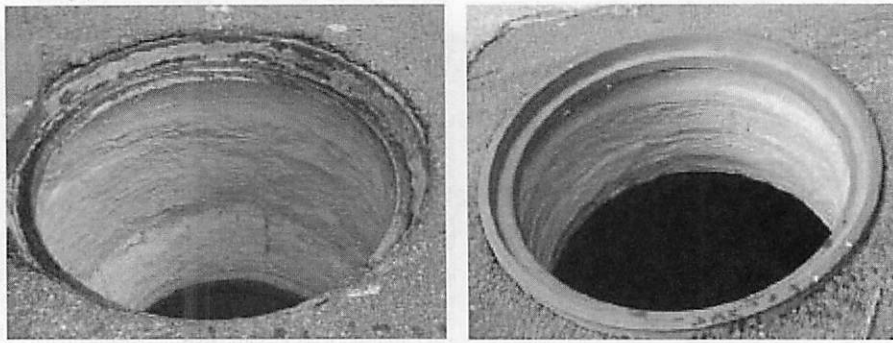


Figure 4.11 Chimney Seal Installed (Courtesy, USSI, Inc)



Manhole Prior to Abatement



Manhole Frame / Chimney Sand-Blasted



Manhole Interior Following Sand-blasting



Frame & Chimney – Prime Coat



Frame & Chimney – Elastaseal® Coat



Manhole Following Abatement

Figure 4.12 Installation Procedure (Courtesy, USSI, Inc)

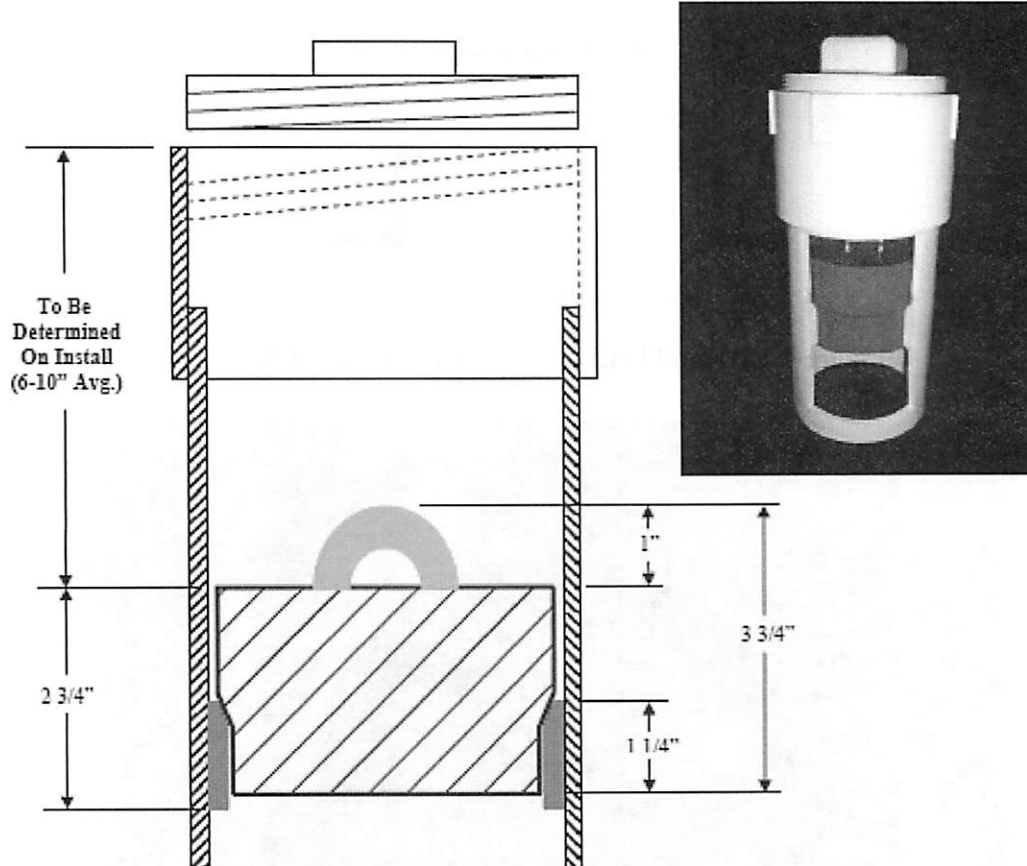


Figure 4.13 LDL Plug Design (Courtesy, USSI, Inc)



Figure 4.14 LDL Plug Installed in Cleanout (Courtesy, USSI, Inc)

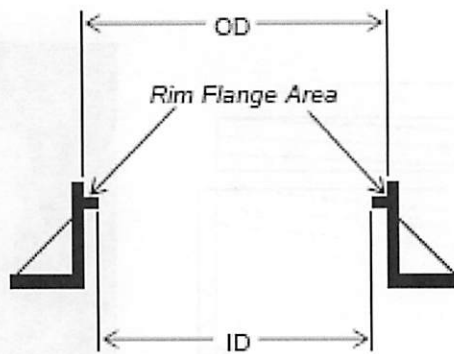


Figure 4.15 Rim/Flange of Manhole (courtesy USSI)

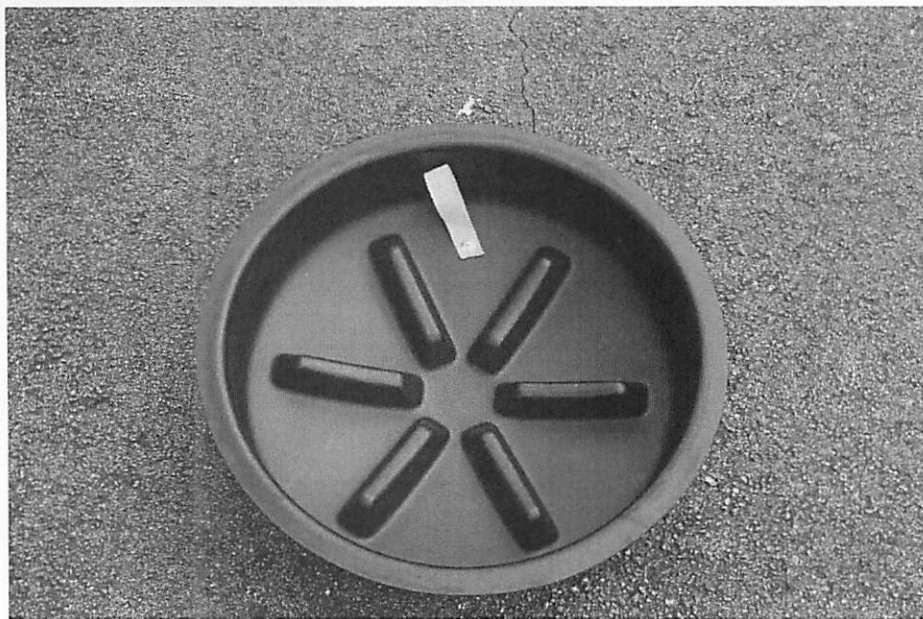


Figure 4.16 Inflow Defender Manhole Rain Dish



Figure 4.17 Stormwater Problem Areas

5.0 NEEDS ASSESSMENT

This section outlines the needs for the water and sewer systems along with options explored to resolve the needs. The recommended projects are outlined with cost estimates. 40 CFR, Part 35, Subpart E, Appendix A includes useful life to be used in cost-effectiveness analysis. Useful life applicable to the alternatives in the water facilities plan is as follows:

- Pipes – 50 to 60 years
- Plant buildings, tanks, pump stations, etc. – 30 to 50 years (use 30 years)
- Process equipment – 15 to 20 years (use 15 years)
- Auxiliary equipment – 10 to 15 years (use 10 years)

Therefore, based on the above information on useful life for each component of the alternatives, the planning period of 10 years, and discount rate of 5 7/8 percent (or 5.875 percent) established by EPA for the fiscal year beginning on or after October 1, 2002; cost-effectiveness analysis for the different alternatives using EPA's format. The recommended projects are outlined with cost estimates.

The following sections outline the proposed program options. Within each of the following sections of the report, the following are presented: the current situation, the potential problems with the current situation, the alternatives to solve the problem with cost impacts for each, and a recommended solution for each current situation.

5.1 Water System Needs

The water is distributed to residents and commercial business by the Town via approximately 11 miles of cast iron pipe installed in 1938. Primary mains feeding the system run under the Town's streets and vary in size from 6-inch to 16-inches in diameter, which feed three-inch and four-inch water lines located along the rear property lines. Disrepair and corrosion for over 70 years has created a fragile water distribution system that has repetitive breaks, loss of potable water, pavement restoration and other expenses.

In accordance with the approved Surfside Comprehensive Plan, the Town's goals for potable water are as follows:

- A. Water shall be delivered to users at a pressure no less than 20 pounds per square inch (psi) and no greater than 100 psi.
- B. Water quality shall meet all federal, state, and county primary standards for potable water.
- C. The level of service (LOS) standard for potable water facilities shall be 155 gallons per capita per day.

In order to provide uninterrupted potable water, improve level of service Town-wide, and meet ISO fire demands, a water main replacement program has been implemented.

There is one area of need with the water system: Replacement of existing water mains and the looping lines.

5.1.1 Water Main Replacement Program

This program, as envisioned by the Town, replaces the existing galvanized and cast iron pipelines. All pipes are submerged in saltwater for much of the year. As a result, as noted in section 3.3, these pipelines deteriorate in the south Florida groundwater conditions. The Town will replace many of the deteriorated pipelines with 6 or 8-inch pipelines made of PVC C900.

5.1.1.1 Current Situation

The Town needs to replace the old, galvanized and cast iron pipelines. These provide insufficient service and are prone to significant leakage.

5.1.1.2 Problems with Current Situation

The old pipelines are cast iron and galvanized and leak or break continually. Cast iron lines are in poor conditions throughout the town. Replacement will reduce the amount of leakage and protect service to the customers in these areas.

5.1.1.3 Summary of Alternatives

There are two alternatives – do nothing or fix the problem and reduce unaccounted for water, which will improve the Town's ability to comply with the SFWMD's water resource limitation in a more effective manner. The do nothing alternative does not meet the Town's fiscal or comprehensive planning needs. Therefore, because there is a cost to maintaining older, leaky pipelines, the recommended alternative is to replace these pipelines with PVC pipe.

The replacement project provides for the replacement of several miles of water system pipe known to be in particularly poor repair. The replacement program addresses only those existing iron water pipes that are believed to be either undersized, corroded, or both. A replacement program is long overdue for the entire system, including valves and hydrants. Currently, construction documents are complete for a Town-wide replacement of the water mains, meters, service laterals and fire hydrants. Table 5.1 outlines the \$5.9 million cost for this project.

Table 5.2 outlines a present worth analysis for replacement versus ongoing repair. It should be noted that since the unaccounted for water in the Town is 15%, this exceeds the threshold set by SFWMD so the Town needs to take action. The lowest long-term cost is to pursue the replacements as noted in Table 5.2. The differences between the O, M&R costs for the water system repairs are included in the analysis in Table 5.2 of the facilities plan. The actual annual cost for water distribution repairs as a result of the new pipes will be nominal in the first 10 – 20 years of operation

Table 5.1 Estimate of Water System Costs

Water Main Replacement

PROJECT TITLE: Water Main Replacement Design				CG&A PROJECT NO. 09-2365	
LOCATION:					
OWNER: Town of Surfside					
ESTIMATED BY Shaun Bamforth		CHECKED BY		APPROVED BY	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT	NET PRICE	TOTAL PRICE
1	8" Gate Valve	170	EA	\$1,650.00	\$280,500.00
2	Fire Hydrant Assembly	23	EA	\$2,750.00	\$63,250.00
3	8" x 6" Tee	23	EA	\$650.00	\$14,950.00
4	8" x 8" Tee	49	EA	\$700.00	\$34,300.00
5	8" x 8" Cross	5	EA	\$1,000.00	\$5,000.00
6	8" 90 Degree Bend	16	EA	\$405.00	\$6,480.00
7	8"- 45 Degree Bend	224	EA	\$228.00	\$51,072.00
8	8"- 22.5 Degree Bend	4	EA	\$405.00	\$1,620.00
9	8"- 11.25 Degree Bend	2	EA	\$405.00	\$810.00
10	8" x 6" Reducer	10	EA	\$225.00	\$2,250.00
11	8" P.V.C. 900	25594	LF	\$40.00	\$1,023,760.00
12	6" P.V.C. 900	611	LF	\$37.50	\$22,912.50
13	Air Release Valves	15	EA	\$750.00	\$11,250.00
14	BSP	57	EA	\$500.00	\$28,500.00
15	Proposed Water Service (NIC Meter)	687	EA	\$1,300.00	\$893,100.00
16	Pipe Plugs	46	EA	\$250.00	\$11,500.00
17	Mill and Remove Pavement	68251	SY	\$7.50	\$511,882.50
18	Asphalt - 1st lift	68251	SY	\$10.00	\$682,510.00
19	Asphalt - 2nd lift	68251	SY	\$8.00	\$546,008.00
20	Mobilization (10%)	1	LS		\$419,165.50
21	MOT (10%)	1	LS		\$419,165.50
TOTAL =					\$5,029,986.00
A1	Connection to existing meter locations from New Service (aprox 150' of piping)	1	LS		\$75,000
A2	Restoration of property from new meter location to existing meter location	1	LS		\$120,000
A3	Supply and Install Back Flow Preventors	1	LS		incl above
TOTAL =					\$5,224,986.00

Table 5.2 Present Worth – Increasing Operations and Maintenance

Components	Pipe Replacement		Do Nothing	
	Useful Life (yrs)	Amount (\$)	Useful Life (yrs.)	Amount (\$)
Pipe Cost	50	\$5,224,986.00	50	\$ -
Construction (10%) & Eng'g (12%) Contingencies		405,000		
TOTAL Constr		\$5,629,486		
PW of O, M & R (PWF = 7.403872)		\$ -		\$ 6,432,000
Salvage Values		\$0		\$0
Lost water cost (PW)		\$0		\$273,750
PW = Item a + Item b – Item c		\$5,629,486		\$ 6,705,750

*Assumed 10 breaks/yr at \$25,000/break over 50 years @ 3% ann inflation

** assumes unaccounted for water can be reduced to 7%, \$2.50/1000 gallons, 20 years

5.1.2 Recommended Water Project

Based on the prior sections, it is recommended that the Town pursue a program that replacement of two inch pipelines and construction of pipelines to improve distribution pressure. This will ensure continued high water quality, while solving water supply concerns. Ongoing upgrades to the water distribution should include replacing the remaining 2-inch galvanized water lines and looping the large lines that are currently dead-ended or are tied to smaller lines. Table 5.3 outlines the proposed water program.

**Table 5.3 Recommended Water Program
(with Contingencies)**

Item	Cost
Water Main Replacements	\$ 5,629,486
Total	\$ 5,629,486

5.2 Wastewater Improvements

There are two distinct areas of need with the sewer system. The two areas are infiltration and inflow correction and lift station upgrades. Because of the flow issues, these two issues are tied together in Surfside. The I/I program addresses the pipe condition, while the lift stations upgrades will permit more control of the system and reduce SSOs.

5.2.1 Infiltration/Inflow Reduction

The Town's sanitary sewer system is interconnected with the Miami-Dade County Water and Sewer Department (MDWASD) system; however, Surfside maintains its own sewer collection

system and two pumping stations. By agreement, the Town of Surfside and Bal Harbour share a sanitary force main that connects to the City of Miami Beach transmission system. The tri-party agreement provides for the transmission of sewage via force mains to the MDWASD system and eventually to the treatment plant and disposal.

The Town's sanitary sewer collection system failed to meet the Miami-Dade County (MDCC) Infiltration/Inflow (I/I) standards and exceeded the pump station run time limits, which prompted violation notices commencing in 1983. The nonconformance with the MDCC Section 24-42.2 resulted with a Consent Agreement that required the Town to complete the Sanitary Sewer Evaluation Study (SSES). The Sewer Rehabilitation Plan was broken into three phases to bring the Town into compliance with the mandates from EPA, MDCC, and DERM.

Phase I: EPA has established infiltration criteria depending on the footage of collection sewer in the area as follows:

Table 5.4 EPA Infiltration Allowance

Allowance Range (gpd/in-mile)	Sewage Footage (ft)
2,000-3,000	> 100,000
3,000-5,000	50,000-100,000
5,000-8,000	1,000-50,000

The criteria in the table are used as a primary indicator for the assessment and classification of collection system infiltration. In 1993, the State of Florida Department of Environmental Protection (DEP) and Miami-Dade County entered into a Settlement Agreement. The Agreement required that a Sewer System Evaluation Survey (SSES) be conducted on any collection basin with a night flow in excess of 10 gpm per mile of gravity sewer. This newly developed criterion is used as a secondary requirement in prioritization.

Areas of the Town of Surfside's sewer system have limited infiltration and inflow information. Due to the current need for infiltration and inflow, a comprehensive program was proposed to be undertaken in two phases. Phase I was completed by placing full dish gaskets on all manhole openings. In addition, any rain water leaders found to be attached to the sewer lines were disconnected from the sanitary sewer system.

Phase II: Phase II includes the investigating sewer problems using video, smoke testing and other techniques to determine the sources of infiltration / inflow. All broken sanitary lines will be repaired or lined, as determined by the analysis. All service laterals are planned to be either replaced or lined to reduce infiltration of ground water. Severely deteriorated manholes will be sealed with a "Sewpercoat" system or full liner to reduce infiltration. Costs and unit prices have been established for lining the moderately cracked pipes and point repairs for the broken pipes. Bidding of the repairs is expected this year for lining the existing sanitary lines and manholes. To avoid a construction moratorium, the Town is currently coordinating with the Florida Department of Transportation and their engineering consultant R. Aleman and Associates to determine Harding and Collins overlay impacts to sanitary sewer lining/replacement.

Phase IIa construction will include the following associated with the manholes:

- Inspection and repair of all sanitary sewer manholes, including repair of benches in poor condition or exhibiting substantial leakage
- Repair of manhole walls in poor condition or exhibiting substantial leakage
- Repair/sealing of chimneys in all manholes to reduce infiltration from the street during flooding events (see Figures 4.10 and 4.11)
- Installation of dishes in all manholes to prevent infiltration (see Figures 4.14 and 4.15)
- While opening the manholes, smoke testing of all section of pipe, with identification of sewer system leaks, including those on private property (via location of smoke on private property), and immediate installation of cleanout and LDL plugs where manholes in the public right-of-way or other portion of the utility's system is damaged (Figure 4.12 and 4.13)
- Low flow inspection event to identify sections to test.

Table 5.5 outlines the cost for these improvements.

Table 5.5 Phase IIa Infiltration and Inflow Costs

Item	Units	Unit Cost	Total Cost
Manhole inspection, seal, dish and ancillary work	110	\$450.00	\$49,500
Sealing of Manholes	10	\$250.00	\$2,500
Bench Repairs	5	\$50.00	\$250
Smoke Testing and Report Preparation	20,000	\$0.30	\$6,000
Cleanout Caps	100	\$100.00	\$10,000
LDL Plugs	100	\$125.00	\$12,500
"Midnight Investigation"	20,000	\$0.05	\$1,000
Change Order Contingency (not guaranteed to Contractor)		\$50,000	\$50,000
Total			\$131,750

Portions of this work is complete. To further protect the current investments, the Town needs to monitor, televise and line areas of the Town that develop leaks. This is the phase II infiltration/inflow reduction. Phase II will include:

- Televising the 10-15% of segments identified in the low flow inspection event
- Identification of breaks
- Point repairs
- Lining of piping
- Re-televising to insure repairs are made

A program for television, lining, point repairs is estimated at about \$4.8 milolion based on experience elsewhere. The low flow event has been shown to focus the areas for tv and lining to 10-15% of the system as opposed to the full sanitary sewer system.

In addition inflow and infiltration reduction is more cost effective than treating excess wastewater, building additional plant capacity and/or dealing with fines for SSOs. Table 5.6 outlines an example comparison between the traditional and Phase II proposed program resulting from Phase I. Table 5.7 outlines the present worth. The recommended alternative forma cost perspective is to fix the sewer system.

Table 5.6 Outline of Proposed Sanitary Sewer Improvements

PROJECT TITLE: Sewer Lining and Replacement Project				CG&A PROJECT NO. 09-2365	
OWNER: Town of Surfside					
ESTIMATED BY Shaun Bamforth		CHECKED BY		APPROVED BY	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT	NET PRICE	TOTAL PRICE
1	Clean and TV existing system	6725	LF	\$8.00	\$53,800.00
2	Line 8" Sewer	29159	LF	\$34.00	\$991,406.00
3	Line 10" Sewer	11824	LF	\$36.00	\$425,664.00
4	Line 12" Sewer	1412	LF	\$41.50	\$58,598.00
5	Line 15" Sewer	1716	LF	\$52.50	\$90,090.00
6	Reconstruct 8" Sewer (SDR 35)	4445	LF	\$50.00	\$222,273.67
7	Reconstruct 10" Sewer (SDR 35)	1803	LF	\$55.00	\$99,145.38
8	Reconstruct 12" Sewer (SDR 35)	215	LF	\$60.00	\$12,916.10
9	Reconstruct 15" Sewer (SDR 35)	262	LF	\$65.00	\$17,004.98
10	Line Lateral from main to property line	374	EA	\$3,750.00	\$1,402,500.00
11	Replace Lateral from Main to Property Line	321	EA	\$4,500.00	\$1,444,500.00
12	Install Clean-out at Property line	453	EA	\$500.00	\$226,500.00
13	Install new Man Hole	1	EA	\$6,500.00	\$6,500.00
14	Rehab Existing Man Hole	160	EA	\$1,000.00	\$160,000.00
15	Repair Sub-Aquias Crossing	80	LF	\$500.00	\$40,000.00
16	Mobilization (10%)	1	LS		\$519,709.81
17	MOT (10%)	1	LS		\$519,709.81
				TOTAL =	\$6,236,517.75

Table 5.7 Present Worth – Increasing Operations and Maintenance

Components	Pipe Repair		Do Nothing	
	Useful Life (yrs)	Amount (\$)	Useful Life (yrs.)	Amount (\$)
Pipe Cost	50	\$6,236,517	50	\$ -
Construction (10%) & Eng'g (12%) Contingencies		446,192		
Operating Costs (Excess flows)				\$ 2,357,700
TOTAL Constr		\$6,682,709		
Debt		\$328,844		
PW of O, M & R (6.125%)		\$6,353,865	est inc/yr = 3%	\$5,354,769
Salvage Values		\$0		\$0
PW = Item a + Item b – Item c		\$6,353,865		\$7,354,769

An ongoing appropriation for infiltration and inflow repair should be included in each annual budget in the future so that massive efforts such as that anticipated here will not be required in the future.

Phase III: Phase III will consist of renovating the existing pump stations and installation of emergency generators to bring the system back into compliance with the current law, codes and Consent Decree. There are 2 lift stations serving the Town. There are limited controls and the stations are older. Some rehabilitation and telemetry for tracking data is important. Identifying and tracking problem areas is best accomplished with telemetry. The cost per station varies between \$20,000 and \$100,000 per station. Two options exist – do nothing and provide some degree of oversight. Doing nothing means the Town is blind to the collection system. This is not in keeping with the goals of the Town and likely causes the Town to incur, periodic large inflow occurrences in the system. The cost to retrofit and telemeterize the system is under \$200,000, but the costs are highly dependent on the findings of the control boxes at the lift stations. The need to monitor the system is especially important given the consent order. These should be considered as contingency items in the lining bid.

5.2.2 Wastewater Program

Based on the prior sections 5.2.1 and 5.2.2, it is recommended that the Town pursue a program that involves the telemetry, lift station rehab, infiltration and inflow and some force main additions. Table 5.8 outlines the proposed water program. The differential O, M&R costs for the wastewater system repairs are included in the analysis in Table 5.7. The actual annual cost for sewer collection system upgrades will be similar to current costs, minus all the excess inflow and infiltration. As a result, only the differential costs are shown.

Table 5.8 Recommended Wastewater Program

Item	Cost
Infiltration/Inflow/Piping upgrades	\$131,750
Lift Stations and Telemetry	\$1,500,000
Lining Pipe	\$4,604,767
Total	\$6,236,517

5.3 Stormwater Program

Figure 5.1 shows that most of the town is in the flood plain. All of Surfside is located in the high velocity hurricane storm surge areas. The only place in a potential flood plain is the water plant where building codes will require that the finished floor of structures to be located above the flood stage.

The current drainage system does not work properly leading to the potential for flooding, damage to the utility system and property damage. The Town has two options – do nothing or correct the problem. Figure 4.17 showed that the west side of the Town is low lying. The Town is built out with no land for traditional treatment BMPs. Stormwater runoff flows down gridded streets from east to west with no stormwater treatment facilities in the Town. Runoff from State Road A1A flows eastward enters FDOT storm drains and pumped into injection wells at 92nd and 88th Streets. Currently, the balance of runoff flows untreated from State Road A1A and discharges into the Bay. The areas are so low that the ground water is only about 1.5 feet from the surface, which eliminates the use of exfiltration trenches for water quality treatment. In addition, during high tides, the Bay backs up through the storm drains and into the streets, which prevents the use of retention and detention ponds.

Recognizing that TMDLs are approaching and embracing the environmental consciousness, the Town of Surfside is undertaking stormwater project to address pollution concerns in Biscayne Bay and to relieve flooding in low lying areas of Town. The Town has no stormwater treatment facilities on its five outfall pipes to the Bay. The Town is built out with no land for traditional treatment best management practices (BMPs). On three of the outfall pipes the proposal is to construct pump stations and pump stormwater into drainage wells to eliminate stormwater pollutants from entering the Bay. Upstream of the pump stations, baffle boxes will be installed to provide pretreatment prior to entering the wells. This project complements the Towns efforts to update its current comp plan and stormwater master plan that will including the incorporation and adoption of LID (Low Impact Design) features to the greatest applicable extent when re-building or new building occurs in both residential and commercial zoning areas in the Town's stormwater regulations.

The existing drainage basin for this project site is 137.8 acres of predominantly single family residential property. At outfalls on Carlyle Ave and 95th Street the road right-of-way extends to the water at the dead ends of the streets. There is a one lot depth of vacant land at these outfalls

where the baffle boxes, pump houses and wells will be installed. On Surfside Blvd, there is insufficient land for a pump house, so an underground pump station will be constructed in the road right-of-way. It is anticipated that the project will reduce pollutant loading to Biscayne Bay by 7,983 kg/yr for total suspended solids (TSS), 75.kg/yr for TP and 584 kg/yr for TN. The on-going public education component will include coverage of the project in the Miami Herald and Miami Sun Post newspaper.

The project water quality treatment improvement goals are to :

1. Reduce pollutants and fresh water flows to Biscayne Bay by pumping stormwater discharges into drainage wells;
2. Reduce sediments by 90%, TP by 90% and TN by 90%;
3. To implement an educational program that will highlight the vbenefits of this project to improve water quality in the intrercoastal canal and Biscayne Bay; and
4. To implement a water quality monitoring program that will provide feedback on the pollutant removal efficiency of the BMP's.

Estimated Pollutant Load Reduction:		TSS Kg/yr	TP Kg/yr	TN Kg/yr				
Pollutant Loads	Pre-Project	8,869	83.6	649.1				
	Post-Project	887	8.4	64.9				
	Load Reduction	7,982	75.2	584.2				
	% Reduction	90	90	90				

The Town will address a long-term concern for all residents of the Town, who have complained to the Town for at least a decade about water backing into the streets and poor water quality in the adjacent Biscayne Bay along the Town's shores. The project directly addresses The Trust for Public Land's Biscayne Bay Accessibility report, and supports the SFWMD's Biscayne Bay Partnership Initiative (BBPI). The Town's website and newsletter, The Surfside Gazette, will have feature stories on the project. Press releases will be distributed during construction and upon phased completion. Project meetings will be held with residents to the resource values associated with this project. In addition, project information will be featured on Miami-Dade County's local government TV station. Further, the Town will conduct two Town charettes to raise awareness about stormwater treatment and homeowner best management practices.

The project will be funded through a cost share program grant with the FDEP contributing \$873,500 and the balance of \$1,897,690 funded with a debt serviced loan. Surveying, Engineering design, FDEP / DERM permitting, grant administration and public educations are complete for this project.

The existing catch basins and stormwater collection system and the pipes have been cleaned and an atlas showing each of the improvements, condition and recommendations has been created to

maintain the system on a yearly basis as required by the National Pollution Discharge Elimination System Permit. Repairs and replacement program will coincide with the Florida Department of Environmental Protection Stormwater project and grants will augment the CIP as necessary.

The cost to do nothing cannot be measured. The cost to correct the problem is \$4.87 million as shown in Table 5.9.

Table 5.9 Stormwater Improvements

PROJECT TITLE				CG&A PROJECT NO.	
Surfside Drainage Improvements				07-1552	
LOCATION					
Miami-Dade County, FL					
OWNER					
TOWN OF SURFSIDE					
		CHECKED BY		APPROVED BY	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE MAT. & LAB	ESTIMATED AMOUNT
1	Pump Stations	3	EA	\$750,000.00	\$2,250,000.00
2	Control Structures	8	EA	\$13,000.00	\$104,000
3	Remove Existing Inlets	20	EA	\$600.00	\$12,000
4	Manholes	15	EA	\$6,000.00	\$90,000
5	18 " RCP	4500	LF	\$45.00	\$202,500
6	Curb Inlets	38	EA	\$5,500.00	\$209,000
7	Wells	9	EA	\$50,000.00	\$450,000
8	Manatee Grates	4	EA	\$525.00	\$2,100
9	Mod. Curb & Gutter	3000	LF	\$13.00	\$39,000
10	Raing Gauge	3	EA	\$500.00	\$1,500
Subtotal =					\$3,360,100.00
		10% Mobilization			336,010.00
				TOTAL	\$ 3,696,110.00

There are three options, although two are similar. The first is do nothing which will continue to damage Town and private infrastructure. An estimate of this cost is not available because the potential impacts are significant but will vary by storm characteristics (excluding hurricanes which are completely different). The other two options deal with the discharge – wells or to Biscayne Bay. The outfalls will need significant treatment prior to discharge which is both

costly and unlikely to be successful. As a result, the proposed program is preferred and the capital program is as outlined in Table 5.11.

The O, M&R costs for the stormwater improvements are limited. These improvements are primarily pipes that go to Class V injection wells or to waterways. Currently the stormwater flows to tide or floods property. The O, M & R costs for the Class V well is estimated at \$100,000 per year.

Table 5.10 Comparison of Stormwater Improvement Options

Item	Do nothing	Outfall	Well
Piping	0	\$2,321,190.00	\$3,196,110
Wells	0	\$0.00	\$500,000
Treatment	0	\$1,500,000.00	included
Outfall	0		0
Damage	unknown	limited	limited
Total	20,000	\$3,821,190.00	\$3,696,110

Table 5.11 Recommended Stormwater Program

Item	Cost
Stormwater Improvements and Pump Stations	\$3,696,110
Total	\$3,696,110

5.4 Infrastructure Program

Recommendations about major infrastructure requirements are as follows:

WATER

- Replace older water mains

STORMWATER

- Install wells, BMP areas, baffles and upgrade stormwater system

SEWER

- Infiltration/inflow upgrades
- Telemetry pump station rehabilitation

The summary of costs for each component is summarized in Table 5.12. The schedule to complete the wastewater and stormwater improvements is shown in Figure 5.5.

Table 5.12 Summary of Surfside Program

Project	
Water Main Replacement	\$ 5,224,986.00
Drainage Improvements	\$ 3,696,110.00
Sanitary Sewer System Rehabilitation	\$ 6,236,517.75
Pump Station Rehabilitation	\$ 750,000.00
Total FOR CIP ONLY	\$ 15,907,613.75

5.5 Permits Required

The majority of the projects planned for the next 5 years (and longer) will involve rehabilitation or replacement of existing infrastructure. All water line installations, including replacement lines, will require Miami-Dade County Health Department permits that will be secured at the time of design (prior to construction). This will be done on a project-by-project basis. There is one permit needed for the stormwater system that is not in hand, but this permit requires the contractor to post a bond.

Permits will also be required for lift station upgrades. No permits are required for the infiltration/inflow projects (see Figure 5.2). The stormwater plans were approved by Miami-Dade County (figure 5.3, but require the contractor's bond (Figure 5.4)

Since this program included herein is a multi-year program, and given that rules or rule requirements can change, the exact nature of permits will be derived at the time of design, and prior to request for any funds from the SRF program.

5.6 Environmental Assessment

The Town of Surfside is embarking upon a major capital program to upgrade its existing facilities. The majority of the improvements are driven by regulatory requirements, new demands and facility age. The proposed water, sewer and stormwater expenditures over the next 10 years are over \$13 million and much of this money may be requested from SRF loans. Implementation of all of the proposed expenditures and loans from the SRF Program is not mandatory. The actual expenditures and loan amounts will depend upon financial needs. The program is intended to ensure that the Town meets its contractual obligations to its existing customers over the planning period, and should permit the Town to meet all regulatory requirements currently in effect or reasonably anticipated in the future.

This section outlines the environmental review of the major components of the program where SRF loans are proposed. To summarize the findings herein, the following should be noted:

- All of the projects proposed to be in sites currently developed, such as the water plant site, road right-of-ways or Town owned, cleared property (storage tank site).
- All proposed areas for construction have been previously disturbed

- There are no known archaeological or historical sites in any of the project areas and no undisturbed areas that might uncover currently unknown archaeological or historical sites
- There are no, known wetland, terrestrial, environmentally sensitive or biological impacts in any of the project areas. All the sites planned for improvements have previously been disturbed, and exist in an urban setting where wetland, terrestrial, biological or environmentally sensitive impacts would not occur as a result of prior disturbance. Little of the area is in a flood plain.

With regard to socio-economic interests, the following summarize the impact of the projects:

- There is limited surface water in the Town of Surfside. For the water system, no surface water impacts are expected. On the sewer side, pursuit of infiltration and inflow programs will limit the potential for sewer overflows to surface waters
- Groundwater impacts are minimal. Small diameter water lines are old and undersized. They leak because they are under pressure, but groundwater impacts are not an issue. Groundwater will tend to flow into the sanitary sewer system, not out of the system.
- Air quality will not be affected by any project contemplated herein.
- Noise impacts will not occur as a result of any project contemplated herein, although some limited noise may occur during construction.
- Aesthetics – failure to repair leaks in a timely manner provides the appearance of failure to maintain the system adequately. Pursuit of the program anticipated herein would maintain integrity of the system and have no aesthetic impact.
- Economic - Construction would maintain the current economy. Rates and fees are, or will be in place to cover the facility costs. Leaks and subsequent repairs will hamper normal traffic patterns, which may be a disincentive to do work in Surfside. Limitations on commercial property development are eliminated with upgrades to the water system. Addressing infiltration and inflow will help prevent undue increases in sewer bills and reduce any potential for fines to be levied against the Town.
- Public Health - Improved water quality would result from the improvements to the water plant contemplated herein. New water lines will improve service and reduce the likelihood of service interruptions and will provide storage. On the sewer side, pursuing and ongoing infiltration and inflow and lift station maintenance program will treat and monitor the system for excessive infiltration and inflow which may adversely affect public health due to higher risk of untreated sewage spills without rehabilitation of existing facilities and increase sewer charges to residents.
- Cultural – no impacts are expected
- Transportation - Minor inconvenience during construction on-site and a temporary increase in traffic on roads into sites is expected, but these would likely be less in the long-term than impacts from repeated repairs of old lines. Potential for damage to pavements and alleys, which may damage private property as a result of excessive leakage of old, small pipes that flood streets and gutters, will be eliminated with the planned program.

- Energy – Some increase in energy consumption will occur as a result of the pump station.

The City has rights to use all sites. The site certification for the projects is included in the appendices.

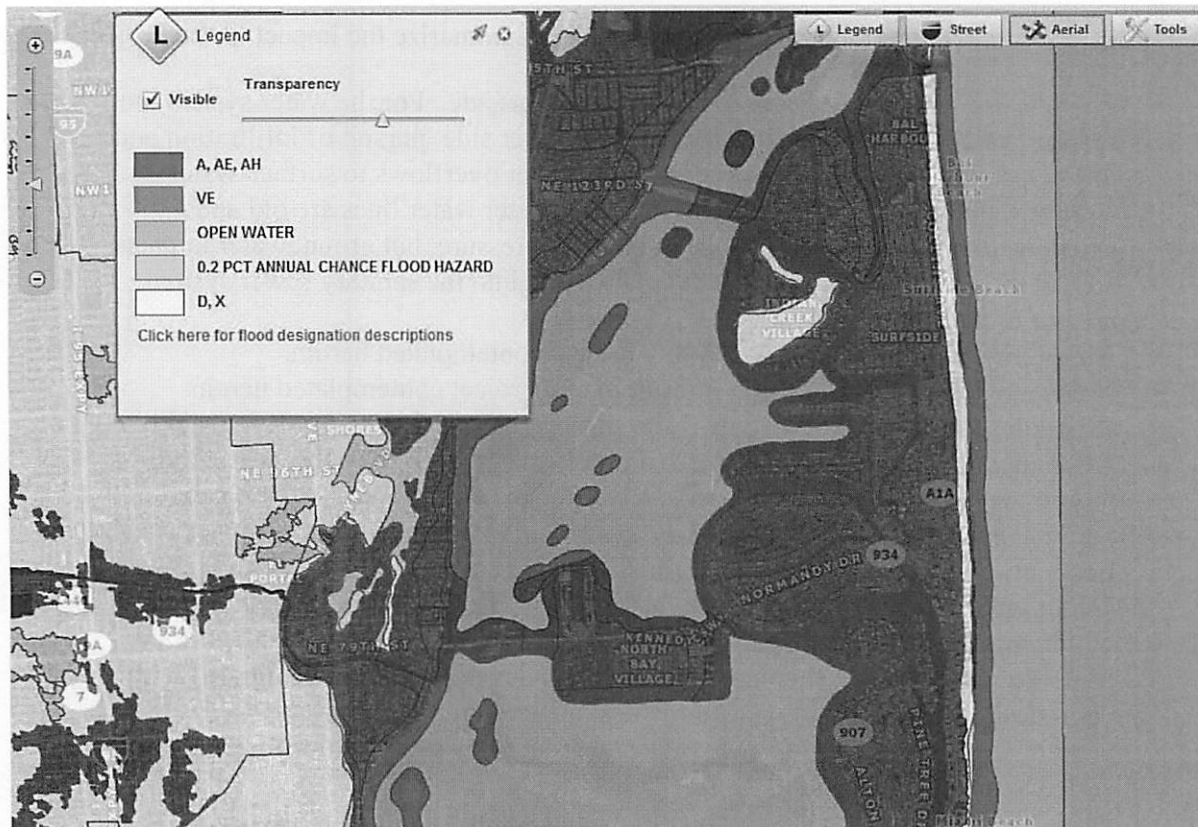


Figure 5.1 Flood Plain Map for the Town of Surfside



Carlos Alvarez, Mayor

Environmental Resources Management
Plan Review and Development Approvals Division
11805 SW 26th Street • Suite 124
Miami, Florida 33175-2474
T 786-315-2800 F 786-315-2919

miamidade.gov

February 3, 2011

Mr. Glen Harrelson, P.E.
Calvin, Giordano & Associates, Inc.
1800 Eller Drive, Suite 600
Ft. Lauderdale, FL 33316

**RE: Surfside Pump Replacement
Sanitary Sewer Pump Stations 1 and 2
Surfside, FL.**

Dear Mr. Harrelson:

This is to acknowledge that we have evaluated the scope of your project, for a permit to construct a wastewater collection/transmission system.

- (X) **At this time no Wastewater Permit is required for your project by the Water and Wastewater Engineering Section.** Any modification in your plans should be submitted for review, as changes may result in permits being required. This letter does not relieve you from the need to obtain any other permits (local, state or federal), which may be required. This determination has been done on the basis of the following information presented by the applicant:

Manufacturer's curves for existing and replacement pumps, dated, signed, and sealed by Mr. Glen Harrelson, P.E., a Licensed Professional Engineer registered in the State of Florida, PE No. 62939, on 1/31/2010. These curves show that the replacement pumps are substantially the same capacity as the existing pumps.

If you have any questions, please contact the Water and Wastewater Engineering Section at (786) 315-2800.

Sincerely,

Carlos Hernandez, P.E., Chief
Plan Review and Development Approvals Division
Department of Environmental Resources Management

cc. Roger Carlton, Manager

Training Division Only Day

Figure 5.2 No permits needed for Wastewater System Improvements

TOWN OF SURFSIDE DRAINAGE IMPROVEMENTS

TOWN OF SURFSIDE, FLORIDA

FEBRUARY 2010

INDEX OF SHEETS

C-1	COVER SHEET
C-2	GENERAL NOTES
C-3 THRU C-13	STORMWATER PLAN AND PROFILE
C-14	PUMP STATION NO. 1
C-15	PUMP STATION NO. 2
C-16	PUMP STATION NO. 3
C-17	CONTROL STRUCTURES PLAN
C-18 THRU C-19	STORM WATER POLLUTION PREVENTION NOTED AND DETAILS
D-1	DRAINAGE DETAILS
D-2	STORMWATER PUMP STATION DETAILS
E-1	PUMP STATION No. 1 PLAN
E-2	PUMP STATION No. 2 PLAN
E-3	PUMP STATION No. 3 PLAN
E-4	CONTROL DIAGRAMS
E-5	PCP LAYOUT AND CONTROL DIAGRAMS

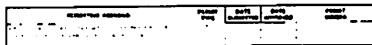
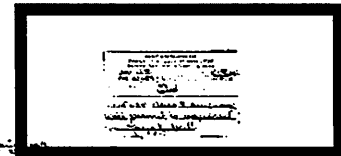


LOCATION MAP

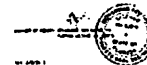


CITY COMMISSION

MAYOR: CHARLES W. BURKETT
VICE MAYOR: MARC BERMAN
COMMISSIONER: ELIZABETH CALDERON
COMMISSIONER: STEVEN LEVINE
COMMISSIONER: HOWARD WEINBERG



Calvin Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS
10110 E. 1st Avenue, Suite 100, Fort Lauderdale, FL 33315
Phone: (954) 341-1111
Fax: (954) 341-1112
www.calvin-giordano.com



CI

CGA PROJECT No.: 07-1552

Figure 5.3 Stamped Approved Stormwater Plans



Carlos Alvarez, Mayor

Department of Environmental Resources Management
Environmental Resources Regulation Division
701 NW 1st Court, 6th Floor
Miami, Florida 33136-3912
T 305-372-6567 F 305-372-6407

miamidade.gov

DEC-10-2008

Town of Surfside
Catherine Liguori
9293 Harding Avenue
Surfside, FL 33154

Re: Town of Surfside Drainage Improvements
Project Location: 9293 Harding Avenue
Permit ID: 2008-CLII-PER-00049

COMPLETENESS SUMMARY REPORT

DERM's Water Control Section has received and reviewed your application to process the above-mentioned permit for the referenced project. However, as per the requirements of Section 24-48 of the Miami-Dade Code, the following items must be submitted to this office before the permit can be issued.

THE FOLLOWING ITEMS WERE OMITTED OR WERE FOUND TO BE INCOMPLETE IN YOUR APPLICATION AS SUBMITTED:

1. Please provide the contractor's name, address, telephone number, contact person and Engineering License.
2. Please submit a check in the amount of \$14,242.50, made payable to Miami-Dade County, to cover the Permit Fee.

PLEASE SUBMIT THIS INFORMATION AS SOON AS POSSIBLE SO THAT WE MAY COMPLETE THE PROCESSING OF YOUR APPLICATION.

If you have any questions regarding this permit application, please contact Myrelie Colon of this office at (305) 372-6681.

Delivering Excellence Every Day

Figure 5.4 Requirement of Contractor Bond for Final Stormwater Permit.

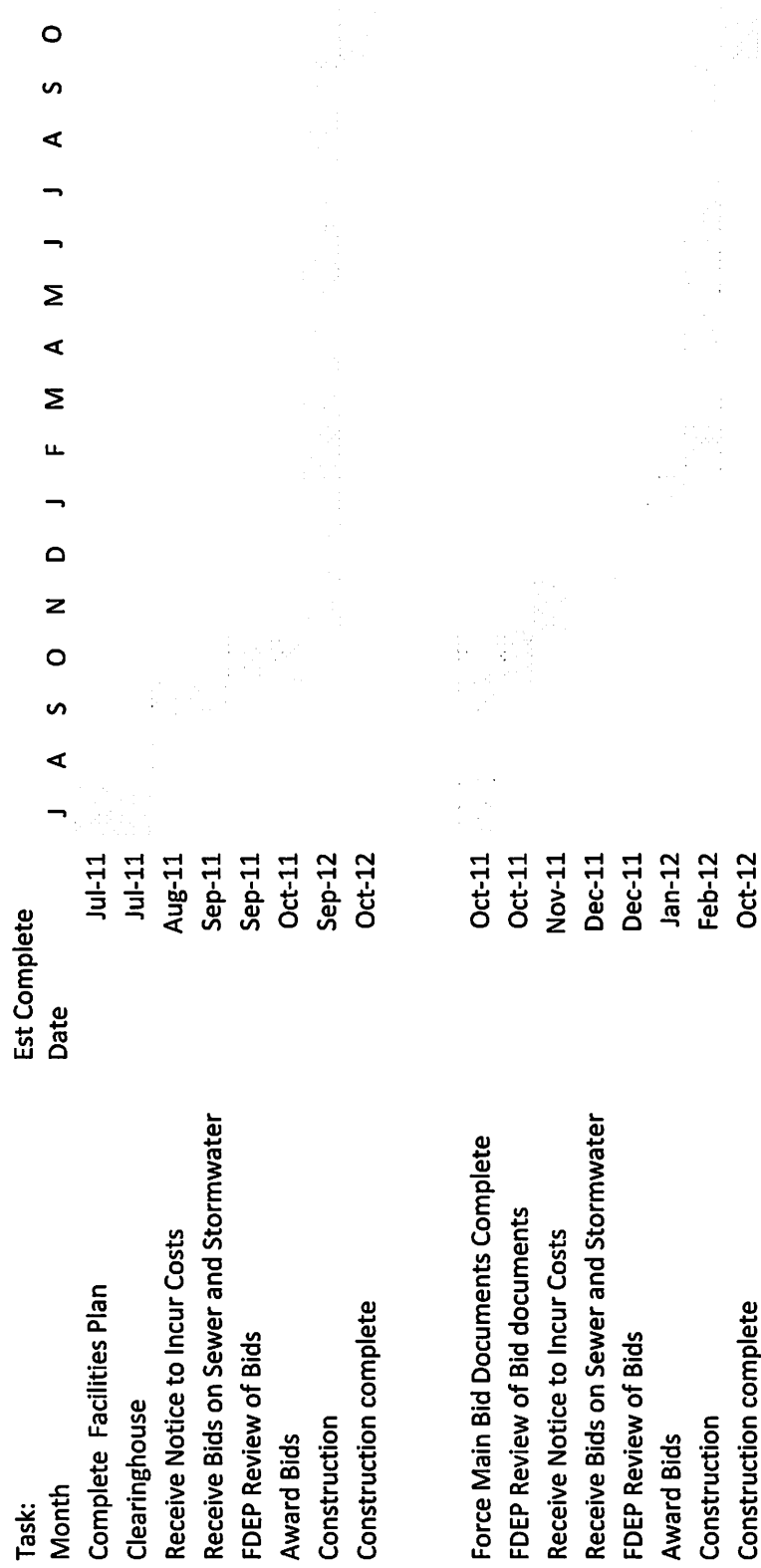


Figure 5.5 Schedule of Project

6.0 FINANCIAL ASSESSMENT

Historically, the utility industry has shown dedication to building and maintaining drainage systems to provide high quality drainage service to its customers. The rapidly changing regulatory framework has forced utilities to investigate new water management strategies that pursue demand mitigation alternatives, and include treatment capability to meet ecosystem demands as well as urban runoff demands. The Town of Surfside has begun a comprehensive evaluation of its water and sewer system, to determine where needs exist so that improvements to the citizenry can be made. The Town has identified the State Revolving Fund loan program as a source of funding for necessary improvements. Determining how these new projects will be integrated into the finances of the utility system is important.

Traditionally, utilities have used water volumes and pricing as a means to recover costs by charging users of a specific type in accordance with the cost of serving that type of user, which is both effective and equitable. But pricing can also work to reduce demand by providing an incentive for customers to manage water use more carefully.

6.1 Financial Basis of the Utility

Utility systems charge a variety of rates, fees and charges for service. These include monthly service charges, impact fees, assessments and miscellaneous fees such as meter re-reads, connection fees, late payments and backflow testing. Each of these fees should have a basis for the charge generally consistent with the financial policy of the system. Only two fees have major legal constraints – impact fees and assessments.

The case law defining the employment of user fees varies from state to state, but is underlain by the basic concept of fairness. A utility's rates not only must be reasonable, they must be non-discriminatory, although different user-classes can be charged differently provided a valid rationale exists for the difference. Different user classes may be charged different rates if the rates can be justified. For example, a distinction can be made in some instances between user classes, i.e., residential customers being charged differently than industrial or commercial customers. Also, users of a new sewer treatment facility can be charged differently than those using an older facility if there is an obvious separation. Typically, however, impact fees and other revenue collection methods are utilized to absorb this difference and provide for consistent rates across all user classes.

Periodic charges for service are the costs collected on a regular basis from existing customers for the amount of service they receive. Periodic service charges are usually broken down into two portions - availability charges and volumetric charges. Availability charges are the fixed portion of the bill which is generally based on equivalent residential connections (ERCs), meter size or some mixture of the two. The volumetric charge is based on the amount of water consumed by the customer as determined from meter reading. Due care must be exercised to avoid under-collection of fees with the imposition of any rate collection method.

6.1.1 Availability Charges

The fixed-fee portion of the service charge is collected from every customer regardless of whether or not there is any usage at the address. This practice is intended to allow the utility to bill customers where service is available, because there is a cost for having the service available to the customer's property. One obvious and consistent charge encountered is that of meter reading and sending out the water bills. As a result, this cost should always be included in the fixed portion of the bill; likewise, debt service continues to occur whether or not the customer uses the system. Because the repayment of debt is

important in order to protect the financial position of the utility, debt is often the highest priority in the budgeting process and as a result, revenues to cover debt are typically included in the availability charge. This practice is also a safeguard in case there is catastrophic facility damage due to storms or other natural disasters; the availability charges continue to accumulate on the system to enable the utility to pay its debt, even though the service is not being used.

Utilities consider a number of pricing objectives when an appropriate rate structure is being selected. These objectives include:

1. Financial Sufficiency - generating sufficient revenues to recover operating and capital costs;
2. Conservation - encouraging customers to make efficient use of scarce water resources through costs;
3. Equity - charging customers or customer classes in proportion to the costs of providing service to customer groups;
4. Implementation - having the capability to implement the rate structure efficiently without incurring unreasonable costs associated with reprogramming, procedures modification, and redesigning of forms;
5. Compliance with appropriate legal authorities – being consistent with existing local, state, and federal ordinances, laws, and regulations;
6. Effect on customer classes - minimizing negative financial effects on utility customers; and
7. Long-term rate stability - producing rates that are reasonably constant from year to year.

The public can best be served by a utility that is a self-sustaining enterprise adequately financed with rates based on sound, established engineering and economic principles. Water rates typically consist of operating and capital costs. Examples of operating costs include salaries, electricity, chemicals, and other recurring expenses. The capital portion typically includes contributions from current revenues, new borrowed funds and contributions for repairs and replacements. Debt service includes payments on any outstanding borrowing. Repayment of SRF loans are included here.

All of the financing starts with the utility's "cash registers" – the meters. This program requires that the utility install a meter to record water consumption for each customer and bill for water use based on metered consumption. The alternative is to bill customers on a flat rate regardless of water consumption. Metering provides an incentive for customers to use water wisely. User charges are then based on these meter readings to meet certain objectives. A number of different rate structures are available. These include the following:

Declining Block Rates

For many years, a single schedule of declining block rates applicable to all customer classes was the predominant water rate form in the United States. The declining block rate provides a means of recovering costs from the customer classes under a single rate schedule, recognizing the different water demands and costs associated with each customer class.

Uniform Volume Rates

A uniform-volume water rate is one in which all water use is charged at the same rate to all metered units, regardless of consumption. Sewer consumption is often based directly on water usage up to a specified level (usually the average household indoor use calculated for the utility).

Inverted Block Rates

Inverted block rates are the opposite of the declining block rate structure. Under this alternative, rates increase for progressively larger volumes of water use. As a result, larger-volume customers pay a progressively higher average rate for increased water use. The usual reason for using an inverted block rate structure is to offer financial incentives for reducing water use. Note that the South Florida Water Management District has rules requiring utilities to utilize this rate structure to reduce water use during restrictions.

Off-Peak Rates

Off-peak rates are charged for water service provided during periods when the utility is not providing water service at its daily or hourly peak rates of flow. This measure works for electrical service because the meter already tracks this information system, but is impossible to hard to utilize in a cost-effective manner for residential water customers.

Seasonal Rates

A variation of off-peak rates is to institute seasonal rates. Seasonal pricing to affect peak use is probably the most effective and equitable method of demand management. Seasonal rates establish a higher rate for water use during the utility's peak season, reflecting the higher cost of providing the facilities for water during those peak periods. Seasonal rate structures indicate to the consumer the importance of efficient use of resources. Such rates are becoming a popular and effective rate structure in areas where seasonal peak uses are high.

Rate schedules can be compiled by customer class to establish a separate rate structure or schedule of charges for each group (or class) of customer served by the utility. A rate structure applicable to all classes of customers cannot reflect the cost of service for any particular customer group. By establishing rates by class, however, there is a more direct recovery of cost from each customer group. Since the rates can better reflect cost differences among the various classes, customers in each class are made aware of the cost of each unit of water consumed. The major difficulty in establishing a rate schedule is the identification of the various classes and the assignment of each customer appropriately.

6.2 Water and Sewer System

As the Town of Surfside began its planning process for the water and sewer utility, this section is a planning tool to make relative funding decisions. A full rate study was completed by TichlerBise in 2010 – See Appendix B). Operating expenses for the utility in 2009, including chemicals and electricity use accounts for 36 percent on the water-side, and 47 percent on the wastewater side of the total \$4.6 million budget. Chemicals and electricity are 13% of the total operations, which is typical for water systems. Salaries and benefits account for only 25% of operations. Renewal and replacement funding does not comprise a significant part of the total. Debt service is minimal – mostly equipment. Debt has not been utilized in the recent past to fund water and wastewater system improvements, plant upgrades, line replacements or major repairs.

6.3 Methodology

Multi-year financial forecasts and financial plans are common tools in business. Most of the major private enterprises project sales and expenditure levels at least five years, and many times 10 to 20 years, in advance. However, this tool is seldom used in a public sector due to the nature of public enterprises - most do not “sell” a tangible product; they provide services such as police protection, fire

protection and recreational services. However, as tax revenue sources are exhausted, local governing bodies have begun to set up many municipal departments as enterprise funds to accommodate the establishment of fees for the service. Municipal water and sewer utilities have extensive experience using financial forecasts and plans like private sector businesses for their enterprises as many governments separated their water and sewer utilities years ago as a part of the federal grant process.

Governmental expenditures are subject to changes in the statutes, case law, sound financial practice, competitiveness between public entities, the political process and group decision-making. Many public entities rely on determining revenues, and afterward planning expenditures to remain within the revenue projections, including capital items, which “fit in.” This practice can lead to the deferral of needed capital expenditures or insufficiency in maintenance obligations, since many capital expenditures must be planned years in advance. The consequences of these capital items not coming on-line at the appropriate time may subject the utility to excessive maintenance costs, lawsuits or failures in providing service.

More progressive utilities today project expenditures, including long-term capital allocations, a practice that causes the revenue needs become clearer from year to year. Projected shortfalls can be planned for ahead of time, and capital expenditures can be scheduled and completed at the necessary time. Projecting capital expenditures promotes efficient operations, as well as being politically expedient, since projects are budgeted and built on schedule - when promised and when necessary to continue operations and meet community needs and growth patterns. This philosophy is in part responsible for portions of the Florida Growth Management Act of 1985, which states that infrastructure must be in place at the time growth demands it.

The current analysis follows a similar, albeit limited, protocol as the Town’s water and sewer rate study conducted by other rate professionals. Expenses in years through 2015 tie directly to the budget documents (budgeted or actual expenditures). Projections were made for the period ending in FY 2010, although the out-year projections should be viewed with some skepticism due to uncertainty in projecting out so many years. The rates study is outlined in Appendix B.

The next task was to evaluate revenues. The current revenues are shown in the rate ordinance in Appendix C. The 2010 rate study recommended a series of rate increases, starting in 2011 fiscal year. Since most of the work is for rehabilitation and replacement programs, the use of impact fees is restricted by law to only growth induced increases. Therefore, current ratepayers are the only source for repayment of any debt as they are the benefactors of the improvements. It would appear that the proposed debt service would fit within the Town’s current revenues projects (see Table 6.1)

Table 6.1

Demonstration that Projected Debt Fits into Current Rate Projections for the Town of Surfside

(assumes all Debt SRF debt at roughly 3% interest)

Item	2011	2012	2013	2014	2015
Operating Revenues					
User Fees - Water	\$ 1,540,201	\$ 1,621,254	\$ 1,706,572	\$ 1,779,272	\$ 1,855,069
User Fees - Sewer	\$ 1,518,999	\$ 1,769,120	\$ 1,897,691	\$ 1,887,557	2102678
User Fees Stormwater	\$ 487,000	\$ 487,000	\$ 487,000	\$ 487,000	\$ 487,000
Connection Fees	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Interest Income	\$ 2,128	\$ 2,128	\$ 2,128	\$ 2,128	\$ 2,128
Non-OP/Rate Stabilization					
Other Revenues	\$ 1,760	\$ 1,760	\$ 1,760	\$ 1,760	\$ 1,760
Misc.	\$ 4,433	\$ 4,433	\$ 4,433	\$ 4,433	\$ 4,433
TOTAL	\$ 3,555,721	\$ 3,886,895	\$ 4,100,784	\$ 4,163,350	\$ 4,454,268
Operating Expenses	\$ 2,096,698	\$ 2,219,535	\$ 2,451,950	\$ 2,714,467	\$ 3,011,220
SW Expenses	\$ 246,532	\$ 252,695	\$ 259,013	\$ 265,488	\$ 272,125
Net Revenues	\$ 1,459,023	\$ 1,667,360	\$ 1,648,834	\$ 1,448,883	\$ 1,443,048
Debt Service (Excl SRF Loans)					
Debt Service (SRF Loan, incl coverage)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Ex. Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Proj Future Debt Non-SRF Loans)	\$ -			\$ -	
Projected SRF Loan Debt (Incl coverage)		995,728	995,728	995,728	995,728
New Debt	\$ -	\$ 995,728	\$ 995,728	\$ 995,728	\$ 995,728
NET	\$ 1,459,023	\$ 671,632	\$ 653,106	\$ 453,155	\$ 447,320

7.0 PUBLIC PARTICIPATION

Public participation in the Town's planning efforts began in 2009 when the Town Administrator, Public Utilities Director and the Town's consultants began discussing a comprehensive look at the utility system. From this plan, a decision was made to pursue SRF funds and to develop this facilities planning document.

For this facilities plan, a public meeting was advertised in the South Florida Sun-Sentinel on January 27, 2011 and a public meeting was held on February 8, 2011 at Town Hall at 7:00 p.m. The issues covered included the proposed improvements and costs, the proposed use of SRF funds to fund the improvements, the comparative options and the impact of doing or not doing the improvements. The Town Commission approved the plan after the public meeting. There was one speaker who raised issues in connection to the proposed airport expansion that had limited bearing on the plan. The following support documents for the meeting are included In the appendices:

- Advertisement
- Agenda
- Presentation slides
- Minutes
- Resolution

8.0 CONCLUSIONS AND RECOMMENDATIONS

The Town of Surfside is well situated for upgrade of its water and sewer utility systems. To meet the continuing regulatory needs and demands of the residents for improved service, the projects identified should be pursued as the capital improvement program for the utility systems. The major improvements are:

- Water main replacement and pipe looping
- Infiltration/inflow upgrades
- Telemetry pump station rehabilitation

Borrowing of funds can be accomplished at current SRF interest rate from the State Revolving Fund loan program, commercial borrowing, or for many of these projects, with cash on hand.

The following are the findings of the water, wastewater and stormwater system:

- The facilities are well operated.
- Leakage on the water system is reasonable.
- Condition of the water lines is fair, noting that two (2) inch galvanized pipelines need to be replaced.
- Infiltration and inflow correction is needed. Reduction in inflow will address a current consent agreement with Miami-Dade County.
- Telemeterizing lift stations will permit the Town to have greater control over the collection system.
- Stormwater improvements are needed in a number of places

The amount that needs to be borrowed is \$10 million if all of these projects are constructed at one time. The State of Florida's SRF program provides low interest loan monies to finance the cost of construction of publicly owned water, wastewater and stormwater facilities. Each year FDEP has developed an annual priority list of projects to be funded, based on need, health hazards, readiness to proceed, costs and State objectives (SWIM program, etc.). Each year the Florida Legislature and the United States Congress must appropriate funds for capitalization of the SRF program. The Legislature provides a 20 percent match to the proposed federal funds.

Borrowing of funds can be accomplished at under 3 percent interest from the State Revolving Fund loan program. Authority for the program is found in Rule Chapter 62-503 and 62-504 of the Florida Administrative Code. The Florida Department of Environmental Protection (FDEP) is charged with implementing the program. Generally any local government entity, which has jurisdiction over the collection, transmission, treatment, storage or disposal of wastewater, is eligible to apply for SRF loans. The projects for wastewater must be associated with domestic wastewater on the public system, including treatment plants, collection systems, transmission lines, storage, disposal alternatives (or changes thereto), reclaimed water use or similar projects. The same applies for water and stormwater. Rate increases will be required to meet current operations needs as well as new debt.

The rule-based notices are as follows:

- Requests for inclusion (RFI) must be submitted for all projects contemplated for placement on the pre-construction list (old target date was February 15, but these are now accepted throughout the year) - this is done each fiscal year when design is ongoing and a good cost estimate is in hand

- Readiness to proceed requirements must be complete (i.e. design complete, permits in hand) and submitted for all projects contemplated for placement on the Construction loan list (old target date was April 15, but these are now accepted throughout the year) – RFI submitted when plans and permits are in hand
- FDEP must review the plans and issue a letter indicating they are acceptable to the program (pro forma - a week)
- Approval of Construction Fundable Priority List (from which construction loans are made) occurs 45-60 days after the readiness to proceed documents are submitted (this notice comes from FDEP, and the Town can start work earlier if FDEP gives the ok)
- After bidding, FDEP must review the bids and issue a letter indicating they are acceptable to the program (pro forma as well – a week)
- Loans must be executed for a given project within 9 months of approval – generally bring these concurrently with construction bids, or try to

From a strategic standpoint, the Town can pursue a number of strategies and action steps to upgrade the utility systems in both the short and long term in addition to the capital projects. Approval of these strategies and action steps by the Town Commission provides staff with an agenda to pursue to improve the overall quality of the three systems.

Table 8.1 Five Year Capital Plan

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	TOTAL 5 Yrs
Water	\$4,241,200	\$983,786				\$5,224,986
Stormwater	\$2,646,987	\$1,049,123				\$5,696,110
Sanitary Sewer	\$3,987,100	\$2,249,418				\$6,236,518
Force Main		\$750,000				\$750,000
Annual Total	\$10,875,287	\$5,032,327				\$15,907,614

Appendix A
Infiltration and Inflow Consent Order



Carlos Alvarez, Mayor

ADA Coordination
Agenda Coordination
Art in Public Places
Audit and Management Services
Aviation
Building Code Compliance
Building
Business Development
Capital Improvements
Citizen's Independent Transportation Trust
Communications
Community Action Agency
Community & Economic Development
Community Relations
Consumer Services
Connections & Rehabilitation
Countywide Healthcare Planning
Cultural Affairs
Elections
Emergency Management
Employee Relations
Enterprise Technology Services
Environmental Resources Management
Fair Employment Practices
Finance
Fire Rescue
General Services Administration
Historic Preservation
Homeless Trust
Housing Agency
Housing Finance Authority
Human Services
Independent Review Panel
International Trade Consortium
Juvenile Assessment Center
Medical Examiner
Metropolitan Planning Organization
Park and Recreation
Planning and Zoning
Police
Procurement Management
Property Appraiser
Public Library System
Public Works
Safe Neighborhood Parks
Seaport
Solid Waste Management
Strategic Business Management
Team Metro
Transit
Urban Revitalization Task Force
Vizcaya Museum and Gardens
Water and Sewer

Department of Environmental Resources Management

Office of the Director
701 NW 1st Court, 4th Floor
Miami, Florida 33136-3912
T 305-372-6754 F 305-372-6759

miamidade.gov

August 10, 2007

Mr. W. D. Higginbotham, Town Manager
Town of Surfside
9293 Harding Avenue
Surfside, Florida 33154

CERTIFIED MAIL NO. 70041350000321904401
RETURN RECEIPT REQUESTED

RE: Failure to complete the Sanitary Sewer Evaluation Survey (SSES) for the Town of Surfside (Town) Sanitary Sewer Collection System.

Dear Mr. Higginbotham:

On June 15, 2007, the DERM received a report from Calvin, Giordano & Associates, Inc. concerning the SSES for the Town of Surfside. A review of said report by the DERM reveals that the report does not meet the requirements for compliance with the notice of 4/5/2007 (copy enclosed). Specifically, both basins in the Town's sanitary sewer collection system failed to meet the Miami-Dade County Infiltration/Inflow (I/I) standards and, the pump stations within the Town's sewer collection and transmission system are not in conformance with the requirements of MDCC Section 24-42.2.

At this time, the DERM is providing the Town with the opportunity to enter into the enclosed Consent Agreement (CA) to facilitate compliance with the notice of 4/5/2007. The two enclosed copies of the CA may be signed, notarized and returned to the DERM within 15 days of receipt of this notice.

If you have questions regarding the above matters or wish schedule a meeting with the DERM, please contact Mr. Carlos Hernandez, P.E. of the DERM at 786-315-2800.

Sincerely,


Carlos Espinosa, P.E., Director
Department of Environmental Resources Management

JR/lb

Delivering Excellence Every Day

P:\Enforcement\Code Enforcement\List\UR NOV Letter W D Higginbotham.doc

MIAMI-DADE COUNTY DEPARTMENT OF
ENVIRONMENTAL RESOURCES MANAGEMENT

Complainant,

vs

Town of Surfside
W. D. Higginbotham, Town Manager

Respondent.

CONSENT AGREEMENT

This Agreement is entered into by and between Miami-Dade County Department of Environmental Resources Management (hereinafter referred to as "DERM") and The Town of Surfside (hereinafter referred to as "Respondent") pursuant to Section 24-7(15)(c), Miami-Dade County Code (MDCC). This Agreement shall serve to redress violations of Chapter 24, Miami-Dade County Code and the Second and Final Consent Decree, Paragraph 22, dated September 11, 1995, of Case Number CIV-93-1109, United States vs. Miami-Dade County. The subject Agreement relates to the sanitary sewer collection system (SSCS), Permit DWO-041 that serves the Town of Surfside, located in Miami-Dade County, Florida. The DERM finds and Respondent acknowledges the following.

FINDINGS OF FACT

1. DERM is an agency of Miami-Dade County, Florida, a political subdivision of the State of Florida which is empowered to provide for pollution control and protection of the environment within Miami-Dade County pursuant to Article VIII, Section 6 of the Florida Constitution, the Miami-Dade County Home Rule Charter and Section 403.182 of the Florida Statutes. DERM has jurisdiction over matters addressed in this Consent Agreement.
2. The Respondent is the owner and operator of a public sanitary sewer collection system that is in violation of Section 24-42.2 of Chapter 24, Miami-Dade County Code (MDCC), which provides for evaluation of sanitary sewer collection systems in order to identify and reduce infiltration and overflow into said systems.

P:\Water & Wastewater\Conveyance Section\DWO-Overflows & Enforcement\SSCS Submittals\Consent agreement drafts\Draft_CA_Surfside
6.21.07.doc

- 1 -

3. The Respondent received correspondence from DERM regarding the Sanitary Sewer Evaluation Survey (SSES) requirements, beginning with a notification of the approval of the Miami-Dade County Ordinance 96-166 on January 3, 1997. Additional correspondences regarding SSES requirements were sent to the Respondent on the following dates:
- February 2, 1997: Volume Sewer Customer Ordinance (VSCO) and Miami-Dade County Code, Section 24-13.1(A) requirements.
 - February 16, 1999: SSES Guidelines
 - December 6, 1999: Reminder of VSCO requirements attached to utility annual permit.
 - May 22, 2006: Reminder of deadline for submittal of SSES - Phase III report.
 - November 6, 2006: Letter outlining SSES requirements.
 - April 5, 2007: Notice of failure to provide the required SSES.
 - April 30, 2007: Notice of failure to provide a properly completed SSES.
 - June 6, 2007: Telephone communications between DERM and Calvin, Giordano & Associates, Inc., the Consultant for the Town.
4. A meeting was held on May 15, 2007, between DERM and the Town Consultant concerning the completion of the SSES.
5. A report provided to DERM by the Respondent's Consultant on June 15, 2007, reveals that both of the pump stations within the Respondent's sewer collection and transmission system are not in conformance with the requirements of MDCC Section 24-42.2.
6. The report provided by the Respondent's Consultant on June 15, 2007, noted that the Respondent has commenced a program to reduce the Infiltration/Inflow (I/I) entering into the Town's sanitary sewer collection system.
7. Respondent hereby consents to this Agreement without either admitting or denying the allegations made by DERM in the finding of facts listed above.
8. In an effort to insure continued protection of the health and safety of the public and the environment of Miami-Dade County and to facilitate compliance with Sections 24-42.2 and 24-29 of Chapter 24, MDCC and to avoid time-consuming and costly litigation, the parties hereby agree to the following, and is hereby Ordered:

P:\Water & Wastewater\Conveyance Section\DWO-Overflows & Enforcement\SSES Submittals\Consent agreement drafts\Draft_CA_Surfside 6.21.07.doc

- 2 -

COMPLIANCE AND REPORTING REQUIREMENTS

9. Respondent shall complete the SSES Phase III Report in conformance with the SSES Guidelines and DERM's letter of November 12, 2006. Respondent shall submit the completed SSES Phase III Report to: DERM, 701 NW 1 Court, Miami, Florida, 33136, Suite 200, Attention, Agustin Socarras, P.E., Chief, Water and Wastewater Engineering Section, on or before October 31, 2009. In the event that the submitted SSES Phase III Report is disapproved, the Respondent shall, within 30 (thirty) days of receipt of the disapproval notification from DERM, submit a corrected SSES Phase III Report to the DERM. In the event that the second corrected SSES Phase III Report is not submitted, or does not meet requirements and is not approvable, the Respondent shall be deemed to be in violation of this Agreement and shall be subject to further enforcement action and the penalty provisions of paragraph 13 of this Agreement.
10. This Agreement constitutes a lawful order of the Director of the Department of Environmental Resources Management and is enforceable in any court of competent jurisdiction. Violation of any requirement of this Agreement may result in further enforcement action by DERM against the Respondent. Each violation of any of the terms or conditions of this Agreement by the Respondent shall constitute a separate offense.

ADMINISTRATIVE COSTS

11. The Respondent hereby certifies that Respondent has the financial ability to comply with the terms or conditions set forth herein and to comply with the payment requirements specified in this Agreement.
12. Respondent shall, within 30 days from the effective date of this Agreement, pay Miami-Dade County \$2,000.00 to cover administrative and follow-up costs in this matter. Payment shall be sent to:

Department of Environmental Resources Management
701 NW 1 Court, Suite 7-200
Miami, Florida, 33136.
Attention: Joseph Ramdial, Environmental Code Enforcement Officer.

13. In the event Respondent fails to comply with any of the requirements of paragraphs 9 and 12 of this Consent Agreement, the Respondent shall pay DERM a civil penalty of \$100.00 per day for each day of non-compliance, and the Respondent shall be subject to enforcement

P:\Water & Wastewater\Conveyance Section\DWQ-Overflows & Enforcement\SSES Submittals\Consent agreement drafts\Draft_CA_Surfside 6.21.07.doc

- 3 -

action in civil or criminal court of competent jurisdiction for such failure pursuant to the provisions set forth in Chapter 24 Miami-Dade County Code. Within 30 (thirty) days of written notice from DERM, Respondent shall make payment of the appropriate penalties to Miami-Dade County by check or money order. Payment shall be sent to DERM, 701 NW 1 Court, Suite 7-200, Miami, Florida 33130. Attention: Joseph Ramdial, Environmental Code Enforcement Officer, Enforcement Section.

SAFETY PRECAUTION

14. Respondent shall maintain the sanitary sewer system, during the pendency of this Agreement, in a manner that shall not pose a hazard or threat to the public at large or the environment and shall not cause a nuisance or a sanitary nuisance as set forth in Chapter 24, Miami-Dade County Code.

GENERAL PROVISIONS

15. The terms and conditions set forth in this Consent Agreement may be enforced in any court of competent jurisdiction pursuant to Chapter 24, Miami-Dade County Code, the Florida Administrative Code, or the Florida Statutes.
16. Entry into this Consent Agreement does not relieve Respondent of the responsibility to comply with applicable federal, state, or local laws, regulations and ordinances.
17. Where timetables cannot be met due to circumstances beyond Respondent's control, Respondent shall submit a written request for extension to the DERM fifteen (15) days prior to the expiration of the respective timetable(s) with supporting documents to DERM, stating the cause(s) of any delay or non-compliance and the extension of time requested. A determination of the reasonableness of any delay or non-compliance shall be made by the DERM for the purposes of determining whether an extension of up to twelve (12) months may be granted or continuation of enforcement actions pursuant to paragraph 13 of this Consent Agreement.
18. This Agreement shall neither be evidence of a prior violation of Chapter 24, MDCC nor shall it be deemed to impose any limitation upon any investigation or action by DERM in the enforcement of Chapter 24, Miami-Dade County Code, the Florida Administrative Code or the Florida Statutes.

19. In consideration of the complete and timely performance by the Respondent of the terms and conditions set forth in this Agreement, DERM waives its rights to seek judicial imposition of damages or criminal or civil penalties for the matters alleged in this Agreement.
20. This Consent Agreement shall become effective upon the date of execution by the Director of DERM.

Date

Town of Surfside
W. D. Higginbotham, Town Manager

Before me, the undersigned authority, personally appeared _____,
who, after being duly sworn, deposes and says that she/he read and agreed to the foregoing.
Subscribed and sworn to before me this _____ day of _____, 200____, by

(Name of affiant)

Personally Known, _____ or Produced Identification _____.

(Check One)

Type of Identification Produced: _____

Seal

Notary Public

DO NOT WRITE BELOW THIS LINE OFFICE USE ONLY

Date

Carlos Espinosa, P.E., Director
Miami-Dade County Department
of Environmental Resources
Management

Witness

Witness

P:\Water & Wastewater\Conveyance Section\DWQ-Overflows & Enforcement\SSES Submittals\Consent agreement drafts\Draft_CA_Surfside
6.21.07.doc

- 5 -



Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS

OA → DR → RP

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

UNITED STATES OF AMERICA,
Plaintiff,

v.

METROPOLITAN DADE COUNTY,
MIAMI-DADE WATER AND
SEWER AUTHORITY DEPARTMENT,
and the STATE OF FLORIDA
Defendants.

CASE NO.
CIV-93-1109-MORENO
MAGISTRATE JUDGE JOHNSON

SECOND AND FINAL
PARTIAL CONSENT DECREE

WHEREAS, Plaintiff, the United States of America, by the authority of the Attorney General of the United States and through its undersigned counsel, acting at the request and on behalf of the Administrator of the United States Environmental Protection Agency ("EPA"), has filed a complaint in this action seeking injunctive relief pursuant to Section 504 of the Clean Water Act (the "Clean Water Act"), 33 U.S.C. § 1364, alleging that defendants, Metropolitan Dade County and the Miami-Dade Water and Sewer Authority Department (hereinafter collectively referred to as the "Defendants"), are posing an imminent and substantial endangerment to the health or welfare of persons by a) the continued use of the 72-inch force main that conveys untreated wastewater from the City of Miami under Biscayne Bay to the Central District Wastewater Treatment Plant ("Central Plant") and b) the unpermitted discharge of untreated wastewater from Defendants' wastewater treatment and collection system; and

Appendix B

Annual SSES review

October 29, 2010

Mr. Carlos Hernandez, PE
Chief, Water & Wastewater Engineering Section
Environmental Resources Management
701 NW 1st Court, 2nd Floor
Miami, FL 33136-3902

Attn: Oscar Aguirre, Engineer 3

RE: Town of Surfside 2010 Annual Report
Sewer System Evaluations and Rehabilitation

**2010 Annual Sanitary Sewer System
Evaluation and Rehabilitation Report**

This 2010 Annual Sanitary Sewer System Evaluation and Rehabilitation Report is being submitted in compliance with the Consent Agreement dated April 20, 2007, (Section 24-7(15)(c), of the Miami-Dade County Code (MDCC and the Environmental Protection Agency (EPA)), and serves as the annual update of the system condition, and rehabilitation progress for the Town of Surfside's sanitary sewer collection system and two sanitary sewer pump station renovations.

The Town's sanitary sewer collection system failed to meet the Miami-Dade County Code (MDCC) Infiltration/Inflow (I/I) standards and exceeded the pump station run time limits, which prompted violation notices commencing in 1983 and the Consent Decree CIV-93-1099 dated April 17, 1995. The non-conformance with MDCC Section 24-42.2 required the Town to complete a Sanitary Sewer Evaluation Study (SSES), which was completed by Calvin-Giordano & Associates (CGA) during the third quarter of 2007. The SSES Sewer Rehabilitation Plan consists of three phases which will bring the Town into compliance with the mandates from Environmental Protection Agency (EPA), MDCC, Miami-Dade County Department of Environmental Resources Management (DERM) and the Consent Agreement.

The Town's sanitary sewer system is interconnected with the Miami-Dade County Water and Sewer Department (MDWASD) system; however, Surfside maintains the sewer collection system and two pumping stations located within its borders. By a tri-party agreement, the Town of Surfside shares this sanitary force main with Bal Harbour which connects to the City of Miami Beach's transmission system, and eventually is sent to a treatment plant for disposal. The tri-party agreement has expired between Miami Beach, Bal Harbour and the Town; however, Bal Harbour has proposed the installation of a new force main which interconnects with the existing force main. This configuration would allow for an emergency by-pass for either Bal Harbour or Surfside.

Remedial Action as Outlined in the SSES

Phase I

Infiltration/Inflow Evaluation and Rehabilitation Program

The Infiltration/Inflow Evaluation and Rehabilitation Program was submitted to DERM in March 2006 to determine compliance with 5,000 inch-mile criteria. Subsequent follow-up questions from the EPA were responded to in May 2007. Phase I was completed by placing manhole gaskets in all 157 manholes in October 2007, which has reduced the inflow of stormwater into manholes.

Phase II

Transmission System Repairs and Rehabilitation

Phase II included investigating sewer problems using video (which has been completed) along with a complete inventory and atlas of the condition of the sewer transmission system. Repair of the damaged sewers is planned to commence February 2011 and last approximately 15 months.

The Town has contacted several firms to provide proposals to repair the sewage collection system. All broken sanitary lines will be repaired or lined, as determined by the analysis. Severely deteriorated manholes will be sealed with a "Supercoat" system or full liner to reduce infiltration. Costs and unit prices have been established for lining moderately cracked pipes and point repairs for the broken pipes. Smoke testing and other techniques will be used at the time of relining the existing sanitary system to determine sources of offsite infiltration / inflow from private properties. Any privately owned rain water downspouts found to be attached to the sewer lines will be disconnected from the sanitary sewer system. All service laterals are planned to be either replaced or lined during Phase II to further reduce infiltration of ground water.

To avoid a construction moratorium, the Town is currently coordinating with the Florida Department of Transportation and their engineering consultant, R. Aleman and Associates, to determine Harding and Collins overlay impacts to sanitary sewer lining/replacement, as well as other utility improvements.

Peak Flow Analysis was performed during August 2007, and found to be largely dependent on tidal variations and not rainfall events.

SCADA and Pump Station Remote Monitoring

The Town has installed remote SCADA monitoring in both pump stations. New flow meters have been installed to provide accurate Peak Hourly Flow reporting, as now required for DERM reporting. This method of reporting will replace the current NAPOT (Nominal Average Pump Operating Time). In addition, the SCADA system provides continual monitoring of each pump station's flow and pressure, and high and low level alarming. Alarms are sent via telephone and email to Town personnel for immediate response.

Average daily run times are being recorded and reported on a monthly basis, as required. In addition, pressure sensors and control equipment has been installed as part of the multi-phase program to reduce pump run times.

Collection and Transmission System Model

A model of the collection system has been completed and will be supplied to the appropriate agencies. The model will contain the volume of wastewater flow in the force main, force main wastewater pressure at any point in the system, flow capacity of each pump station, flow capacity of each pump station with the back-up pump out of service, and peak flow for each pump station. Updates and revisions to the model will be provided as they reach a logical completion point.

Maintenance

The Town maintains staffing to provide for routine maintenance and daily inspection. Daily inspection includes a visual review of each pump station, flow volume verification, problem notification with corrective response and reporting if any abnormalities are noticed. In addition, the Town has contracted with HydroPumps for any necessary immediate repairs. HydroPumps reports are filed with the Town and the Town's Engineer, Calvin Giordano and Associates.

Spare Parts

The Town has a maintenance shop with a spare parts inventory, including pressure gauges, valves, pipe, gaskets, and pump parts. The Town's contract with HydroPumps provides all larger items to be replaced as needed, as well as the labor for pump repairs. The Town's contract with Hydro-Pumps also contains provisions for on-going repair and maintenance to the Pump Stations.

Calibration

Each pump station's effluent monitoring flow meter and pressure gauges are calibrated yearly or more often if required.

Phase III

The Town is currently engaged in the upgrade to each pump station, as required by the third phase of the SSES.

Pump Station Inspection and Repair

Phase III will consist of renovating the existing pump stations, including installation of new emergency generators, the replacement of existing valves, pumps, pump control panels, emergency standby system, and structural rehabilitation of the existing wet-well and pump station building, which will bring the system back into compliance with the current law, codes and the Consent Decree. Construction is set to begin in early March 2011.

These pump station upgrades and renovations to the sewage transmission system have been made part of the Town's Master Plan. The plan is in the final stages of development and will be completed by the end of 2010. Each pump station is equipped with a by-pass connection, which is used with a portable

pump to handle any unexpected transmission outages. This configuration will remain after the rehabilitation.

Long-Term Collection System Operation Plan

The Town is essentially “built-out” with no projected increase in transmission capacity. In addition to addressing the inflow/infiltration, the Town has a water conservation plan and a tier water and sewer rate schedule to further encourage the reduction of water usage.

Summary

The design for wastewater collection and transmission improvements, including the sanitary sewer pump station replacements, sewer lining and repairs are being finalized for implementation. The Infiltration/Inflow Evaluation and Rehabilitation Program was submitted to DERM in March 2006 and finalized in May 2007 and consist of three Phases. Costs and unit prices have been established for lining the moderately cracked pipes and point repairs for the broken pipes at \$5,924,371. Bidding of the repairs is projected to begin in the first quarter of 2011, along with the lining of the existing sanitary lines and manholes. Calvin, Giordano & Associates, Inc. is currently coordinating with the Florida Department of Transportation (FDOT) and their engineering consultant to determine Harding and Collins overlay impacts to sanitary sewer lining/replacement. Construction is scheduled to commence February 2011 and last approximately 15 months.

Respectfully submitted,

CALVIN, GIORDANO & ASSOCIATES, INC.

John Messerian, P. E.
Director of Municipal Engineering

Appendix C
Categorical Exclusion Notice



Florida Department of Environmental Protection

Bob Martinez Center
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Rick Scott
Governor

Jennifer Carroll
Lt. Governor

Herschel J. Vinyard, Jr.
Secretary

FLORIDA CATEGORICAL EXCLUSION NOTICE

Town of Surfside, Florida

11 FEB 25 PM 1:13

WW13171/SW13172 - Town of Surfside Water, Stormwater and Wastewater
Facilities Plan

February 18, 2011

Chapter 62-503, Florida Administrative Code (FAC), requires the Florida Department of Environmental Protection (DEP) to determine whether DEP decisions pursuant to providing a State Revolving Fund (SRF) loan for the construction of wastewater management facilities will have a significant adverse impact on the environment. One such decision is the approval of a facilities plan, or portion of such facilities plan, for projects that may be financed under the SRF Loan Program. The DEP, in making this determination, assumes that all facilities and actions recommended in the planning documents justifying these facilities will be implemented, whether or not SRF loan assistance is used to fund any of those facilities or actions. The construction involves stormwater improvements and wastewater collection system rehabilitation that do not involve acquisition of undisturbed land and water pollution control facilities in an area where streets have been established, underground utilities installed, or building sites excavated. Therefore, the project qualifies for a Florida Categorical Exclusion Notice (FCEN).

The proposed stormwater project consists of retrofitting three pump stations, installing Nutrient Separating Baffle Boxes and constructing nine new drainage wells. Installation of the baffle boxes will improve water quality by removing nutrients and sediment in the stormwater runoff. The treated water will then be pumped into new drainage wells which will reduce pollutants and fresh water flowing into Biscayne Bay. The total estimated cost for this project is \$2,771,000.

The proposed wastewater rehabilitation project consists of upgrading lift stations by installing telemetry and emergency generators, constructing a new force main, and correcting excessive inflow and infiltration by repairing and lining leaky pipes. This project will reduce pumping and treatment costs resulting from excessive inflow and

"More Protection, Less Process"
www.dep.state.fl.us

FLORIDA CATEGORICAL EXCLUSION NOTICE
Town of Surfside, Florida
February 18, 2011
Page Two

infiltration and, in conjunction with the lift station upgrades, will reduce the sanitary sewer overflows (SSOs). The total estimated cost for this project is \$6,444,000.

The DEP tentatively finds, based on a review of the Town of Surfside "Town of Surfside Water, Stormwater and Wastewater Facilities Plan", dated September 2010, that the above described work is eligible for categorical exclusion from a detailed environmental review under the criteria in Rule 62-503.751(2), FAC. Unless new information regarding adverse environmental impacts of the proposed project is made available to the Department, State financial assistance may be made available for construction. This FCEN does not commit any regulatory agency to issue permits that may be required for construction of the proposed project.

This determination may be rescinded if new information regarding adverse environmental impacts of the proposed project is made available to the Department. In order to be considered, comments must be submitted within 30 days of the date of this notice to Mahnaz Massoudi, Bureau of Water Facilities Funding, Department of Environmental Protection, 2600 Blair Stone Road, Mail Station #3505, Tallahassee, Florida 32399-2400. Comments also may be offered by telephone at 850/245-8388.

The documentation to support this decision will be available for public inspection at the Town of Surfside, 9293 Harding Avenue, Surfside, Florida and at the DEP office located at 2600 Blair Stone Road, Room 505, Tallahassee, Florida.



Phil Coram, P.E.
Deputy Director
Division of Water Resource Management

PC/wff/mm

Appendix D

Advertisement of Meeting

WORLD BRIEFS

• CANADA

Tunisian leader's kin seeks refugee status

From Miami Herald Wire Services

TORONTO — The Canadian government said Saturday that the brother-in-law of ousted Tunisian President Zine El Abidine Ben Ali has applied for refugee status in Canada, effectively blocking efforts to extradite him to the North African country.

Belhassen Trabelsi, a billionaire Tunisian businessman and brother of former first lady Leila Trabelsi, reportedly arrived in Canada last week with his family.

As the first lady's oldest brother, he was known as the Trabelsi clan chieftain and is suspected of running the family's many mafia-style rackets.

Foreign Affairs Minister Lawrence Cannon had said earlier that the government would try to comply with Tunisia's extradition request, but under Canadian law, it could take years to decide the asylum and extradition cases, given the lengthy appeals process.

"We've indicated that these people are not welcome in Canada, but obviously that having been stated, Canada is nonetheless a country that has legislation," Cannon said. "We do abide by the rule of law."

• NETHERLANDS

TIES WITH IRAN FROZEN OVER HANGING

THE HAGUE — The Dutch government froze official contacts with Iran on Saturday to protest the hanging of a Dutch-Iranian woman, the Foreign Ministry said.

Iranian Ambassador Gharib Abadi was informed of the sanctions after he confirmed reports that Zahra Bahrami, 45, was executed in Tehran Saturday.

Bahrami had been jailed in Iran since December 2009 after protests against President Mahmoud Ahmadinejad's reelection.

The Iranian Embassy in a statement late Saturday described Bahrami as a member of an international drug trafficking ring. Dutch Foreign Ministry spokesman Bengt van Looyrecht said Foreign Minister Uri Rosenthal was "shocked, shattered by this act by a barbaric regime."

• INDIA

U.S. PROTESTER CREMATED IN CEREMONY

JAIPUR — A 71-year-old Californian who immortalized himself to protest what he called cruelty in the United States and India was cremated Saturday according to Hindu rituals, his friends said.

About 100 people chanted prayers as Jeff Knaebel's body, wrapped in a red cloth and covered with marigold garlands, was cremated in Virat Nagar, near the historic city of Jaipur, said his longtime friend and associate, Keshav Deo Modi.

Knaebel, an admirer of pacifist freedom fighter Mohandas K. Gandhi and a retired mining engineer, had doused himself with a flammable liquid and set himself on fire.

Knaebel had renounced his U.S. citizenship in 2009 and had been living in India since 1995.

• SOUTH AFRICA

OFFICIAL: MANDELA DOING WELL

JOHANNESBURG — Nelson Mandela is doing well, a spokesman for South Africa's deputy president said Saturday, a day after the former president and international icon was discharged from a hospital.

Doctors woke Mandela up from a nap when Kgalema Motlanthe arrived at the house to visit him Saturday afternoon, Motlanthe's spokesman Thabo Masebe said.

The 92-year-old Mandela recently spent two nights in a Johannesburg hospital for what his doctor said was a respiratory infection.

Officials have said Mandela's office received more than 10,000 letters of well wishes for Mandela, including from President Barack Obama.

TUNISIA

Bank chief: Nation back to work

Promising to rid corruption and instill transparency, the newly-appointed governor of Tunisia's central bank says the nation is back in business.

By JOHN DANISZEWSKI
Associated Press

DAVOS, Switzerland — The governor of Tunisia's central bank said Saturday that his country is back in business, welcoming back investors and pledging transparency to allay any fears about commerce there.

Mustapha Kamel Nabli, appointed governor of the country's central bank earlier this week, said on the

sidelines of the World Economic Forum that the mere fact he was there was a clear indication that "things are under control economically."

He pledged that corruption and cronyism in the North African nation would be replaced by transparency.

It has been two weeks since the North African nation ousted longtime strongman President Zine El Abidine Ben Ali, who fled to Saudi Arabia on Jan. 14 after 23 years in power.

Many protesters had been angry over the lack of jobs, corruption and repression under Ben Ali.

"Revolutions always create some instability. It is the way you deal with them and the way you resolve them that is important," Nabli told reporters. "We think it is an ongoing process and the stability is coming back. We think it will be consolidated in the next weeks and months."

Tunisia's new interim Cabinet, its second in 10 days, is a caretaker government intended to prepare for elections in six to seven months.

The new Cabinet includes 12 new ministers and nine holdovers from

the prior interim government that had been named on Jan. 17.

Nabli said despite the recent protests there, it was not something that would deter investment or commerce. "It does not worry me that people protest, that is part of democracy. But, it is really (important) that people start going back to work, and people are," Nabli said.

"Almost everywhere, people are back to work. Public services are being delivered, people are doing their daily business almost normally," he said. "And protests, they will continue, so fine, we don't see any problem with that."



NABLI

TV Week is your guide to the week's 'Best Bets' in TV and cable listings.

TOWN OF SURFSIDE
NOTICE OF PUBLIC MEETING

Notice is hereby given that the Town Commission of the Town of Surfside, Florida will hold a regular public meeting on February 8, 2011 at 7:00 p.m. at Town Hall, 9293 Harding Avenue, Surfside, Florida. At this meeting, the Town Commission will consider the proposed Water, Sewer and Stormwater Facilities Plan. The public is invited to comment on the economic and social effects of the locations, design and environmental impact of the water, sewer and stormwater system improvements.

A portion of the funding for this project is anticipated to come from the state Revolving Fund (SRF) loan program. Financial impacts on utility users will be presented at the hearing. Reports, documents and data relevant to the discussion are available for public review in the Town Clerk's Office in the Surfside Town Hall.

In accordance with the Americans with Disabilities Act of 1990, individuals who need special accommodations in order to attend or to participate in this proceeding should contact the Office of the Town Clerk, (305) 861-4863, no later than seven (7) days prior to the proceeding in order to request such assistance.

Any person wishing to appeal any decision made with respect to any matter considered at this meeting or hearing will need a record of the proceeding and for such purpose may need to ensure that a verbatim record of the proceeding is made; which record includes the testimony and evidence upon which the appeal is to be made.

Debra E. Eastman, MMC
Town Clerk

FOR 5 YEARS OR 60,000 MILES, EVERY TWIST AND TURN IS COVERED, SO YOU CAN ENJOY EVERY SINGLE ONE OF THEM.

SAFE **SECURE** 5 YEAR WARRANTY 5 YEAR SCHEDULED MAINTENANCE 5 YEAR WEAR & TEAR

PAY NOTHING TO REPAIR OR MAINTAIN YOUR VOLVO FOR
5 YEARS WITH OUR SAFE + SECURE COVERAGE PLAN.
Coverage plan includes brakes, rotors and wiper blades.



ALL-NEW 2012 VOLVO S60

\$299 Per month for 36 months, \$2,999 cash due at signing. **OR** **0.9% APR** For 36 months



2011 VOLVO XC60

\$399 Per month for 36 months, \$3,999 cash due at signing. **OR** **2.9% APR** For 72 months

6 months complimentary.

SIRIUS
SATELLITE RADIO

Over 130 channels.

Volvo. for life



Subscribe today
1-800-441-0444

HARDWOOD FLOORING \$99/sq. ft.
Laminates • Refinished • Prefinished • Hardwood
LUMBER LIQUIDATORS
8765 SW 133 ST. MIAMI • 786-507-6202
1000 104th AVE. N. MIAMI • 786-402-7125

Donate Your Car



Share the
Power
of a Wish.

- We accept all vehicles - running or not
- We also accept Boats and RV's
- Free vehicle pick-up
- Tax Deductible

MAKE A WISH.
NORTHERN FLORIDA CHAPTER

CALL 1-877-918-WISH (9474)
(7 days a week)
www.WheelsForWishes.org

Appendix E
Meeting Minutes



**Town of Surfside
Town Commission Meeting
February 8, 2011
7 p.m.**

Town Hall Commission Chambers - 9293 Harding Ave, 2nd Floor
Surfside, FL 33154

1. Opening

- A. Call to Order** – Mayor Dietch called the meeting to order at 7:00 pm.
- B. Roll Call of Members** Town Clerk Debra Eastman called the roll and the following members of the Commission were present upon roll call: Commissioner Michael Karukin, Commissioner Edward Kopelman, Commissioner Marta Olchyk, Vice Mayor Joe Graubart and Mayor Daniel Dietch.
- C. Pledge of Allegiance** – Town Clerk Debra Eastman led the Pledge of Allegiance.
- D. Mayor and Commission Remarks** – Mayor Daniel Dietch

Mayor Dietch spoke about the need for better communication with the residents in the community. He mentioned that the commission is waiting for recommendations from the Communication Committee on ways to enhance the communication. The Mayor encouraged residents to attend the committee meetings and noted that they are open to the public. The Mayor also spoke about all the various communications links that are available to the residents allowing them to become more involved in the community.

Commissioner Kopelman addressed Vice Mayor Graubart's comments from the last meeting.

Commissioner Karukin spoke about the Communications Committee and noted that some changes have already been put in place such as changes to the Gazette in terms of calendar format and also added that the advertisements section was moved. Commissioner Karukin also thanked the lifeguard staff for the event on the beach Sunday in which they took care of a woman who was in distress.

Commissioner Olchyk mentioned that the commission needs to forget what happened in the past administration and move on. She stated that this current commission cannot change what happened in the past, but they can have an effect on what happens in the future, to a certain degree.

Vice Mayor Graubart addressed the comments made by Commissioner Kopelman about the garage. He stated that the combined wisdom of the community is greater than the any one, two three of them.

Vice Mayor Graubart gave an update on Tourist Board events.

E. Agenda and Order of Business Additions, deletions and linkages

Vice Mayor Graubart requested to link Items 9(A), 9(F) and 9(I).

Commissioner Olchyk made a motion to approve linking items 9(A), 9(F) and 9(I). Commissioner Karukin seconded the motion. The motion carried unanimously.

Commissioner Karukin asked to pull items 2 and 21 from points of light.

Commissioner Olchyk asked to pull pages 38, 42 and 44.

Commissioner Karukin made a motion to accept the items that were pulled from the consent agenda. Vice Mayor Graubart seconded the motion, which carried unanimously.

F. Community Notes – Mayor Daniel Dietch

The Mayor spoke about the following upcoming events in the community:

North Shore Kiwanis Charity Dog Show on 02/20,

Senior trip to the museum of art 02/17,

Parks and Recreation 5K run on 02/27,

Senior trip to Hard Rock 03/02,

And the Legacy Buy a Brick program, in honor of the new Community Center. The Mayor noted that each brick is \$250

Dana Kulvin spoke about the Tiles for Technology program.

G. Special Presentation – Ruth K. Broad Bay Harbor K-8 Center 100th Birthday Celebration – Roger M. Carlton, Town Manager

Town Manager Roger Carlton introduced Mr. Maurice Broad, son of Shepard Broad, for whom the Broad Causeway is named. Mr. Maurice Broad then introduced his sister, Ms. Ann Bussel, resident of Bay Harbor, and Principal Rodriguez, principal of Ruth Broad Bay Harbor K-8.

Mayor Daniel Dietch presented Mr. Broad and his sister, Ms. Bussel, with a plaque honoring their mother's 100th birthday. The Mayor spoke about the school's importance in the community and about Mrs. Broad's commitment to education.

H. Special Presentation - Police Civilian of the Year – Elinor Joseph and Police Officer of the Year – Sgt. Rory Alberto, Police Chief David Allen

- The Chief also presented the Police Officer of the Year award to Sgt. Rory Alberto. Chief Allen spoke about Sgt. Alberto's outstanding police work.

I. Call for Executive Session – Lynn Dannheisser, Town Attorney

Town Attorney Lynn Dannheisser mentioned that she is seeking direction from the commission on a litigation strategy for the case Young Israel of Bal Harbor vs the Town of Surfside. She proposed Tuesday, February 15th at 5:30 pm as a date and time for the executive session.

J. Water, Sewer, Drainage Project Plan of Finance Presentation – Roger M. Carlton, Town Manager

Town Manager Roger Carlton explained the eligibility of State Revolving Fund Loans and the possibility of getting legislature to waive part of the loan if the project is financed. He noted that he is requesting for the commission to accept the short list and authorize to go out to bid.

Chris Giordano of Calvin, Giordano and Associates gave a presentation recapping the steps taken in the planning stages of the project. He also gave a synopsis of the current status of the sewage system and all the problems involved. Mr. Giordano further discussed the cost of the project.

Town financial advisors Sergio Masvidal from Public Financial Management gave a presentation on his firm. Sergio Masvidal spoke about the two sources of funding available to the town.

Jolinda Herring, with the law firm of Bryant, Miller, Olive PA gave a presentation on her firm. Ms. Herring gave a background on the firm and mentioned that they do public finance.

Ms. Herring mentioned that per the town's charter, the commission will also need to enact an ordinance for the authorization of debt. She also stated that the commission will also need a resolution incorporating rates from the bank that bids.

Vice Mayor Graubart inquired about the fees of associated with both firms. Ms. Herring noted that her firm quoted the town a straight fee of \$25,000. Ms. Herring mentioned that her firm will be responsible for all the closing documents and transaction management required by the bank.

Commissioner Olchyk inquired why these firms are needed.

Commissioner Kopelman inquired about what the ballpark figure is on interest rates at this point.

Town Manager Roger Carlton explained the importance of making a decision as soon as possible due to the availability of the state revolving fund loans and the potential increase in the price of oil that would affect the cost of the project.

Commissioner Olchyk inquired if the town owes the firms any money for the work they have done even if the town decides to not go forward with the project. Mr. Masvidal responded that no, they are typically paid out of closing costs.

Commissioner Karukin inquired about what would happen if bids come in under \$16 million. Mr. Masvidal mentioned that he is sure there will be no difference in the rate and added that the funds requested will still be up to \$16 million.

Vice Mayor Graubart asked about which financing option is best for the residents. Mr. Masvidal responded that the best value would be if the town could fund the project entirely out of SRF, but he added that he has never seen that. Vice Mayor Graubart inquired about the role of these two firms if the town decided to fund the project with and SRF loan. Ms. Herring noted that her firm has worked with SRF loans in the past and they would still be involved in the process. Based on Vice Mayor Graubart's inquiry about the municipal bond market, a discussion ensued about the recent volatility in that market. Mr. Masvidal noted that a water and sewer project brings with it a stronger credit in the market.

Mayor Dietch noted that the town has a very qualified citizens advisory committee that have been sitting in on meetings and have met with the financial advising team. The Mayor commented that the committee has been very impressed with the caliber of financing advisors in these two firms.

Vice Mayor Graubart inquired if the citizens' committee has a recommendation on the financing of the project. Manager Carlton noted that the committee saw the bond counsel presentation and were very supportive of it. He added that the committee will be present at future meetings through the process.

Mayor Daniel Dietch opened the public hearing.

Mr. Pablo Casal of Collins Avenue spoke before the commission. Mr. Casal thanked everyone for their presentations, for the Gazette newsletter and for the opportunity to speak. Mr. Casal also asked about the \$3.6 million in grant money. Mr. Carlton explained about the possibility of a grant and about maintaining eligibility for grants. Mr. Casal also asked if this project can be completed in stages. Mr. Carlton explained that the plan is to divide the single family neighborhood in 3 sections and complete each section in about four months. He stated that the last step will be the final coat of asphalt. He added the impact on each neighborhood will be kept to a minimum.

Commissioner Karukin noted that the town is looking into specific graphics to determine how each homeowner will be impacted so that the residents understand the moving of meters. He added that a whole communication packet will be prepared over time.

Mr. Sasha Plutno of Harding Avenue spoke before the commission. He spoke about the town hiring a firm to do loans and commented that that is the reason why the town hired a town manager and a finance director.

Seeing no further residents wishing to speak, the Mayor closed the public hearing.

2. Quasi-Judicial Hearings (None)

•

3. Consent Agenda

- *All items on the consent agenda are considered routine or status reports by the Town Commission and will be approved by one motion. Any Commission member may request, during item 1E Agenda and Order of Business, that an item be removed from the Consent Agenda and discussed separately.*
 - Commissioner Karukin made a motion to approve the consent agenda minus the items that were pulled. Vice Mayor Graubart seconded the motion, which carried unanimously.
 -
- A. Minutes – December 14, 2010 Regular Commission Meeting**

Commissioner Olchyk asked to make a correction on the December minutes. Town Clerk Debra Eastman mentioned that she has made a correction to the minutes as follows: the first sentence in Item 9(D) will be stricken and replaced with - Commissioner Olchyk suggested that in order to assign staff to do beach clean-up on one day per week, that perhaps Wednesday garbage could be eliminated.

B. Resolution Unsafe Structures – Paul Gioia, Building Official

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA DECLINING THE ESTABLISHMENT OF ADMINISTRATIVE PROCESSES TO ADDRESS UNSAFE STRUCTURES WITHIN MUNICIPAL BOUNDARIES AND TO CONTINUE TO PROCESS UNSAFE STRUCTURES THROUGH THE MIAMI-DADE COUNTY UNSAFE STRUCTURES BOARD AND PROCESSES PURSUANT TO SECTION 8-5 OF THE MIAMI-DADE COUNTY CODE; PROVIDING FOR AN EFFECTIVE DATE.

C. Parks and Recreation Committee Appointment – Barbara McLaughlin – Commissioner Edward Kopelman

D. Budget to Actual Summary as of November 30, 2010 – Martin Sherwood, Finance Director

E. Town Manager's Report (Points of Light) – Roger M. Carlton, Town Manager

F. Town Attorney's Report – Lynn M. Dannheisser, Town Attorney

G. Projects Progress Report – Calvin, Giordano and Associates, Inc.

(Item 2 on Points of Light) Commissioner Karukin inquired if Manager Carlton has been in touch with UM Historian Dr. Baken for the visioning process. Mr. Carlton mentioned that he has not, but he will be.

(Item 21 on Points of Light) Commissioner Karukin noted that he is withdrawing the item since there is no further need for research. He asked that this item be closed out and eliminated from Points of Light.

Commissioner Olchyk had questions about the budget to actual. Mayor Dietch noted that this was part of the Consent Agenda and has already been adopted, but he added that there will be discussion on it.

Mr. Martin Sherwood, Town Finance Director spoke about the general fund and the expenditures.

Commissioner Olchyk spoke about Item 4 on page 37 of the Points of Light regarding vacant lots. She inquired why the town has made the decision to purchase this land and noted that she was not aware of the town's offer. Manager Carlton noted that this item has been on the agenda before and that the commission has had discussion on it.

Commissioner Olchyk spoke about the maintenance of the collection parking meters. Town Manager Roger Carlton explained that he is disappointed in LAZ' implementation of the meters. He added that it is his intent to send them a default letter, a cure period will be given and if they do not make corrections, the town will take over the process.

Commissioner Olchyk inquired about the interior and exterior painting of town hall. She also asked about the \$5,600 that was spent to clean up an additional space in town hall. She expressed concern about going over budget. Mr. Carlton noted that the cost of painting the inside and outside of town hall are within the budgeted amounts. He added that they found that the trusses that hold the roof in the additional space Commissioner Olchyk mentioned were rusting badly. He noted that it is important to have a safe working environment. Public Works Director Bill Evans noted that the garage area Commissioner Olchyk is referring to has been repaired and reiterated that it was in a state of disrepair.

Commissioner Olchyk asked the Manager to explain the Public related solicitations. Mr. Carlton mentioned that the town has an ordinance in which priority is given to the businesses in town when services are solicited.

Commissioner Kopelman made a motion to adopt the Points of Light discussed. Vice Mayor Graubart seconded the motion. The motion carried unanimously (Commissioner Karukin was not present for the vote).

4. Ordinances

A. Second Readings (Ordinances and Public Hearing)

1. Outside Employment Ordinance – Lynn Dannheisser, Town Attorney
AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING CHAPTER 2 "ADMINISTRATION" AND SPECIFICALLY CRATING SECTION 2-152 "OUTSIDE EMPLOYMENT BY TOWN EMPLOYEES" OF THE TOWN OF SURFSIDE CODE OF ORDINANCES PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

[This Ordinance prohibits outside employment unless approved by the Town Manager. It is based on the Code of Miami-Dade County.]

Town Clerk Debra Eastman read the Ordinance by title into the record.

Attorney Lynn Dannheisser explained that this ordinance prohibits the town employees from accepting outside employment where the Town's time, equipment or materials will be used. She noted that the provision for part-time employees was included per the commission's request.

Commissioner Kopelman made a motion to adopt the ordinance. Commissioner Karukin seconded the motion.

Mayor Dietch opened the public hearing. Seeing no residents wishing to speak on the item, the Mayor closed the public hearing.

The motion carried unanimously on roll call.

2. Curb Cuts – Sarah Sinatra Gould, Town Planner

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING SECTION 90.61 CURB CUTS OF THE TOWN OF SURFSIDE CODE OF ORDINANCES; PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING FOR AN EFFECTIVE DATE.

[This Ordinance places curb cut regulations currently in the building code into the zoning code and allows for additional curb cuts on large single family lots.]

Town Clerk Debra Eastman read the Ordinance by title into the record.

Town Planner Sarah Sinatra, with Calvin, Giordano spoke. She noted that there is no change for properties whose width is less than 100 feet. She stated that if the width is greater, the proposal is to increase the width of curb cut for driveways.

Commissioner Kopelman made a motion to approve the ordinance. Commissioner Karukin seconded the motion.

Mayor Dietch opened the public hearing. Seeing no residents wishing to speak on the item, the Mayor closed the public hearing.

The motion carried unanimously on roll call.

B. First Readings Ordinance

1. Boat Storage - Sarah Sinatra Gould, Town Planner

AN ORDINANCE OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AMENDING SECTION 90.65 BOAT STORAGE, INCLUDING ZONING CODE DEFINITIONS OF "SETBACKS" AND "YARDS" OF THE TOWN OF SURFSIDE CODE OF ORDINANCES; PROVIDING FOR INCLUSION IN THE CODE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING FOR AN EFFECTIVE DATE.

[This Ordinance permits boats to be parked in the front, side and rear yards of a lot, but not in the side or rear setbacks and requires screening of boats in the side or rear yard from neighboring properties.]

Town Clerk Debra Eastman read the Ordinance by title into the record.

Town Planner Sarah Sinatra gave a history of the item. She noted that changes and modifications have been made since the first reading of the ordinance on January 18th to include the public's desired changes.

Commissioner Kopelman moved to adopt the ordinance. Vice Mayor Graubart seconded the motion.

Vice Mayor Graubart read how the town code regarding boats read for many years. He noted that the code was never enforced. He gave the information to the Town Clerk for anyone who would like to see it.

Ms. Sinatra, Town Planner, noted that as long as the setback is respected and the boat does not project into the right-of-way, they boat can be parked in the front.

Resident Sasha Plutno suggested that the ordinance be amended to allow parking of the boat in side or rear setback of the property. He also commented that screening the boats is an additional expense to the owner.

Resident Ken Arnold inquired about how the code addresses boats that are sitting in disrepair in front of a property. Mayor Dietch read the provision in the ordinance that requires the parked boats to be in a presentable condition.

The motion carried unanimously on roll call.

5. Resolutions and Proclamations

**A. Resolution Approving Copier Lease – Debra Eastman, Town Clerk
A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF
SURFSIDE, FLORIDA, WAIVING THE BID PROCESS AND APPROVING A
PURCHASE ORDER FOR A 36 MONTH TERM WITH DELTA BUSINESS
SOLUTIONS, PIGGYBACKING ON THE STATE OF FLORIDA
CONTRACT NO. 600-000-11-1, AUTHORIZING EXECUTION OF
PURCHASE ORDERS; AND PROVIDING FOR AN EFFECTIVE DATE.**

Town Clerk Debra Eastman read the resolution by title.

Commissioner Karukin made a motion to approve the resolution. Commissioner Kopelman seconded the motion.

Resident Sasha Plutno spoke against piggybacking on someone else's contract.

The motion carried unanimously.

**B. Resolution Approving List of Pre Qualified Contractors and Authorization
to Continue the Bid Process – Roger M. Carlton, Town Manager
A RESOLUTION OF THE TOWN OF SURFSIDE, FLORIDA APPROVING
THE LIST OF PRE QUALIFIED CONTRACTORS FOR THE**

INFRASTRUCTURE REHABILITATION PROJECT; AND AUTHORIZE THE TOWN MANAGER TO SEEK COMPETITIVE BIDS; AND PROVIDING FOR AN EFFECTIVE DATE.

Town Clerk Debra Eastman read the correct title of the resolution into the record.

Chris Giordano distributed an updated list of top contractors to the commission. He noted the changes made to the list.

Commissioner Kopelman made a motion to accept the list of prequalified contractors as amended. Commissioner Karukin seconded the motion. Motion carried 4-1 with Vice Mayor Graubart opposed.

**C. Infrastructure Rehabilitation Project Public Meeting – Chris Giordano, Calvin, Giordano & Associates, Inc.
A RESOLUTION OF THE TOWN OF SURFSIDE, FLORIDA APPROVING THE WATER, SEWER AND STORMWATER FACILITIES PLAN AFTER A PUBLIC MEETING ON SAME.**

Town Clerk Debra Eastman read the Resolution by title.

Commissioner Karukin made a motion to approve the facilities plan. Commissioner Kopelman seconded the motion, which carried unanimously.

6. Good and Welfare

- *Public comments for subjects or items not on the agenda. Public comment on agenda items will be allowed when agenda item is discussed by the Commission.*
-
- Mr. Jerry Kahn, President of the Regent Palace on Collins Avenue, spoke before the commission. Mr. Kahn complained about the red light camera that is facing his home. He mentioned that the camera flashes like a strobe light into his home. Mr. Kahn read portions of the contract with American Traffic Solutions and noted that he was never contacted by this company for the placement of the system equipment. Mr. Kahn stated that he wants to meet with the vendor's project manager and added that he wants the lights turned off at night until they fix the problem.
-
- Police Chief David Allen stated he has received complaints on the light Mr. Kahn is referring to. He noted that he contacted the company, which came out and installed strobe shields to alleviate the problem, but the lower apartments are still being affected. The Chief explained that the company will be coming back to adjust the camera angle. Mayor Dietch asked Chief Allen to keep Mr. Kahn updated on the status of the situation.
-
- Mr. Sasha Plutno thanked the Chief and the commission for solving the crossing problem on Harding Avenue with the poles on the street. Mr. Plutno also spoke in favor of the CVS expansion and opined that it is in the town's best interest. Mr. Plutno spoke about the Young Israel case and gave a brief background.
-
- Mr. Stan Bershad, of Bay Drive invited everyone to the North Shore Kiwanis 3rd annual Dog Show that will take place on February 20th at 10:00 am behind the Best Western.

-
- The Mayor closed Good and Welfare.
-
- 7. **Town Manager and Town Attorney Reports**
 Town Manager and Town Attorney Reports have been moved to the Consent Agenda – Item 3.
 - *All items on the Consent Agenda are considered routine or status reports by the Town Commission and will be approved by one motion. Any Commission member may request, during item 1E Agenda and Order of Business, that an item be removed from the consent agenda and discussed separately.*
 -
 - Town Attorney Lynn Dannheisser spoke about the issue of solar collectors, which was brought up at the Planning and Zoning Board meeting. She noted that there are no regulations in the town's code books relating to it. She further noted that Florida statute prohibits municipalities from prohibiting residents from installing energy devices. Ms. Dannheisser stated that her research on the matter indicates that regulations can be enacted to ensure that the solar collectors conform to the town codes without prohibiting the device.
 -
 - Commissioner Kopelman spoke about the appearance of solar collectors on the roofs of homes. Mayor Dietch noted that the commission's decision on the matter must be based on what is best for the community. He directed Attorney Dannheisser to present possible resolutions on the matter to the Planning and Zoning Board.
 -
 -

8. Unfinished Business and New Business – None

9. Mayor, Commission and Staff Communications

A. Bottle Bill Resolution – Vice Mayor Joe Graubart

Vice Mayor Graubart spoke about the bottle bill deposit system. He suggested that the town pass a bottle bill resolution. He noted that states with deposit laws have higher residential recycling rates and less litter. Commissioner Kopelman noted that bottle bill deposits are adopted on the state level.

Mayor Dietch suggested sending it to the appropriate state agency.

Commissioner Olchyk expressed concern that this system will take up more valuable time away from the town's employees. She opined that it is too big for the town to tackle. Commissioner Karukin agreed with Commissioner Olchyk.

Mayor Dietch asked Attorney Dannheisser about how long it would take her to draft a bottle bill resolution. Ms. Dannheisser noted that it can be quickly prepared.

B. Five Year Financial Forecast for the Town of Surfside - Roger M. Carlton, Town Manager

Town Manager Roger Carlton explained that the Five Year Forecast looks at what will happen to the taxation levels in the town for 5 years based upon different strategies causing the remaining major parcels to be developed. He noted that currently 80% of the town's property taxes come from residential homes, which is a high percentage based on comparable communities. He noted that if the town does not do good development on the sites, that percentage could rise to 90%. Mr. Carlton mentioned that one issue is equity and the other is that the town does not know what the millage will go to. He spoke about the 5 different scenarios. He noted that there are scenarios in which the millage can be held down significantly.

Commissioner Kopelman mentioned that he has read through the manager's report and suggests a workshop to review it due to its complexity. The Mayor agreed that a workshop is necessary. He noted that this is an opportunity to analyze the undeveloped parcels in town and decide what can be developed to be harmonious with the rest of town.

The Mayor thanked Town Manager Roger Carlton and the town's staff for coordinating this report that looks beyond one year into the future for planning purposes.

Town Manager Carlton mentioned that EWM prepared the report pro bono and he thanked Martin Sherwood, Finance Director, and Budget Consultant Carl Berkey-Abbott for their work. The Manager also noted that this type of report can easily cost \$75,000 to \$100,000.

Town Manager Carlton mentioned that it is his intent is to make available a decision tree, for the commission following the workshop, that will help the commission give direction to staff on what to do. The Mayor asked that, wherever possible, there be a benefit-cost analysis.

C. Land Acquisition of Two Parcels Immediately South of Town Hall - Assistant Police Chief John DiCenso

Town Manager Carlton spoke about Atkins property and the Delgado property that runs from Collins Ave to Harding Avenue. He gave a history of the Delgado Property.

Mr. Carlton mentioned that this is a wonderful opportunity for the town to purchase a property directly to the south of it. He noted that this year's budget contains \$1.025 million for land acquisition. He asked the commission for authority to begin the process of purchasing this property. He noted that any purchase price would come back to the commission for approval. Mr. Sherwood mentioned that the appraised value of the Delgado property is about \$1.25 million.

Mr. Carlton spoke about the Atkins property. He mentioned that the town made an offer and the deal fell through. He noted that the current status of the deal is \$320,000 with 3-year financing included. He added that the town would pay 25% up front and in each of the 3 years pay 25% more. He added that the interest is included in the \$320,000. He noted that the Atkins family will accept this deal.

Commissioner Kopelman made a motion to accept the Atkins deal right away. Commissioner Karukin seconded the motion.

Mr. Carlton spoke about the possibility of using the other property as a parking garage for the community center. He added that the town could enter into an agreement with the owners of the Delgado property or the other property located on 9256 Collins Ave. for an exchange in land for the town to have parking rights.

Commissioner Olchyk asked what the town will be doing with the lots. Mr. Carlton mentioned that soon the library trailers will be gone and added that a larger complex with incorporated parking for the community center and town hall making it an extraordinary complex. He noted that this parcels of land are a very limited commodity in Surfside and opined that it will never be cheaper than it is right now.

Vice Mayor Graubart asked about zoning issues with the Delgado property. Mr. Carlton stated that he will get clarification.

Commissioner Olchyk spoke about the experience with the Maranon property and inquired if perhaps it is more beneficial to the town for someone else to purchase these properties and the town collect the tax revenues. Mr. Carlton noted that there is a trade off in the revenues and mentioned that he will have a memo with the information for the commission. He added that the town would be getting an extraordinary complex as trade off for tax revenues.

Mayor Dietch mentioned that the town has to be careful in how it will proceed with the land acquisitions because it will limit the available funds.

On roll call, the motion passed 4 to 1 with Commissioner Olchyk voting against it and noting, for the record, that she is voting no because she does not feel that the town should get into real estate business when the community is in dire need for additional taxation. She added that she is not against additional space for parking, but is against spending the money, right now, to buy all these lots, when these lots may be purchased by a private individual that could give revenue to the town.

D. Acquisition of Single Family Home at 9333 Harding Avenue Property – Roger M. Carlton, Town Manager

Manager Carlton explained the location of the home and that the asking price is \$298,000. He noted that he has spoken with the real estate agent, but currently has no recommendation to the commission. Commissioner Olchyk expressed opposition for the same reason she noted in the previous item.

Vice Mayor Graubart opined that the property's best use might be to the town and spoke in favor of purchasing it. Commissioner Kopelman agreed. Commissioner Olchyk also expressed concern that the property could become an expense to the town if it falls into disrepair if the town does not find a use for it. Commissioner Olchyk also noted that the town should not spend the money in the budget to just get rid of it.

Town Manager Carlton noted that the house on the property north of town all is in perfect condition and the town could rent it to make more money than it would get in taxes. He added that the Atkins property does not have house on it.

**E. Surfside Beach Maintenance – Tim Milian, Parks and Recreation
Director and Bill Evans, Director of Public Works**

Mr. Tim Milian from Parks and Recreation spoke about the increased maintenance program. He noted that it will stay within budget and meet FDEP guidelines.

**F. Household Dry Cell Battery Recycling at Town Hall – Bill Evans, Director
of Public Works**

Public Works Director Bill Evans directed the Commission to the picture of the dry cell container he provided. He noted that it is a good measure and that it complies with the commission's direction of becoming more environmentally friendly. He proposed having a single station, underneath the steps at city hall. Mr. Evans noted that each container costs \$107 and if 5 are purchased, the shipping back to them is free. He suggests that 5 be purchased.

Mayor Dietch recommended updating the website with this information.

Commissioner Kopelman made a motion to purchase the five Dry Cell Battery Recycling containers. Vice Mayor Graubart seconded the motion. The motion carried unanimously.

G. Budget High Level Direction – Roger M. Carlton, Town Manager

- H. (i) Report from Esslinger-Wooten- Maxwell (EWM) Realty Report on Sales in
The Town of Surfside
(ii) Report from Esslinger-Wooten- Maxwell (EWM) Realty Report on Short
Sales in Surfside
(iii) Report from Esslinger-Wooten- Maxwell (EWM) Report on Foreclosures
In Surfside – Roger M. Carlton, Town Manager**

I. Sustainable Initiatives – Bill Evans, Director of Public Works Page 146-149

Mr. Shaun Bamforth, Lead AP with Calvin Giordano spoke before the commission regarding his report and snapshots on sustainable options for the town.

Commissioner Kopelman made a motion to accept the report from Calvin Giordano. Vice Mayor Graubart seconded the motion. The motion passed 4 to 1 with Commissioner Karukin dissenting.

Commissioner Kopelman recognized Barbara McLaughlin for her work on code enforcement and noted that he is appointing her to Parks and Recreation.

10. Adjournment

The meeting adjourned at 10:15 p.m.

•
• Accepted this ____ day of _____,
2011

Daniel Dietch, Mayor

•
•
•
•
• Attest:
•
•

Debra E. Eastman, MMC
Town Clerk

Appendix F

List of Speakers Commenting on Plan

There were no speakers commenting on Plan

Appendix G
Capital Financing Plan

 Town of Surfside

(Project Sponsor)

Roger Carlton, Town Manager

(Authorized Representative and Title)

9293 Harding Avenue, Surfside, FL 33154

(City, State, and Zip Code)

 Frederick Bloetscher, Ph.D., P.E., President, Public Utility
 Management and Planning Services, Inc
 (Capital Financing Plan Contact, Title and Telephone Number)

954-925-3492

 P.O. Box 221890

(Mailing Address)

 Hollywood, FL 33022-1890

(City, State, and Zip Code)

The Department needs to know about the financial capabilities of potential State Revolving Fund (SRF) loan applicants. Therefore, a financial capability demonstration (and certification) is required well before the evaluation of the actual loan application.

The sources of revenues being dedicated to repayment of the SRF loan are Water and Sewer User Fees
 (Note: Projects pledging utility operating revenues should attach a copy of the existing/proposed rate ordinance)

Estimate of Proposed SRF Loan Debt Service

<u>Capital Cost*</u>	\$ 14,962,614
Loan Service Fee (2% of capital cost)	\$ 292,250
Subtotal	\$ 15,261,866
Capitalized Interest**	\$ -
Total Cost to be Amortized	\$ -
Interest Rate***	2.68%
Annual Debt Service	\$ 995,728
Annual Debt Service Including Coverage Factor****	\$ 1,175,925

* Capital Cost = Allowance + Construction Cost (including a 10% contingency) + Technical Services after Bid Opening.

** Estimated Capitalized Interest = Subtotal times Interest Rate times construction time in years divided by two.

*** 20 GO Bond Rate times Affordability Index divided by 200.

**** Coverage Factor is generally 15%. However, it may be higher if other than utility operating revenues are pledged.

SCHEDULE OF PRIOR AND PARITY LIENS

List annual debt service beginning two years before the anticipated loan agreement date and continuing at least fifteen fiscal years. Use additional pages as necessary.

IDENTIFY EACH OBLIGATION

#1 Coverage % Insured (Yes/No)	#2 Coverage % Insured (Yes/No)	#3 Coverage % Insured (Yes/No)
#4 Coverage % Insured (Yes/No)	#5 Coverage % Insured (Yes/No)	#6 Coverage % Insured (Yes/No)

Fiscal Year	<u>Annual Debt Service (Principal + Interest)</u>						Total Non-SRF Debt Service w/coverage	Total SRF Debt Service w/coverage
	#1	#2	#3	#4	#5	#6		
2012								
2013								
2014								
2015								
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								

2035								
2036								
2037								
2038								

**SCHEDULE OF ACTUAL REVENUES AND DEBT COVERAGE
FOR PLEDGED REVENUE (Water and Sewer Plus Stormwater)**

(Provide information for the two fiscal years preceding the anticipated date of the SRF loan agreement)

	FY 2009	FY 2010
Operating revenues (Identify)		
User Fees	\$ 2,210,490	\$ 2,765,220
Intergov.	\$ (44,333)	\$ (63,452)
Interest Income	638	11,575
Other Revenues (penalties/meters)		
Misc.	\$ 200	
Total Revenues	\$ 2,166,995	\$ 2,713,343
Operating Expenses (excluding interest on debt, deprec, and non cash)	\$ 1,798,387	\$ 2,104,788
Net Revenues (f = d - e)	\$ 368,608	\$ 608,555
Debt Service (including coverage Excluding SRF Loans)		\$ -
Debt Service (including coverage) for Outstanding SRF Loans		
Net	\$ 368,608	\$ 608,555

Source posted CAFR, 2009. 2010

SCHEDULE OF PROJECTED REVENUES AND DEBT COVERAGE

FOR PLEDGED REVENUE

(Begin with the fiscal year preceding first anticipated semiannual loan payment)

Item	2011	2012	2013	2014	2015
Operating Revenues					
User Fees - Water	\$ 1,540,201	\$ 1,621,254	\$ 1,706,572	\$ 1,779,272	\$ 1,855,069
User Fees - Sewer	\$ 1,518,999	\$ 1,769,120	\$ 1,897,691	\$ 1,887,557	\$ 2,102,678
User Fees Stormwater	\$ 487,000	\$ 487,000	\$ 487,000	\$ 487,000	\$ 487,000
Connection Fees	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Interest Income	\$ 2,128	\$ 2,128	\$ 2,128	\$ 2,128	\$ 2,128
Non-OP/Rate Stabilization					
Other Revenues	\$ 1,760	\$ 1,760	\$ 1,760	\$ 1,760	\$ 1,760
Misc.	\$ 4,433	\$ 4,433	\$ 4,433	\$ 4,433	\$ 4,433
TOTAL	\$ 3,555,721	\$ 3,886,895	\$ 4,100,784	\$ 4,163,350	\$ 4,454,268
Operating Expenses	\$ 2,096,698	\$ 2,219,535	\$ 2,451,950	\$ 2,714,467	\$ 3,011,220
SW Expenses	\$ 246,532	\$ 252,695	\$ 259,013	\$ 265,488	\$ 272,125
Net Revenues	\$ 1,459,023	\$ 1,667,360	\$ 1,648,834	\$ 1,448,883	\$ 1,443,048
Debt Service (Excl SRF Loans)					
Debt Service (SRF Loan, incl coverage)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Ex. Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Proj Future Debt Non-SRF Loans)	\$ -			\$ -	
Projected SRF Loan Debt (Incl coverage)		995,728	995,728	995,728	995,728
New Debt	\$ -	\$ 995,728	\$ 995,728	\$ 995,728	\$ 995,728
NET	\$ 1,459,023	\$ 671,632	\$ 653,106	\$ 453,155	\$ 447,320

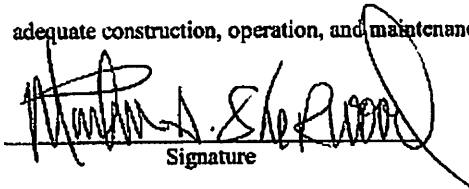
CERTIFICATION

I, Martin D. Sherwood, CPA, CGFO, certify that I have reviewed the information
Chief Financial Officer (please print)

included in the preceding capital financing plan worksheets, and to the best of my knowledge, this
information accurately reflects the financial capability of Town of Surfside
Project Sponsor

I further certify that Town of Surfside has the financial capability to ensure
Project Sponsor

adequate construction, operation, and maintenance of the system, including this SRF project.


Signature

5/31/2011
Date

Appendix H
Site Certification

AUTHORIZED REPRESENTATIVE'S SITE CERTIFICATION


(Non-equivalency Projects)

Project Number _____

Project Description Surfside Water, Sewer and Stormwater Upgrades as identified in Facilities Plan approved February 8, 2011

I do hereby certify as to the following:

1. The Town of Surfside has acquired all real property or real property rights that are, or will be, required for the construction (erection, extension, modification, addition), operation and maintenance of the Project described above.
2. All real property and real property rights required for the entire Project were acquired in accordance with the State and local requirements.

Dated this 31st day of May, 2011

Signature of Authorized Representative

Roger M. CarltonTown Manager

Title

Revision 3

Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS

Appendix I
Plan Adoption Resolution

RESOLUTION NO. -2011-2007

**A RESOLUTION OF THE TOWN OF SURFSIDE, FLORIDA
APPROVING THE WATER, SEWER AND STORMWATER
FACILITIES PLAN AFTER A PUBLIC MEETING ON SAME.**

WHEREAS, the Town of Surfside has pursued an update to its utility systems and has developed a Water, Sewer and Storm Water Facilities Plan as a way to help facilitate long-term decision-making on the water, sewer and storm water systems.

WHEREAS, planning is a function which all enterprises should participate in to anticipate needs, clarify organizational goals and provide direction to pursue; and

WHEREAS, this need is particularly important with water and wastewater utility systems, as many necessary improvements and changes in direction take many years to implement and/or complete; and

WHEREAS, an adopted Facilities Plan is needed to enter the State Clearinghouse review procedure or to pursue State Revolving Fund loan monies for water, wastewater and stormwater projects; and

WHEREAS, the proposed Facilities Plan has been created in contemplation of dealing with the expected improvements that may be required over the next 10 years on the water, wastewater and stormwater systems, including plant, pipeline and infiltration improvements; and

WHEREAS, the Town Manager recommends that the Town Commission approve the Facilities plan after due public meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF SURFSIDE, FLORIDA:

SECTION 1: The Water, Sewer and Storm water Facilities Plan attached hereto as Exhibit "A" be and the same is hereby approved.

SECTION 2. That this resolution shall be in full force and effect immediately upon its passage and adoption.

Motion by Commissioner Karukin, Second by Commissioner Kopelman

PASSED AND ADOPTED this 8th day of February, 2011.


FINAL VOTE ON ADOPTION

Commissioner Michael Karukin
Commissioner Edward Kopelman
Commissioner Marta Olchyk
Vice Mayor Joseph Graubart
Mayor Daniel Dietch

Yes
Yes
Yes
Yes
Yes


Daniel Dietch, Mayor

ATTEST:


Debra E. Eastman, MMC
Town Clerk

APPROVED AS TO FORM AND LEGALITY
For use and reliance of the
Town of Surfside, Florida.


Lynn M. Dannheisser, Town Attorney



Appendix J
Miami Dade Bulk Wastewater Rates



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.mlb.mibeachfl.gov

PUBLIC WORKS DEPARTMENT
Tel: 305-673-7080, Fax: 305-673-7028

August 12, 2009

W.D. Higginbotham
Town Manager
Town of Surfside
9293 Harding Avenue
Surfside, FL 33154

Dear Mr. Higginbotham:

The purpose of this letter is to inform you that the Miami-Dade County Water and Sewer Department (WASD) has recommended to the Board of County Commissioners an increase of \$0.3567 per thousand gallons in their wholesale sewer rate. The proposed rate increases by WASD must be approved by the Board of County Commissioners before they become effective.

Based on the proposed WASD increase of \$0.3567 per thousand gallons, the proposed Fiscal Year 2009/2010 sewer rates charged by Miami Beach for Dry Season (November 1 to April 30) and Wet Season (May 1 to October 31) are as follows:

	FY09	FY10
Wet Season		
CMB Surcharge	\$ 0.198	\$ 0.198
CMB Surcharge Increase	-	-
MD Sewer Rate	1.902	1.902 (A)
MD Sewer Rate (Increase)	-	0.357
Rate	\$ 2.100	\$ 2.457
		18.75% ↑
Dry Season		
CMB Surcharge	\$ 0.198	\$ 0.198
CMB Surcharge Increase	-	-
MD Sewer Rate	1.472	1.472 (A)
MD Sewer Rate (Increase)	-	0.357
Rate	\$ 1.670	\$ 2.027
		24.25% ↑

4A ÷ 2 = 1.6869
AVG MD ✓
→ AVG ↑
21.15% MD ✓
AD.

As you may also be aware, WASD included a "true-up" credit based upon lower than expected WASD Sewer operating expenditures in Fiscal Year 2007/08. The total amount of the "true-up" credit for Miami Beach wastewater treatment (as calculated by WASD) for FY09/10 is \$1,023,675. The true-up amount was calculated as a credit rate of \$0.1168 per thousand gallons of treated wastewater for all wholesale customers by WASD. The FY08 true-up credit for your city was calculated as follows:

Total number of sewer gallons metered	310,223,305
Sewer flow per 1,000 gallons	310,223
Credit rate per 1,000 gallon	\$0.1168 ✓
Total Credit = 310,223 x 0.1168	\$36,234.08
	6.73% ↓

We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.

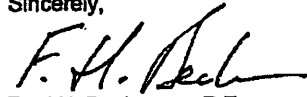


Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS

The FY08 credit will be effective as of the October 2009 billing, and will be applied to your monthly billing until fully expended. Unless Miami-Dade County fails to adopt the rate changes as proposed in the tables referenced above, the new rates for the Wet Season (\$2.457) and Dry Season (\$2.027) will be effective October 1, 2009.

Please contact me if you have any additional questions or concerns at 305-673-7080.

Sincerely,



Fred H. Beckmann, P.E.
Public Works Director

cc: Tim Hemstreet, Assistant City Manager
Kathie Brooks, Director, Office of Budget and Performance Improvement
Michael Alvarez, Assistant Public Works Director

f:\work\Sat\11 employee folders\Keith Wilder\satellite cities\fy10 sunside sewer rate increase notification.doc

We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.



Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS

Appendix K
Rate Resolution

ORDINANCE NO. 10-1560

AN ORDINANCE OF THE TOWN OF SURFSIDE, FLORIDA, AMENDING CHAPTER 78 "UTILITIES" INCLUDING ESTABLISHING AMONG OTHER THINGS NEW SERVICE CHARGES WHICH SHALL BE EFFECTIVE BEGINNING FISCAL YEAR 2010-2011; PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Section 11 of the Town Charter (the "Charter") of the Town of Surfside gives the Town Commission (the "Commission") the power to levy, assess and collect fees; and

WHEREAS, after having rate changes from the various providers imposed on the Town, and after the Town has conducted its own rate study and having had numerous workshops and public hearings, the Commission wishes to establish amended service charges for utilities effective beginning fiscal year 2010-2011 based upon that rate study; and

WHEREAS, the Commission believes that the establishment of new charges in the best interest of the Town for purposes of recovering the full cost of providing service, promote equity in utility rates, establishing reserve policies to avoid future rate hikes, encourage water conservation throughout the Town, improve both water and sewer capital infrastructure some of which are mandated by DERM, and enable the Town to secure funding for the capital improvement debt service costs.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA AS FOLLOWS:

Section 1. Recitals. The above Recitals are true and correct and are incorporated herein by this reference.

Section 2. Code Amended. Chapter 78 of the Town Code is hereby amended as follows:

Sec. 78-26. Regulations adopted.

Except as otherwise provided in this chapter, Chapter 45 110 of the Code of the City of Miami Beach, Florida, as same may be amended from time to time, regulating the sale and distribution of water furnished to owners and consumers and regulating rates thereof, is hereby adopted by the town to govern the maintenance and operation of the water distribution system in the town. A copy of such chapter is on file in the office of the town clerk.

Ordinance No. 10-1560

Sec. 78-27. Amendment of regulations.

The changes and variations in the sections comprising Chapter ~~45~~110, Miami Beach City Code, as further amended by section 78-26, as made by the town commission are enumerated as follows:

78-27. Amendment of regulations.

The changes and variations in the sections comprising ~~Chapter 45~~, Chapter 110, Miami Beach City Code, as amended, adopted by section 78-26, as made by the town commission are enumerated as follows:

~~45-4(a).~~ Subsection (a) of section ~~45-4~~ Section 110-166 is amended to read as follows:

1. The ~~meter consumption~~ rate of nonmunicipal single-family residential, Duplex, Tri Plex, Quad Plex consumer for water supply service in the territory shall be ~~\$1.61 per 1,000 gallons based on an inclining block rate structure as follows:~~
0-12,000 6,000 gallons \$2.97 per 1000 gallons
12,000-24,000 6,001-12,000 gallons \$3.56 per 1000 gallons
24,001-12,001 and above \$5.94 per 1000 gallons
The consumption rate for nonmunicipal consumers, excluding single-family residential, Duplex, Tri Plex, Quad Plex consumers for water supply service in the territory shall be a uniform block rate of \$3.67 per 1000 gallons.
2. ~~45-4(b).~~ Subsection (b) of section ~~45-4~~ 110-166. Section 110-166 is amended to read as follows:
Any municipality within Town limits, which purchases its water supply in whole or in part from the town shall be charged at the rate of ~~\$0.64~~ \$2.97 per 1,000 gallons.
~~Such municipality will also be charged a surcharge of three percent of the amount billed for water each month for 12 months after effective date hereof and 1 1/2 percent each month thereafter. Any municipality outside Town limits shall be charged at the rate of \$3.67 per 1000 gallons.~~

~~45-4(d).~~ Subsection (d) of section ~~45-4~~ 110-166. Subsection (a) of section 110-166 is amended to read as follows:

Every water supply service shall have a monthly ~~minimum~~ service charge on each service installed. The ~~minimum~~ monthly service charge on each service shall vary with and be based upon the size of the service pipe required and installed. This ~~minimum~~ service charge shall be in accordance with the following schedule and shall entitle the consumer, without excess charge, to have supplied through the meter the number of gallons of water set forth in the table.

All bills for water service shall be paid within ~~ten~~thirty days from date of bill. ~~If paid within that period, a discount of five percent will be allowed.~~ If such bills are not paid by the first day of the second month following that in which the service was rendered, such service shall be discontinued.

Ordinance No. 10-1560

The monthly minimum service charge and water allowed without excess charge shall be as follows:

TABLE INSET:

Size of Service (in inches)	Minimum base (fixed) Monthly service charge	Amount of water allowed per month (in gallons)
5/8	\$ 21.23 <u>\$13.90</u>	6,000
1	28.31 <u>20.22</u>	8,000
1 1/2	42.47 <u>30.76</u>	12,000
2	63.70 <u>43.40</u>	18,000
3	141.56 <u>72.90</u>	40,000
4	283.10 <u>115.03</u>	80,000
6	424.66 <u>220.37</u>	120,000
8	707.77 <u>346.78</u>	200,000

There shall not be a rental charge on meters.

~~45-4(f).~~ Subsection (f) of section 45-4 110-166, Subsection (d) of section 110-166 is amended to read as follows:

Upon the application of the owner or consumer for water service, on premises to which there has not been any previous service for water, or for an additional, enlarged or reduced service, the following tapping charges shall be made to cover the cost of the tap and the installation of the service to the property line of the lot to be supplied with water service:

TABLE INSET:

Up to 1-inch tap and service.....	\$3050.00*
1 1/2-inch tap and service.....	\$4 500.00*
2-inch tap and service.....	\$6500.00*
Over 2-inch tap and service.....	Actual cost, plus 10 15 percent
*Additional charge where a street, sidewalk, curb or gutter is cut.....	Actual cost of replacement, plus 10 15 percent

There shall not be a rental charge on meters.

All water meters and meter boxes servicing private property shall be located upon said property, and in no case shall be in the public right-of-way.

Ordinance No. 16-1520

~~45-12(g). Subsection 45-12(g) is hereby amended to read as follows:~~
~~section 110-166 is hereby amended to read as follows:~~
 Every owner-tenant or consumer making an application for water service shall be required to make a deposit for each meter with the public works department called a guarantee of payment deposit. The amount of such deposit shall be according to the size of the service for each meter in the following schedule:

TABLE INSERT:

Minimum Guarantee Deposits		
Service	Owner per meter	Tenant
5/8"	\$ 80.00-160.00	\$ 160.00-
1"	100.00-200.00	200.00-
1 1/2"	120.00-300.00	240.00-
2"	200.00-400.00	400.00-
3"	500.00-600.00	500.00-
4"	600.00-800.00	600.00-
6"	1,000.00-1,200.00	1,000.00-
8"	1,500.00-1,600.00	1,500.00-

If no refund has been applied for within three years after water service has been discontinued to the party making the guarantee deposit for water service at the specific location mentioned in the receipt, such deposit shall be forfeited and be transferred to the water revenue fund account of the town.

~~45-12(b). Subsection (b) of section 110-192, Subsection (a) of section 110-192 is amended to read as follows:~~

All delinquent accounts, including metered water supply service, may cause the service of the water department to be discontinued and the water supply to be shut off from and to the premises of the owner or consumer from whom such account is in arrears, immediately upon such account becoming delinquent or as soon thereafter as practicable, without notice, and such service will not be resumed and the water turned on to such premises until the amount of the delinquent account and the sum of \$5.00-25.00 for the first occurrence then \$50.00 for the second and subsequent occurrence(s) within a rolling 12 month calendar period for turning on the supply to each premises so shut off has been paid. All accounts shall be settled in person at town hall or by mail.

~~45-21. Section 45-21~~ 110-3, Section 110-3 is amended to read as follows:

Any person found guilty of a violation of any of the foregoing rules and regulations in this chapter, or who shall fail to observe any of the foregoing regulations, or who shall take and use water of the town without paying therefor, or who shall connect his premises with any water main of the town without the permission of the water department, shall, upon conviction thereof, be punished as provided in section 1-8 of the Code of the Town of Surfside, Florida.

(Code 1960, § 17-2; Ord. No. 1295, §§ 1, 2, 9-15-92; Ord. No. 1343, § 1, 9-26-94; Ord. No. 1347, § 1, 2-14-95; Ord. No. 1365, § 1, 9-30-96; Ord. No. 1378, § 1, 9-18-97; Ord. No. 1502, § 2(Exh. A), 10-14-08; Ord. No. 1536, § 2(Exh. A), 10-13-09)

State law references: User fees authorized, F.S. § 166.201.

Sec. 78-28. Charges declared liens.

(a) When water is furnished to the owner, user or occupant of any premises, the charge for such water service shall be and constitute a lien against the premises and shall become effective and binding as such lien from the date upon which the account becomes due, unpaid and in arrears. Existing liens and liens hereafter imposed pursuant to this section shall be treated as special assessment liens against the subject real property, and until fully paid and discharged shall remain liens equal in rank and dignity to the lien of ad valorem taxes, and shall be superior in rank and dignity to all other liens, encumbrances, titles and claims in, to or against the subject real property. The maximum rate of interest allowable by law shall accrue on such delinquent accounts.

(b) Such liens for service charges and penalties shall be enforced by any method provided by law, including but not limited to foreclosure proceedings instituted and prosecuted under provisions applicable to foreclosure of mortgages on real estate. Collection of payment thereof may also be accomplished by any other method provided by law. The owner, user or occupant shall pay all costs of collection, including but not limited to reasonable trial and appellate attorneys' fees, incurred in collection of fees, service charges, penalties and liens imposed by virtue of this section. The remedy provided in this section shall be cumulative and shall not be construed to waive the right of the town to require payment of any bill in arrears before renewing water service to the subject real property.

Secs. 78-29--78-50. Reserved.

ARTICLE III. SEWERS AND SEWAGE DISPOSAL

Sec. 78-51. Septic tank or sanitary privy prohibited.

The construction or maintenance of any septic tank or sanitary privy by any person, owner, tenant or occupant of any lot or parcel of land within the town is hereby declared to be a nuisance, dangerous or injurious to the public health and shall be unlawful.

Sec. 78-52. Connection, inspection, maintenance required; liens.

Ordinance No. 10-1560

(a) The owner, ~~tenant~~ or occupant of any lot or parcel of land within the town, upon which lot or parcel a building has been or shall be constructed for residential, commercial or industrial use, shall cause the building to be connected to the town's gravity sanitary main sewer and shall cease to use any other method of sewage disposal. All such connections shall be in accordance with chapter 24 of Metropolitan Dade County, Florida, "The Standard Details and Specifications of Miami Dade Water and Sewer Authority Department," and with the rules and regulations which shall be adopted from time to time by the town commission.

(b) All such connections to the town's gravity sanitary main sewer shall be inspected and approved by a person designated by the town manager.

(c) Sanitary sewage laterals connecting to the town's gravity sanitary main sewer are the responsibility of the real property owner, ~~tenant~~ or occupant served. The owner, ~~tenant~~ or occupant shall insure the proper operation, maintenance and repair of the sanitary sewage laterals connecting to the town's gravity sanitary main sewer. The portion of the laterals connecting to the town's gravity sanitary main sewer of the public right-of-way shall be the responsibility of the town.

(d) To the extent that the owner, ~~tenant~~ or occupant fails to comply with the requirements of this section, the town may, at its sole option, take such steps as are necessary to ensure compliance, and the costs directly and indirectly associated therewith shall constitute a lien against the property. Such liens shall be treated as special assessment liens against the property, and until fully paid and discharged, shall remain liens equal in rank and dignity to the lien of ad valorem taxes, and shall be superior in rank and dignity to all other liens, encumbrances, titles and claims in, to or against the property. The maximum rate of interest allowable by law shall accrue on such liens. Such liens shall be enforced by any method provided by law, including but not limited to foreclosure proceedings instituted and prosecuted under provisions applicable to foreclosure of mortgages on real estate. Collection of payment thereof may also be accomplished by any other method provided by law. The owner, ~~tenant~~ or occupant shall pay all costs of collection, including but not limited to reasonable trial and appellate attorneys' fees incurred in enforcement and foreclosure of such liens. The remedy provided in this section shall be cumulative and shall not be construed to waive the right of the town to require compliance before providing any further municipal services to the property.

Sec. 78-53. Manner of connection.

All connections to the town's sewer disposal facilities, now or hereafter existing, shall be made strictly in accordance with the South Florida Building Code. All such connections shall be maintained so that compliance with the South Florida Building Code is maintained. Any such connection which is not in compliance with the South Florida Building Code shall be removed within 60 days after the effective date of the ordinance from which this section was derived or immediately, if such connection results in a health hazard.

Sec. 78-54. Restrictions on materials and substances discharged into sewers; liability; inspections.

Ordinance No. 10-1560

(a) No person shall discharge into the town's sanitary sewer collection system any material or substance, which discharge into sanitary sewers is restricted or prohibited by the Metropolitan Dade County Code or the rules and regulations set forth by the county department of environmental resources management or the county water and sewer authority. Any person who discharges any substances classified as overstrength by any of such authorities, or by the United States Environmental Protection Agency, or by the state, or by any department designated to make such determinations, shall be responsible and liable for:

(1) The excess costs of treating the overstrength discharge, as estimated by the town manager after proper consultation with consultants and such authorities;

(2) The cost of restoration of any facilities or any assessed damages levied against the town due to the transportation or treatment of such overstrength discharge; and

(3) The cost of any surcharges, penalties, fines or any costs, including engineering and attorneys' fees required to enforce compliance with this section.

(b) The town shall have the right to conduct inspections from time to time and, as such, shall have the right of access to any property for such inspections or collection of samples in order to ensure compliance with the intent of this section, at reasonable times, except in the case when it is reasonable to expect that an emergency exists, whereupon the town shall have the right to enter upon any property to determine whether, in fact, an emergency exists.

(Code 1960, § 17-5)

Sec. 78-55. ~~Sewer trust fund established for capital improvements; certified annual deposit.~~Reserved.

~~(a) There is hereby established a trust fund which shall be called the Town of Surfside Sanitary Sewer Improvements Trust Fund. Use of the funds deposited into such trust fund shall be restricted as provided in this section.~~

~~(b) Funds which are deposited into the town sanitary sewer improvements trust fund shall be invested in the manner permitted by law. Such funds, and interest earned thereon, shall be expended by the town only for capital improvements, construction, rehabilitation, betterments, expansions and upgrading of any or all elements of the sanitary sewer system of the town.~~

~~(c) The town shall, not less frequently than annually, deposit into the town sanitary sewer improvements trust fund funds in accordance with section 17-50.017(2)(b), Florida Administrative Code, which section is hereby incorporated herein by reference. The town's regular certified public accountant shall certify annually to the state compliance with the foregoing deposit requirements.~~

Sec. 78-56. Monthly Sewer service charges.

(a) There is hereby imposed, upon all premises within the town connected to or using the facilities of the town's sanitary sewer system, a monthly sewer service charge based on effluent flow. Such sanitary sewer service charge shall be in an amount equal to \$4.69 ~~\$5.41~~ per 1,000 gallons of water billed sewer flow per account or dwelling unit delivered to the consumer, as shown by the water bills rendered in accordance with this article, or 100 percent of the minimum water rate charges, whichever is greater. In addition to the flow-based charge there shall be a base (fixed) monthly charge in the amount of \$3.44 per account or dwelling unit. The amount of such sanitary sewer system service charges shall be shown as a separate item on such water bills and

Ordinance No. 10-1560

shall be paid by the owner, ~~tenant~~ or occupant in possession of such premises at the same time and in the same manner as is provided in this chapter for the payment of water bills, ~~except that there shall be no discount for early payment.~~ Further, provided that the provisions of this section shall not be applicable to any water sold and delivered through separate meters measuring water delivered and consumed solely for swimming pools, lawn sprinkler systems or other purposes not requiring the use of the sanitary sewer system facilities of the town. ~~The sanitary sewer service charge imposed hereby shall become effective for service on and after October 1, 1997.~~

(b) In addition to the penalty for violation of this section as set forth in this article, all delinquent accounts may cause the service of the water department to be discontinued and the water supply to be shut off from and to the premises in accordance with this article.

Sec. 78-57. Review of service rates.

Rates set forth in this article shall be reviewed annually at the time the town's general operating budget is reviewed and adopted. The town commission shall, from time to time, amend this article, so that revenues expected to be generated by the sewer service and other charges shall be sufficient to pay the projected operating and maintenance costs for providing such services as well as providing for desired unrestricted and restricted net asset reserves. The town commission shall also provide the funds necessary in accordance with this article. Sewer system customers of the town shall be notified of rates and other charges applicable to such sewer service.

Secs. 78-58--78-80. Reserved.

ARTICLE IV. WATER AND SEWER DEVELOPMENT FEE

Sec. 78-81. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Combination account means any account that contains both residential and commercial or nonresidential facilities served through a common meter. Such account may be treated as either residential or commercial/nonresidential, depending whichever method of computation yields the larger number of equivalent single-family residential units.

Commercial and nonresidential account means any account not defined in this article as an equivalent single-family residential unit. For purposes of establishing the applicable development fee, a commercial or nonresidential account shall be considered to comprise equivalent single-family residential units and the development fee therefor shall be computed in accordance with section 78-83.

Equivalent single-family residential unit.

(1) Each single-family residence served by the town through a single sewer service connection and/or water meter constitutes one equivalent single-family residential unit.

(2) Each residential room or combination of rooms, designed to be occupied or occupied by one or more persons, and each apartment unit, condominium unit, cooperative unit, multifamily unit,

Ordinance No. 10-1560

hotel unit, apartment-hotel unit or motel unit that includes one or more connection points for sewer and/or water service constitutes one equivalent single-family residential unit, regardless of whether or not a single sewer or water connection serves the entire structure.

Section 3. Inclusion in the Code. It is the intention of the Town Commission, and it is hereby ordained that the provisions of this ordinance, shall become and be made a part of the Code of the Town of Surfside, Florida. The sections of this ordinance may be renumbered or re-lettered to accomplish such intention, and the word "ordinance" may be changed to "section," "article," or other appropriate word.

Section 4. Severability. The provisions of this Ordinance are declared to be severable and if any section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections, sentences, clauses, and phrases of this Ordinance but they shall remain in effect, it being the legislative intent that this Ordinance shall stand notwithstanding the invalidity of any part.

Section 5. Effective Date. This ordinance shall become effective September 25, 2010.

PASSED and ADOPTED on First Reading this 10 day of August, 2010.

PASSED and ADOPTED on Second Reading this 12 day of: OCT., 2010.



Daniel Dietch, Mayor

Attest:



Debra E. Eastman, MMC
Town Clerk

Ordinance No. 10-1560

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:


Lynn M. Dannheisser, Town Attorney

On First Reading Moved by: Commissioner Karukin

On Second Reading Seconded by: Commissioner Olchyk

Vote:

Mayor Dietch	yes <input checked="" type="checkbox"/>	no <input type="checkbox"/>
Vice Mayor Graubart	yes <input checked="" type="checkbox"/>	no <input type="checkbox"/>
Commissioner Karukin	yes <input checked="" type="checkbox"/>	no <input type="checkbox"/>
Commissioner Kopelman	yes <input checked="" type="checkbox"/>	no <input type="checkbox"/>
Commissioner Olchyk	yes <input checked="" type="checkbox"/>	no <input type="checkbox"/>

Ordinance No. 10-1560

TOWN OF SURFSIDE, FLORIDA
WATER RATES
BY Service Type
CURRENT & PROPOSED FY 2010-2011

Service Type (Base (Fixed) Meter Charge)	Code Section	Current Rate (monthly)	Current Rate (Yearly/Minimum Excess of minimum consumption)	Current Rate (Monthly Excess of minimum consumption)	Proposed Rate (monthly)	Proposed Rate (Monthly Excess of minimum consumption)	\$ Change (Monthly)	\$ Change (Annual)
5/8"	new	\$0.00			\$13.90		\$13.90	\$166.85
1"	new	\$0.00			\$20.22		\$20.22	\$242.69
1 1/2"	new	\$0.00			\$30.76		\$30.76	\$369.10
2"	new	\$0.00			\$43.40		\$43.40	\$520.79
3"	new	\$0.00			\$72.90		\$72.90	\$874.74
4"	new	\$0.00			\$115.03		\$115.03	\$1,380.38
6"	new	\$0.00			\$220.37		\$220.37	\$2,644.48
8"	new	\$0.00			\$348.78		\$348.78	\$4,181.40
Service Type: Consumption Charge	Code Section	Current Rate (monthly @ minimum consumption)	Current Rate (Yearly/Minimum Excess of minimum consumption)	Current Rate (Monthly Excess of minimum consumption)	Proposed Rate (monthly)	Proposed Rate (Monthly Excess of minimum consumption)	\$ Change (Monthly)	\$ Change (Annual)
5/8" - 8,000 min gal	78-27	\$21.24	\$254.88	\$3.54	N/A		N/A	N/A
1" - 8,000 min gal	78-27	\$28.32	\$339.84	\$3.54	N/A		N/A	N/A
1 1/2" - 12,000 min gal	78-27	\$42.48	\$509.76	\$3.54	N/A		N/A	N/A
2" - 18,000 min gal	78-27	\$63.72	\$764.64	\$3.54	N/A		N/A	N/A
3" - 40,000 min gal	78-27	\$141.60	\$1,699.20	\$3.54	N/A		N/A	N/A
4" - 80,000 min gal	78-27	\$283.20	\$3,398.40	\$3.54	N/A		N/A	N/A
6" - 120,000 min gal	78-27	\$424.80	\$5,097.60	\$3.54	N/A		N/A	N/A
8" - 200,000 min gal	78-27	\$708.00	\$8,496.00	\$3.54	N/A		N/A	N/A
Single-family Residential, Duplex, Tri-Plex, Quad-Plex								
Block 1= normal(0-6,000 gal)	78-27	N/A	N/A	\$3.54	\$2.97		(\$0.57)	(\$6.85)
Block 2=discretionary(6,001-12,000 gal)	78-27	N/A	N/A	\$3.54	\$3.56		\$0.02	\$0.28
Block 3=excessive(above 12,000 gal)	78-27	N/A	N/A	\$3.54	\$5.94		\$2.40	\$28.78
Commercial, Multi-Family greater than 4 units, Place of Worship								
Uniform Block	78-27	N/A	N/A	\$3.64	\$3.67		\$0.13	\$1.56
Municipality:								
within Town Limits	new	N/A	N/A	\$3.54	\$2.97		(\$0.57)	(\$6.85)
outside Town Limits	78-27	N/A	N/A	\$0.64	\$3.67		\$3.03	\$36.36

USURFPPH1161816FINANCE DEPTINFINBUDGETING 2011 Consolidated proposed water and sewer ratesSower

Appendix L
Tischler Bise Rate Study

Town of Surfside Florida



Water and Sewer Rate Study

August 26, 2010

TischlerBise
Fiscal, Economic & Planning Consultants

43460 Ridge Park Drive
Suite 200W
Temecula, CA 92590
T: 951.719.8478
F: 301.320.4860
www.tischlerbise.com

August 26, 2010

Mr. Martin D. Sherwood, CPA, CGFO
Finance Director
Town of Surfside
9293 Harding Avenue
Surfside, Florida 33154

Dear Mr. Sherwood,

TischlerBise is pleased to present this report on the long-term financial plan and rate study conducted for the Town of Surfside's Water and Sewer Enterprise Fund.

This report was undertaken as the Town is facing several challenges to continuing its high-quality utility operations. The focus of this study is to ensure that the utilities have sufficient revenues to meet their operational, capital and proposed debt service obligations and that rates are set proportionate to the costs of providing utility service to each customer class. Our report outlines the approach, methodology, findings, and conclusions of this study.

This report has been prepared using generally accepted rate setting techniques. The Town's utility accounting, budgeting, and billing records were the primary sources for the data contained within the report. Furthermore, we have worked closely with Town staff and the Town Commission over the course of this project. The conclusions contained within this report provide the Town with a set of recommendations to provide stable defensible funding for continued high-quality operations. We are confident that the results developed based on the cost of service analysis will result in fair and equitable rates to the Town's users.

It was a pleasure working with you, and we also wish to express our thanks to Gary Word, Fernando Rodriguez, Catherine Colonna, and other staff members at the Town, along with John Messerian at Calvin, Giordano & Associates, for the support and cooperation extended throughout the study.

Sincerely,

Brian Jewett
Vice-President
TischlerBise, Inc.

Table of Contents

Table of Contents	iii
List of Figures & Tables	iv
Executive Summary	1
Overview of the Rate Study Process	1
Financial Plan Summary	2
Organization of the Report	6
Project Background	7
Key Financial Plan Objectives	8
Rate Setting Principles	10
Established Principles & Guidelines	10
Revenue Requirements	11
Financial Planning	11
Rate Design	12
Rate Setting Principles Summary	12
Utility Enterprise Fund Budget Analysis.....	13
Project Assumptions	13
Utility Revenues and Expenditures	13
Water Rate Analysis	17
Revenue Requirements Analysis.....	17
Cost of Service Analysis.....	19
Rate Design Analysis	22
Sewer Rate Analysis.....	28
Revenue Requirements Analysis.....	28
Cost of Service Analysis.....	30
Rate Design Analysis	32

List of Figures & Tables

Table of Contents	iii
List of Figures.....	iv
Executive Summary	1
Figure 1: Comprehensive Rate Study Interrelated Analysis.....	2
Figure 2: Water System Financial Projection Using Current Water Rates	3
Figure 3: Sewer System Financial Projection Using Current Sewer Rates	3
Figure 4: Water System Financial Projection Using Proposed Water Rates	4
Figure 5: Sewer System Financial Projection Using Proposed Sewer Rates	5
Table 1: Proposed Water Monthly Base Service Charge	5
Table 2: Proposed Water Consumption Charge	6
Table 3: Proposed Wastewater Rate Structure	6
Project Background	7
Rate Setting Principles	10
Figure 6: Overview of the “Cash Basis” Design	11
Utility Enterprise Fund Budget Analysis.....	13
Table 4: Escalation and Input Assumptions	14
Table 5: Utility Enterprise Fund Revenue Projections	15
Table 6: Utility Enterprise Fund Expenditure Projections	15
Table 6: Utility Enterprise Fund Expenditure Projections (continued)	16
Water Rate Analysis	17
Table 7: Water CIP and Funding Sources	17
Table 8: Water Revenue Requirements	18
Figure 7: Major Budget Components of Water System.....	19
Table 9: Water Fund Balance Information.....	20
Table 10: Classification of Water Expenses by Function.....	21
Table 11: Allocation of Revenue Requirements by Functional Percentages	21
Figure 8: Consumption Charge Approaches	23

Table 12: Fixed Montly Base Charges by Meter Size	24
Table 13: Meter Equivalency Ratios.....	24
Table 14: Customer Consumption Charge Structure	25
Figure 9: Customer Billing Analysis: Current & Proposed Water Rates	26
Figure 10: Customer Monthly Consumption Charge Analysis	26
Figure 11: SFR Rate Comparison –12,000 gallons.....	27
Sewer Rate Analysis.....	28
Table 15:Sewer CIP and Funding Sources	28
Table 16: Sewer Revenue Requirements	29
Figure 12: Major Budget Components of Sewer System	30
Table 17: Sewer Fund Balance Information.....	31
Table 18: Classification of Water Expenses by Function.....	32
Table 19: Allocation of Revenue Requirements by Functional Percentages	32
Table 20: Fixed Montly Base Charges by Account or Dwelling Unit and Sewer Flow Rate	34
Figure 13: Customer Billing Analysis: Current & Proposed Sewer Rates	35
Figure 14: SFR Rate Comparison –12,000 gallons.....	36

Executive Summary

The Town retained TischlerBise to prepare a long-term financial plan and rate study for the water and sewer utilities to ensure each utility has sufficient revenues to meet operational, capital and projected debt service obligations. An additional but equally important objective of the analysis was to ensure that rates are set proportionate to the costs of providing utility service to each customer class. As part of this rate study, TischlerBise facilitated dialogue with the Town Commission and Town staff at several Commission meetings and project meetings. During these meetings, the Commission and staff made recommendations to be incorporated into the study where appropriate. This report documents the findings, analyses and recommendations of the comprehensive rate study effort.

The Town desires rates and fees that fully fund operations, maintenance, and future capital costs for infrastructure repair and replacement. The Town is facing several challenges to continuing its high-quality operations:

- Utility revenues are not keeping pace with increasing operational and capital costs.
- Purchased water costs and sewage disposal expenses have a volatile history and could spike again in the future.
- Utility infrastructure is aging and must be replaced soon to maintain high-quality service and minimize system water losses and sewer inflow/infiltration problems.

Therefore, the purpose of this analysis is to provide recommendations on changes to the current utility rate structures to meet these challenges and others identified during the course of the project.

Overview of the Rate Study Process

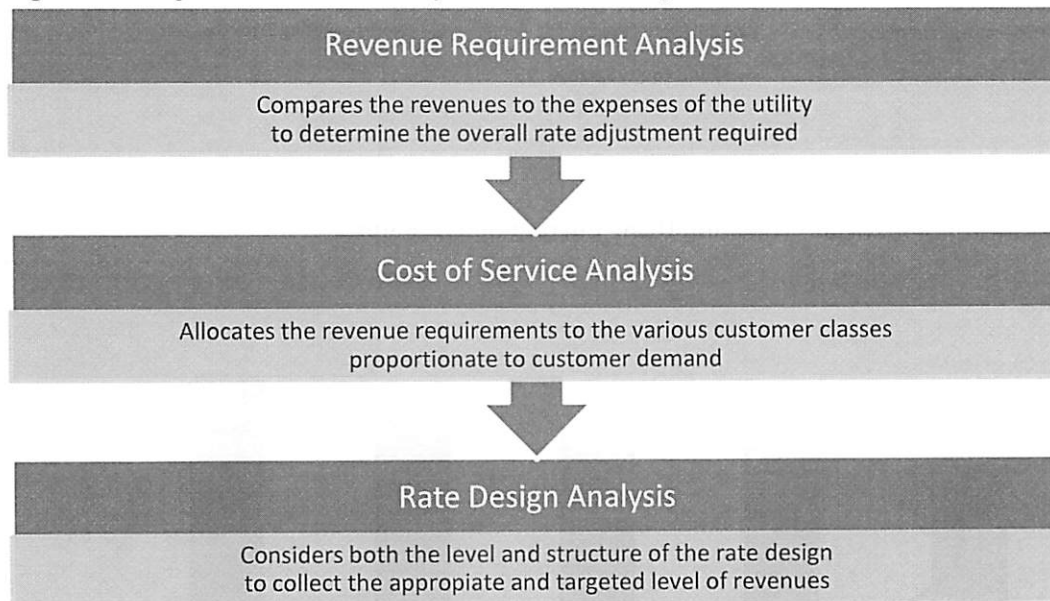
The financial planning and rate study efforts were conducted in coordination with Town staff and the Town Commission. During the course of the project, the consulting team facilitated several presentations and discussions with the Commission members and Town staff to review, explore and analyze rate setting principles and utility financial, operational and capital issues. The meetings consisted of presentations of information and data related to the Town's utility revenue needs, capital improvement plans, current rate structures, other relevant rate and financial issues. This process enabled the Town staff, Commission members and the consulting team to develop a multi-faceted understanding of financing planning issues, and to develop a broad consensus on a number of policy items and rate recommendations.

The scope of the study resulted in the development of cost-based water and sewer user charges through a comprehensive cost of service and rate design study process. Utility rates must be set at a level where a utility's operating and capital expenses are met with the revenues received from customers. This is a significant point, as failure to achieve this level may lead to insufficient funds being available to appropriately maintain the system and meet other obligations such as debt coverage ratios on future bonds. To evaluate the adequacy of the Town's existing rates, a comprehensive rate study was

completed. A comprehensive rate study typically consists of following three interrelated analyses (Figure 1 provides an overview of these processes).

- **Financial Planning/Revenue Requirement Analysis:** Create a ten-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, and retirement of projected outstanding debt. In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and Town fiscal policies.
- **Cost of Service Analysis:** Identifies and apportions annual revenue requirements to the different customer classes based on their demand on each utility system.
- **Rate Design:** Develops a fixed/variable schedule of rates for each customer class to proportionately recover the costs attributable to them. This is also, where other policy objectives can be achieved, such as discouraging wasteful water use. The policy objectives are balanced with the cost of service objectives to maintain the delicate balance between customer equity, financial stability and resource conservation goals.

Figure 1: Comprehensive Rate Study Interrelated Analysis



Financial Plan Summary

The graphs below (**Figures 2 and 3**) demonstrate the current and projected financial conditions of the water and sewer systems absent a comprehensive rate restructuring and assuming no rate increases over the next 5 years. As the figures illustrate, holding rate structures and rates constant will result in depleted reserve funds, potential General Fund borrowing, lower quality operations and deferred capital projects that are urgently needed.

Figure 2: Water System Financial Projection Using Current Water Rates

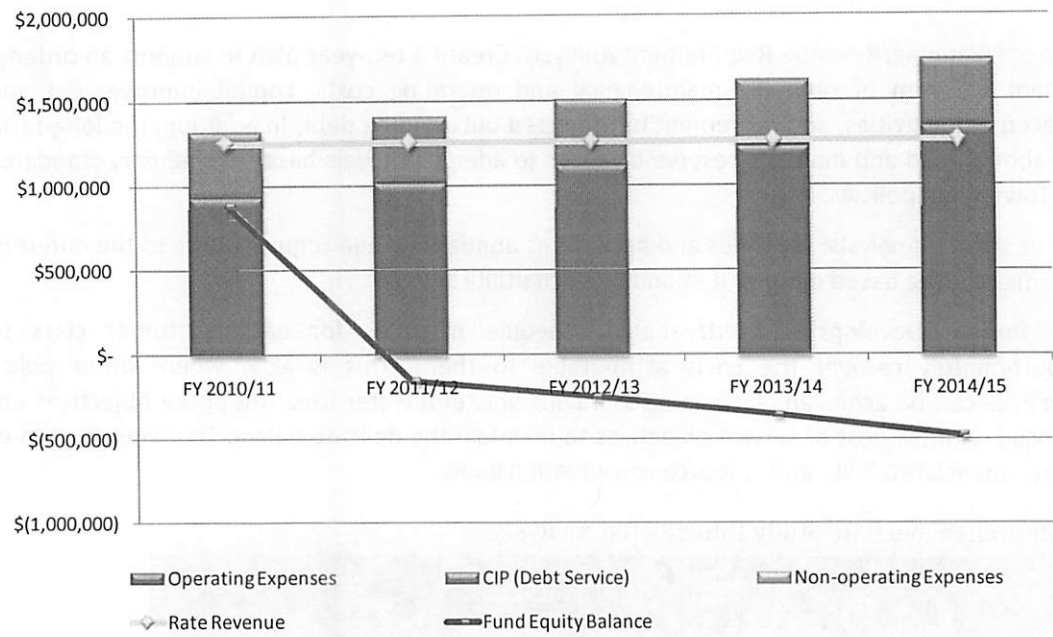
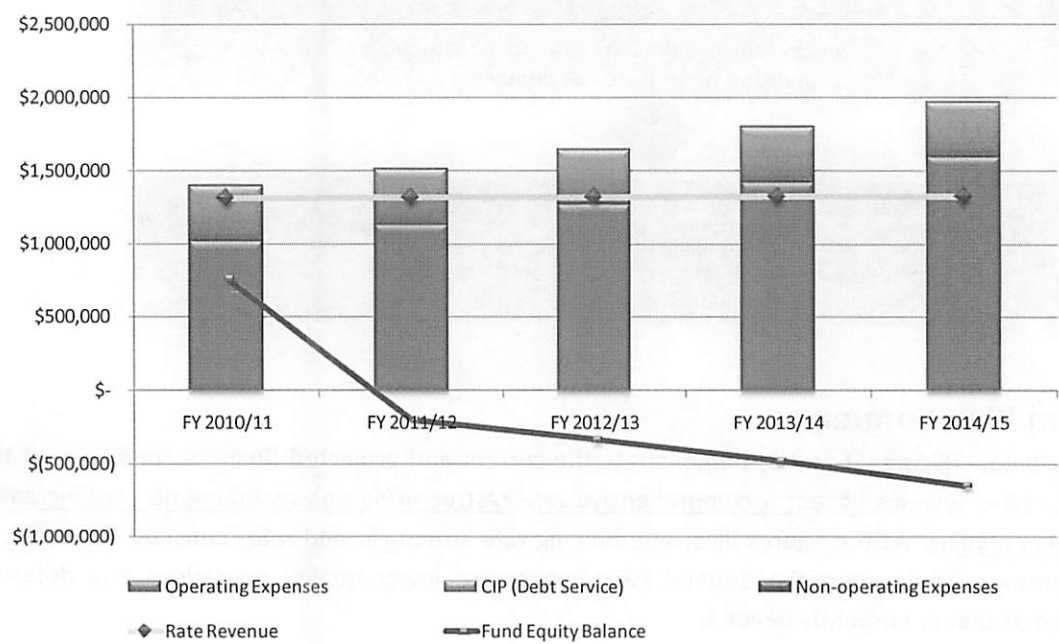


Figure 3: Sewer System Financial Projection Using Current Sewer Rates



The graphs below (Figures 4 and 5) demonstrate the projected financial conditions of the water and sewer systems assuming adoption of a comprehensive rate restructuring and recommended rate increases over the next 5 years. As the figures illustrate, the proposed rate structures and rate increases will enable the Town to continue its high quality operations, establish prudent reserve fund levels, and fund capital projects that are urgently needed primarily through a planned bond financing by Fiscal Year 2010/11.

Figure 4: Water System Financial Projection Using Proposed Water Rates

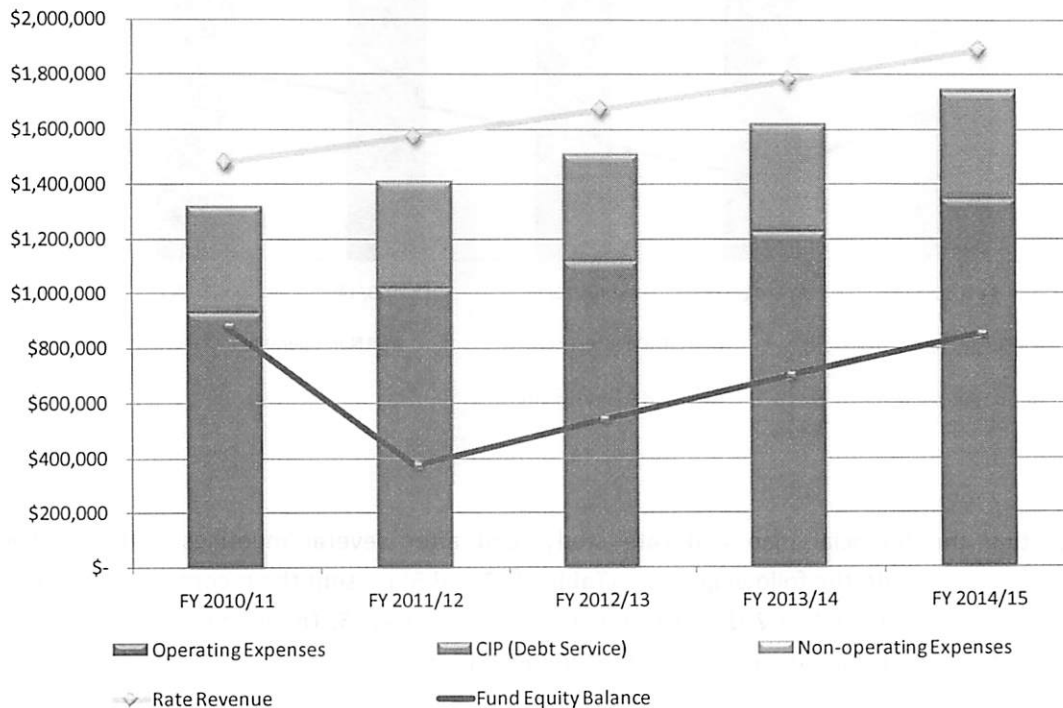
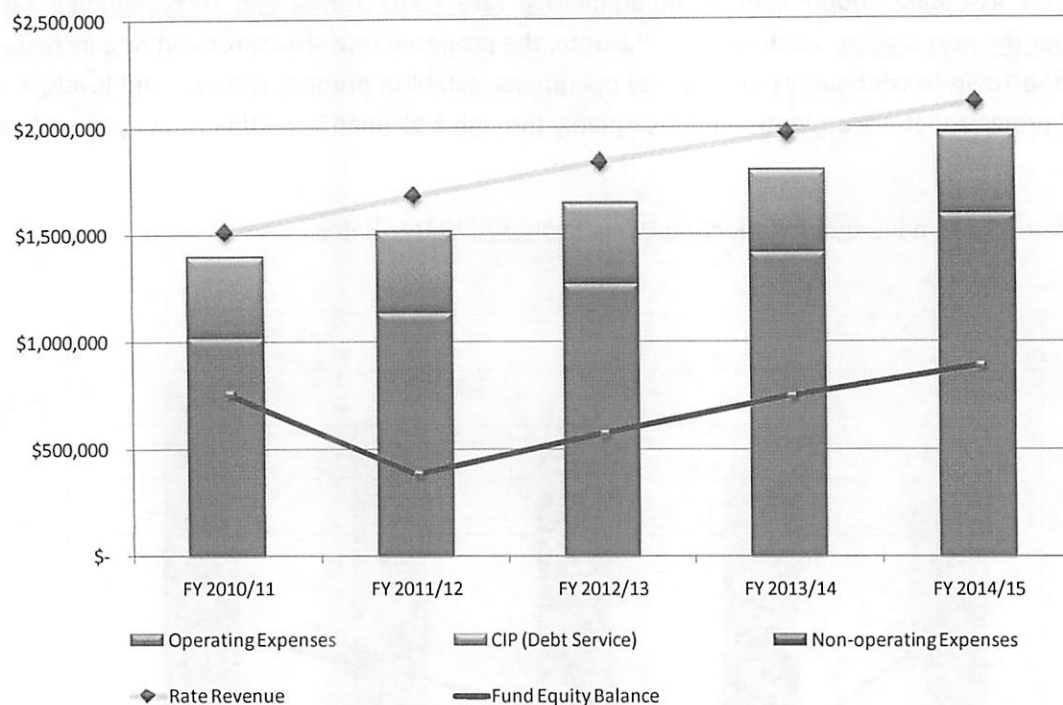


Figure 5: Sewer System Financial Projection Using Proposed Sewer Rates



After completing the financial plan and rate study, and after several meetings with the Town Commission and Town staff, the following tables (Tables 1, 2 and 3) present the recommended rates for each utility system from Fiscal Year 2010/11 through Fiscal Year 2014/15. The following report provides detail regarding the supporting rate analysis and recommendations.

Table 1: Proposed Water Monthly Base Service Charge

Meter Size	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
5/8"	\$ 13.90	\$ 14.60	\$ 15.33	\$ 15.94	\$ 16.58
1"	20.22	21.24	22.30	23.19	24.12
1 1/2"	30.76	32.30	33.91	35.27	36.68
2"	43.40	45.57	47.85	49.76	51.75
3"	72.90	76.54	80.37	83.58	86.92
4"	115.03	120.78	126.82	131.90	137.17
6"	220.37	231.39	242.96	252.68	262.79
8"	346.78	364.12	382.33	397.62	413.53

Sources: Town of Surfside; TischlerBise.

Table 2: Proposed Water Consumption Charge

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Single-Family Residential (1-4 units)										
Block 1 (0 - 6,000 gal/month)	\$	2.97	\$	3.12	\$	3.27	\$	3.40	\$	3.54
Block 2 (6,001 - 12,000 gal/month)	\$	3.56	\$	3.74	\$	3.93	\$	4.09	\$	4.25
Block 3 (above 12,000 gal/month)	\$	5.94	\$	6.24	\$	6.55	\$	6.81	\$	7.08
All Other Customers										
Uniform Rate	\$	3.67	\$	3.85	\$	4.05	\$	4.21	\$	4.38

Sources: Town of Surfside; TischlerBise.

Table 3: Proposed Wastewater Rate Structure

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Uniform Variable Rate	\$	5.41	\$	5.89	\$	6.31	\$	6.62	\$	6.95
	Per Account/Dwelling Unit									
Monthly Fixed Charge	\$	3.43	\$	3.74	\$	4.01	\$	4.21	\$	4.42

Sources: Town of Surfside; TischlerBise.

Organization of the Report

This report is organized to provide an overview of utility rate setting principles utilized in this analysis, followed by an analysis of the water and sewer enterprise fund budget, and finally a separate detailed review of each utility's revenue requirements and rate design process. The following sections comprise the long-term financial plan and rate study report:

- Project Background
- Rate Setting Principles
- Enterprise Fund Budget Analysis
- Water Rate Analysis
- Sewer Rate Analysis

Project Background

The Town of Surfside owns and operates water and sewer systems for residents and businesses within Town limits. As of Fiscal Year 2009/10, the water system provides service to approximately 1,551 residential and non-residential potable water customers and the sewer system provides service to approximately 4,061 residential and non-residential accounts and dwelling units. The Town operates each system as a self-supporting enterprise, with revenues and expenditures accounted for within one enterprise fund, separate from other Town enterprise and General Fund activities.

The Town's Public Works Department is responsible for operations and maintenance of water delivery and wastewater collection systems. The Town's potable water is provided by the Miami-Dade County Water and Sewer Department (MDWASD) which provides service for approximately two million customers in Miami-Dade County. The Town is serviced by the Hialeah-Prestion Water Treatment Plant service area. The source of water is from 45 shallow wells in the Biscayne Aquifer and augmented with five Upper Floridian Aquifer deep wells. Projected water supply to the Town is assured in accordance with the MDWASD Water Supply Plan.

Potable water is distributed to residents and commercial business by the Town via approximately 11 miles of cast iron pipe installed in 1938. Primary mains feeding the system run under the Town's streets and vary in size from 6-inches to 16-inches in diameter, which feed 3-inch and four-inch water lines located along the rear property lines. Disrepair and corrosion for over 70 years has created a fragile water distribution system that has repetitive breaks, loss of potable water, pavement restoration and other associated expenses. The 5-year Water Capital Improvement Program (CIP) addresses these major improvement needs within a two-year period beginning next fiscal year. A funding plan for these improvements is included in this rate analysis and consists of current reserve funding, a Building Better Communities (BBC) countywide bond referendum ratified in 2004, and a projected bond issuance secured by current and projected rate revenues.

The Town's sanitary sewer system is divided into two nearly equal area basins. It is interconnected with the MDWASD system; however, the Town maintains its own sewer collection system and two pumping stations. By agreement with the City of Miami Beach, the Town of Surfside and the Town of Bal Harbour share a sanitary force main that connects to the City of Miami Beach transmission system. The tri-agency agreement provides for the transmission of sewage via force mains to the MDWASD system and eventually to the treatment plant and disposal.

The Town's sanitary sewer collection system failed to meet the Miami-Dade County (MDCC) Infiltration/Inflow standards and exceeded the pump station run time limits. This situation prompted violation notices commencing in 1983. The non-conformance with the MDCC Section 24-42.2 resulted in a Consent Agreement that required the Town to complete a Sanitary Sewer Evaluation Study (SSES). The Sewer Rehabilitation Plan was broken into three phases to bring the Town into compliance with mandates from the U.S. Environmental Protection Agency, the MDCC, and the Miami-Dade County Department of Environmental Resources Management (DERM). The three phases are as follows:

- **Phase I:** This phase was completed by placing full dish gaskets on all manhole openings. In addition, any rainwater leaders found to be attached to the sewer lines will be disconnected from the sanitary sewer system. All service laterals are planned to be either replaced or lined to reduce infiltration of groundwater.
- **Phase II:** This phase includes the investigation of sewer problems using video, smoke testing and other techniques to determine the sources of infiltration and inflow. All broken sanitary lines will be repaired or lined, as determined by the analysis. Severely deteriorated manholes will be sealed with a “Supercoat” system or full liner to reduce infiltration. Costs and unit prices have been established for lining the moderately cracked pipes and point repairs for the broken pipes.
- **Phase III:** This phase will consist of renovating the existing pump stations and installation of emergency generators to bring the system back into compliance with the current law, codes and Consent Decree.

Similar to the water system, the sewer 5-year Water Capital Improvement Program (CIP) addresses these major improvement needs within a two-year period beginning next fiscal year. A funding plan for these improvements is included in this rate analysis and consists of current reserve funding and a projected bond issuance secured by current and projected rate revenues.

Key Financial Plan Objectives

Several objectives were identified during the study to guide decisions regarding the proposed financial plans and rate structures. The major objectives of the study were:

- Utility rates should generate sufficient revenues to meet operating costs, capital program requirements through related debt service obligations, and maintain targeted reserves consistent with sound financial management practices (*see detailed reserve discussion below*)
- Utility rates should be set proportionate to the cost of providing utility service to each customer class to promote fairness and equity
- A financial plan that minimizes future rate impacts on existing and new customers
- Utility rate structures should be supported by a financial model that is easy to update should costs and assumptions change in the future beyond what was projected at the time of this report

Net Asset Targets – Currently the Town designates reserves as a component of Net Assets. The Net Asset balance consists of investment in capital assets and restricted and unrestricted assets for a combined water and sewer total net assets. Some of the funds have been utilized for capital assets while renewal and replacement are restricted for capital project needs. Finally, unrestricted net assets can be used for any future item related to the utility fund operations or capital needs. Currently, the Town does not have targeted fund net asset balance policies in place.

We recommend that the Town strive to meet target policy levels for three proposed restricted fund categories for each utility system:

- Unrestricted Net Assets – Operating Reserves (to be set up to 25 percent of each utility’s annual Operations and Maintenance Expenses). This component would ensure each utility system has

sufficient cash on hand to cover emergencies, working capital needs or unexpected contingencies associated with operating the utility. Three months or a 25 percent reserve balance is a standard within the utility rate setting industry and gives the Town adequate coverage.

- Restricted Net Assets – Renewal and Replacement Reserves (to be set up to 2 times annual renewal and replacement costs for the current 5-year improvement plan for each utility system). This component would ensure each utility system has sufficient reserves to cover future major capital repair and replacement (R&R) needs for a short-term period until Town officials decide to issue future debt if major upgrades or replacements are required, or minor R&R needs on an on-going basis without the need for additional borrowing. There is no industry standard amount to be set aside for future R&R needs. However, many rate structures and studies include some amount of future annualized capital project costs for their R&R reserves. For this analysis, we utilized the upcoming 5-year CIP for each utility as our basis and projected annualized impact of each CIP. We believe that a 2-year annualized figure will give the Town enough R&R reserves to fund future capital needs in the short term without relying on additional rate increases or emergency loans.
- Restricted Net Assets – Rate Stabilization Reserves (to be set up to 10 percent of each utility's current year projected rate revenues). This component would ensure each utility system has sufficient reserves to handle potential short-term cash flow interruptions associated with contracted water purchase and sewage disposal costs. While there is no industry standard for a target amount of rate stabilization reserves, our experience demonstrates a 10 percent figure is prudent and not a significant burden on utility rates.

In reviewing the above objectives, it should be noted that the Town has limited control over external forces such as growth, consumer behavior, and system usage. Recognizing these factors, we believe that the recommendations in this study provide a fair, reasonable, and balanced set of proposed rates and fees for the Town that, to the extent possible, meets these key objectives.

Criteria and Considerations

In determining the appropriate rate level and structure, the consulting team, in conjunction with Town staff, analyzed various financial scenarios concerning the proposed adjustments and the implications attributed to those decisions.

A simplified list of some of the design considerations that were reviewed is listed:

- Consideration of the customer's ability to pay
- Clear and understandable rates
- Easily administered
- Revenue stability (month to month and year to year)
- Implementation of Capital Improvements (rate of improving the existing system)
- Fair and equitable (cost-based) rates

Every consideration has merit and plays an important role in a comprehensive rate study. When developing the Town's proposed rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as some of the criteria sometime conflict with one another, i.e. the customers ability to pay and cost-based. In designing rates, there will always be concessions between the various objectives; however, we attempt to ensure the proposed rates meet all of the leading objectives of the Town.

Overview of Existing Rate Structure

The Town has one sewer rate structure for all customers based on the customers meter size. Similar to the current water rate structure, the bi-monthly charge includes minimum sewer flow amounts depending on meter size. If there is sewer flow in excess of this minimum allotment, the customer is charged \$4.69 per 1,000 gallons of sewer flow for that billing period. For this analysis, we recommend that the Town eliminate the minimum allotment approach and adopt a cost-based approach including a fixed base charge per customer account or per dwelling unit (in the case of single-family residential accounts, apartments and condominiums) and a variable rate for sewer flow on a 1,000 gallon basis. We have two reasons for this modification:

- Customer Equity. We believe the current rate system to be inequitable to a group of customers who have sewer flows less than the allotted amounts. The current rate structure penalizes efficient customers and customers that have less sewer flow due to being a smaller customer (by way of small family size, small business, etc.).
- Revenue Stability and Cost-of Service-Based. Every utility has certain costs that must be funded regardless of sewer flow amounts. These costs are fixed and typically do not fluctuate. If a customer does not use any water during a billing period, there are still costs associated for past use and future service availability. These items include but are not limited to capital replacement for past use, maintenance of assets to provide sewer collection operations in the future, debt service, and customer service. A fixed charge system without minimum allotments ensures the utility's fixed costs will still be met while creating a more equitable billing system.

Table 18: Classification of Water Expenses by Function

Description	Total Sewer Expenses	Flow	Customer Accounts	Basis of Classification
Collection and Transmission				
Sewage Disposal	\$ 725,389	\$ 725,389	\$ -	100% Flow
Electricity	21,463	21,463	-	100% Flow
Maintenance	55,754	55,754	-	100% Flow
Total Collection and Transmission Expense	802,606	802,606	-	
General & Administrative				
Personnel	157,051	78,526	78,526	50% Flow 50% CA
Indirect Cost Allocation	32,261	16,131	16,131	50% Flow 50% CA
Miscellaneous G&A	24,092	12,046	12,046	50% Flow 50% CA
Total G&A Expense	213,404	106,702	106,702	
Capital Requirements				
Capital Outlay (excl Improvements)	5,980	5,382	598	90% Flow 10% CA
Debt Service	377,151	339,436	37,715	90% Flow 10% CA
Total Capital Requirements Expense	383,131	344,818	38,313	
TOTAL FUNCTIONALIZED COSTS	\$ 1,399,141	\$ 1,254,126	\$ 145,015	
FUNCTIONALIZATION FACTOR	100.0%	89.6%	10.4%	

Sources: Town of Surfside; TischlerBise.

Table 19: Allocation of Revenue Requirements by Functional Percentages

Description	Functionalization Factor	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Sewer Flow	89.6%	\$ 1,451,196	\$ 1,585,758	\$ 1,701,003	\$ 1,790,518	\$ 1,884,744
Customer Accounts	10.4%	167,803	183,362	196,688	207,039	217,934
Rate Revenue Required	100.0%	\$ 1,618,999	\$ 1,769,120	\$ 1,897,691	\$ 1,997,557	\$ 2,102,678

Sources: Town of Surfside; TischlerBise.

Rate Design Analysis

The final step of the rate study is the design of the sewer rates to collect the desired level of revenue determined in the revenue requirement analysis. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the proposed sewer rate design for the Town.

Table 17: Sewer Fund Balance Information

	Base Year [----- Projected -----]				
Description	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Total Fund Equity - Sewer Only					
Beginning FY 10/11 Balance ¹	\$ 760,000	See below for fund balance allocation (dependent on Town approval)			

Restricted Net Assets - Renewal & Replacement Reserves					
Beginning Balance	\$ 540,000	\$ 221,792	\$ 477,183	\$ 521,202	\$ 521,202
Restricted Net Assets to Fund Sewer CIP Projects	(540,000)	-	-	-	-
Surplus from CIP Program (after bond issue)	-	789	1,289	-	-
Deposit from Positive Net Income	221,792	254,602	42,730	-	-
Ending Balance	\$ 221,792	\$ 477,183	\$ 521,202	\$ 521,202	\$ 521,202
Target Balance: Up to 2x Annualized R&R	521,202	521,202	521,202	521,202	521,202
Target Met?	NO	NO	YES	YES	YES
% of Target	43%	92%	100%	100%	100%
Net Income Remaining	-	-	206,949	197,033	127,799
Restricted Net Assets - Rate Stabilization Reserves					
Beginning Balance	\$ -	\$ -	\$ -	\$ 189,769	\$ 199,756
Deposit from Positive Net Income	-	-	189,769	9,987	10,512
Ending Balance	\$ -	\$ -	\$ 189,769	\$ 199,756	\$ 210,268
Target Balance: Up to 10% of Rate Revenues	161,900	176,912	189,769	199,756	210,268
Target Met?	NO	NO	YES	YES	YES
% of Target	0%	0%	100%	100%	100%
Net Income Remaining	-	-	17,179	187,046	117,287
Unrestricted Net Assets - Operating Reserves					
Beginning Balance	\$ 220,000	\$ 102,000	\$ 102,000	\$ 119,179	\$ 306,225
Unrestricted Net Assets to Fund Sewer CIP Projects	(118,000)	-	-	-	-
Deposit from Positive Net Income	-	-	17,179	187,046	117,287
Ending Balance	\$ 102,000	\$ 102,000	\$ 119,179	\$ 306,225	\$ 423,513
Target Balance: Up to 25% of Current Year O&M	254,003	283,256	316,551	354,596	398,098
Target Met?	NO	NO	NO	NO	YES
% of Target	40%	36%	38%	86%	106%

1. Sewer utility's share of total enterprise fund equity balance.

Source: Town of Surfside; TischlerBise.

The resulting functionalization factors that appear at the bottom of Table 18 are utilized to allocate system operating and capital costs to each customer class based on the each class' demand on the system. In Table 19, the functionalization percentages are used to allocate revenue requirements between variable costs of the water system (flow demands) and fixed costs of the system (customer accounts or dwelling units). The final totals are then used to design the fixed base charges based on account or dwelling unit and the variable rates per 1,000 gallons of sewage flow.

Figure 12 illustrates the breakdown of the major budget components of the sewer utility. As the chart demonstrates, the primary cost of operating the utility is the costs of sewage disposal via the City of Miami Beach.

Figure 12: Major Budget Components of Sewer System

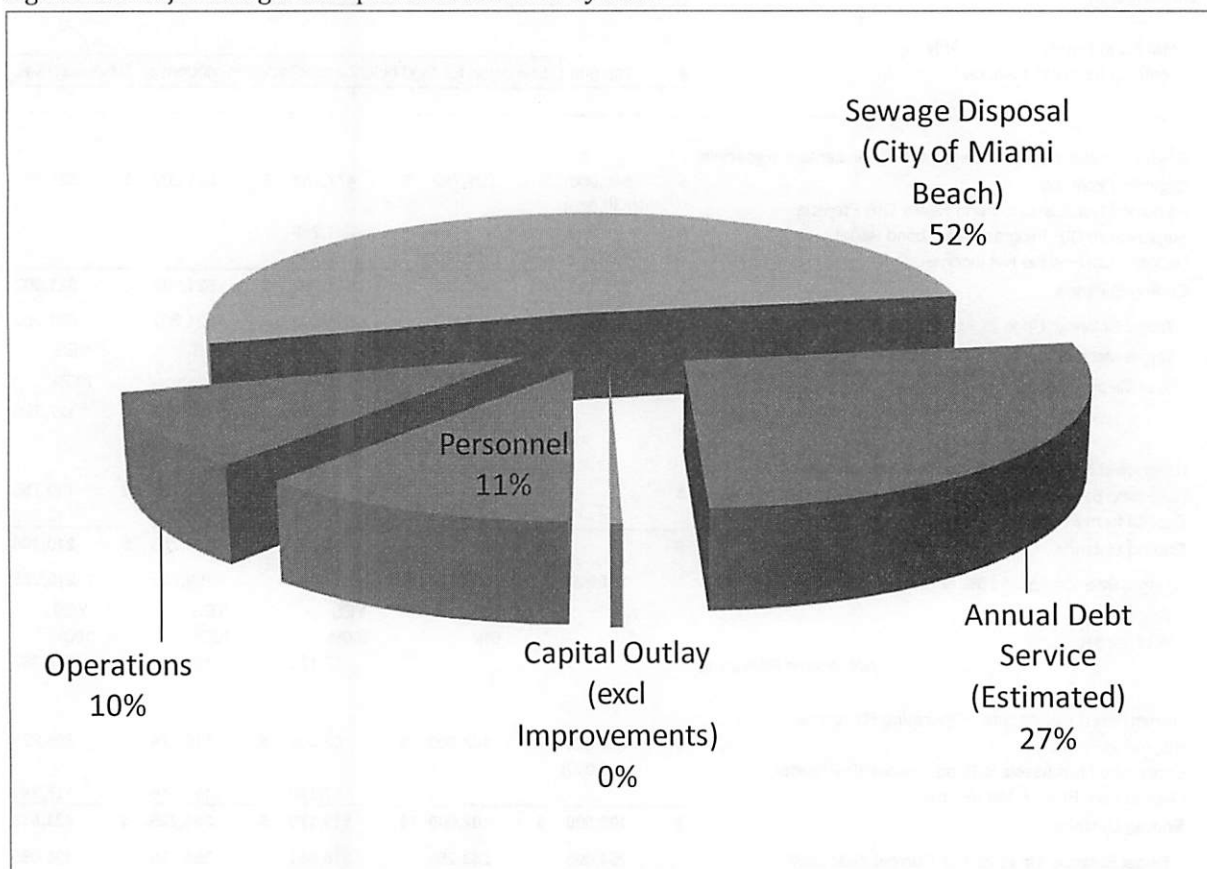


Table 17 on the next page presents the fund balance information utilizing the target fund balance figures for operating, capital and rate stabilization reserves.

Cost of Service Analysis

The cost of service analysis is a systematic process by which revenue requirements are used to generate a classification of fair and equitable costs in proportion to the service received for each user class. The cost of service allocation conducted in this study is established on a basic flow and customer account basis. This simplified method is used because the Town is only responsible for effluent flow, not treatment. This method is one endorsed by the Water Environment Federation (WEF), the nation's leading organization for the wastewater industry. Revenue requirements are allocated to the different user classes proportionate to their flow demands and number of customer accounts or dwelling units. Use of this methodology results in an acceptable cost distribution among customer classes and a means of calculating and designing rates to proportionately recover those costs.

study period. The revenue requirements analysis figure, presented below in Table 16, provides a basis for evaluating the timing and level of water revenue increases required to meet the projected required revenue for the study period. The percentages shown at the bottom of the figure show the recommended revenue adjustments.

Table 16: Sewer Revenue Requirements

Description	Base Year [----- Projected -----]				
	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Operating Revenue					
Sewer Service Charges (before increase)	\$ 1,407,825	\$ 1,411,344	\$ 1,414,873	\$ 1,418,410	\$ 1,421,956
Penalties	870	870	870	870	870
Total Operating Revenue	1,408,695	1,412,214	1,415,743	1,419,280	1,422,826
Additional Rate Revenue Required					
	<i>Year</i>	<i>Revenue Increase</i>	<i>Months Effective</i>		
	2010/11	15.00%	12	211,174	211,702
	2011/12	9.00%	12	-	146,074
	2012/13	7.00%	12	-	-
	2013/14	5.00%	12	-	-
	2014/15	5.00%	12	-	-
Total Additional Sewer Charge Revenue	211,174	357,776	482,818	579,147	680,722
Total Required Revenue	1,619,869	1,769,990	1,898,561	1,998,427	2,103,548
O&M Expenses					
Personnel	157,051	160,580	163,792	167,068	170,409
Operations	133,570	138,245	143,083	148,091	153,274
Sewage Disposal (City of Miami Beach)	725,389	834,197	959,327	1,103,226	1,268,710
Total O&M Expenses	1,016,010	1,133,022	1,266,202	1,418,385	1,592,393
Net Operating Income	603,858	636,968	632,359	580,042	511,155
Debt Service					
Annual Debt Service (Estimated)	377,151	377,151	377,151	377,151	377,151
Total Debt Service	377,151	377,151	377,151	377,151	377,151
Calculated Debt Coverage Ratio	160%	169%	168%	154%	136%
Targeted Debt Coverage Ratio	125%	125%	125%	125%	125%
Non-Operating Revenue					
Interest Income	1,064	1,064	1,064	1,064	1,064
Total Non-Operating Revenue	1,064	1,064	1,064	1,064	1,064
Non-Operating Expenses					
Capital Outlay (excl Improvements)	5,980	6,279	6,593	6,923	7,269
Rate Funded Capital Projects	-	-	-	-	-
Total Non-Operating Expenses	5,980	6,279	6,593	6,923	7,269
Net Income (Loss) ¹	\$ 221,792	\$ 254,602	\$ 249,679	\$ 197,033	\$ 127,799

1. Positive net income to be applied to fund balances.

Source: Town of Surfside; TischlerBise.

Sewer Rate Analysis

The Town's sewer utility system is in a similar position when compared to the Town's water utility. The sewer utility is facing increased costs related to operations and an increasing need to repair and replace existing infrastructure.

Revenue Requirements Analysis

The first step in developing the revenue requirements is to develop a projection of revenues from existing rates and expenditures for operations and capital needs. This analysis is demonstrated in Tables 5 and 6, located earlier in this report. The utility capital improvements project (CIP) needs for the sewer utility are summarized in Table 15. This table presents the sewer-related 5-year capital improvement plan as prepared by the Town's engineering consultant. The table lists the outside funding sources to be utilized for the capital projects including accumulated restricted and unrestricted net asset reserves, nominal water impact fees, and bond proceeds from a proposed revenue bonds issue for both water and sewer related capital construction projects. The combined effect of these outside funding sources is to eliminate the need for future rate revenues to directly fund these projects. However, the rates will be required to fund the debt service obligations on the revenue bonds.

Table 15: Sewer CIP and Funding Sources

Project	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Engineering/Architecture	\$ 78,200	\$ 26,000	\$ -	\$ -	\$ -	\$ 104,200
Construction	3,908,900	1,023,123	-	-	-	4,932,023
Prior CIP Appropriations	621,988	-	-	-	-	621,988
Total Sewer Capital Projects	\$ 4,609,088	\$ 1,049,123	\$ -	\$ -	\$ -	\$ 5,658,211
Less: Outside Funding Sources						
Sewer Impact Fees	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Restricted Net Assets - Repair & Replacement	540,000	-	-	-	-	
Unrestricted Assets	118,000					
Revenue Bonds Proceeds	5,000,000	-	-	-	-	
Carry-over from Prior FY	-	1,049,412	789	1,289	1,789	
Total Outside Funding	\$ 5,658,500	\$ 1,049,912	\$ 1,289	\$ 1,789	\$ 2,289	
Balance to Carry Over to Next FY	\$ 1,049,412	\$ 789	\$ 1,289	\$ 1,789	\$ 2,289	
Net CIP Projects Funded from Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Town of Surfside; TischlerBise.

Summary of Revenue Requirements Analysis

These components comprise the foundation of the revenue requirement analysis. Given the current economic climate, the consulting team facilitated several meetings with Town staff and committee members to assure the accuracy of financial and growth variables in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still encompass adequate funds to support the operational activities and capital projects throughout the

Rate Comparison

While the cost structure and facilities vary greatly between water utilities, rate comparisons provide the Town a barometer of its rates in relation to surrounding communities. The figure (Figure 11) compares the estimated bi-monthly bill for 12,000 gallons of consumption.

Figure 11: SFR Rate Comparison –12,000 gallons

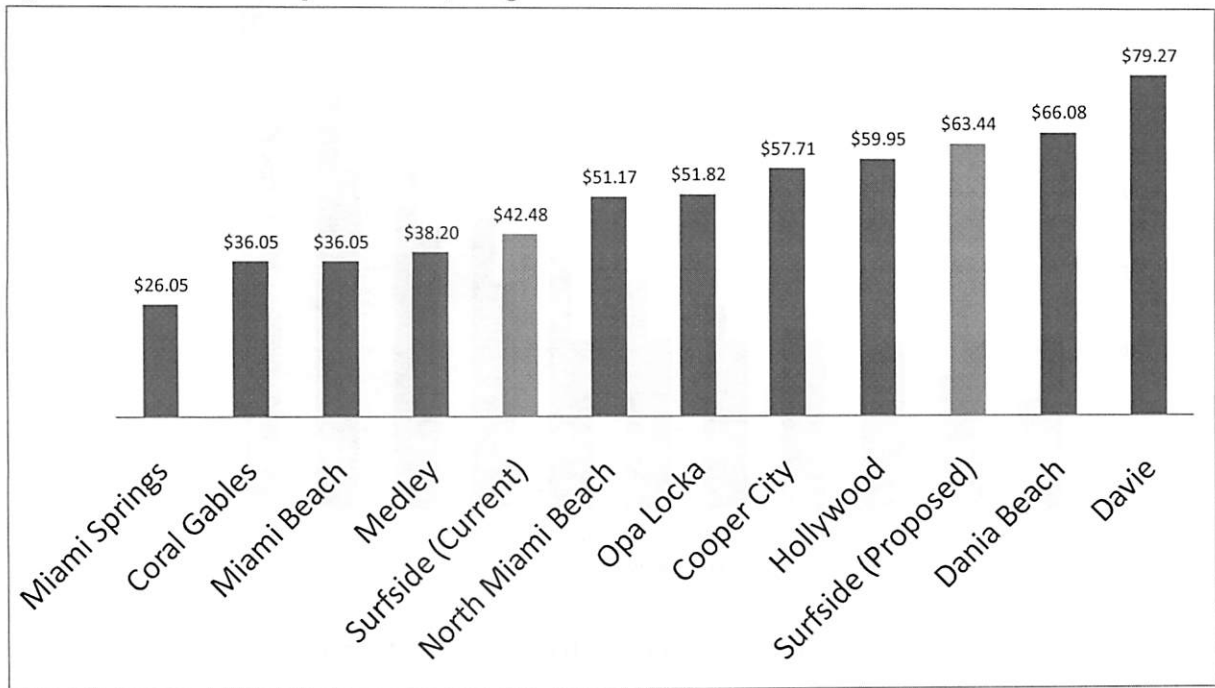


Figure 9: Customer Billing Analysis: Current & Proposed Water Rates

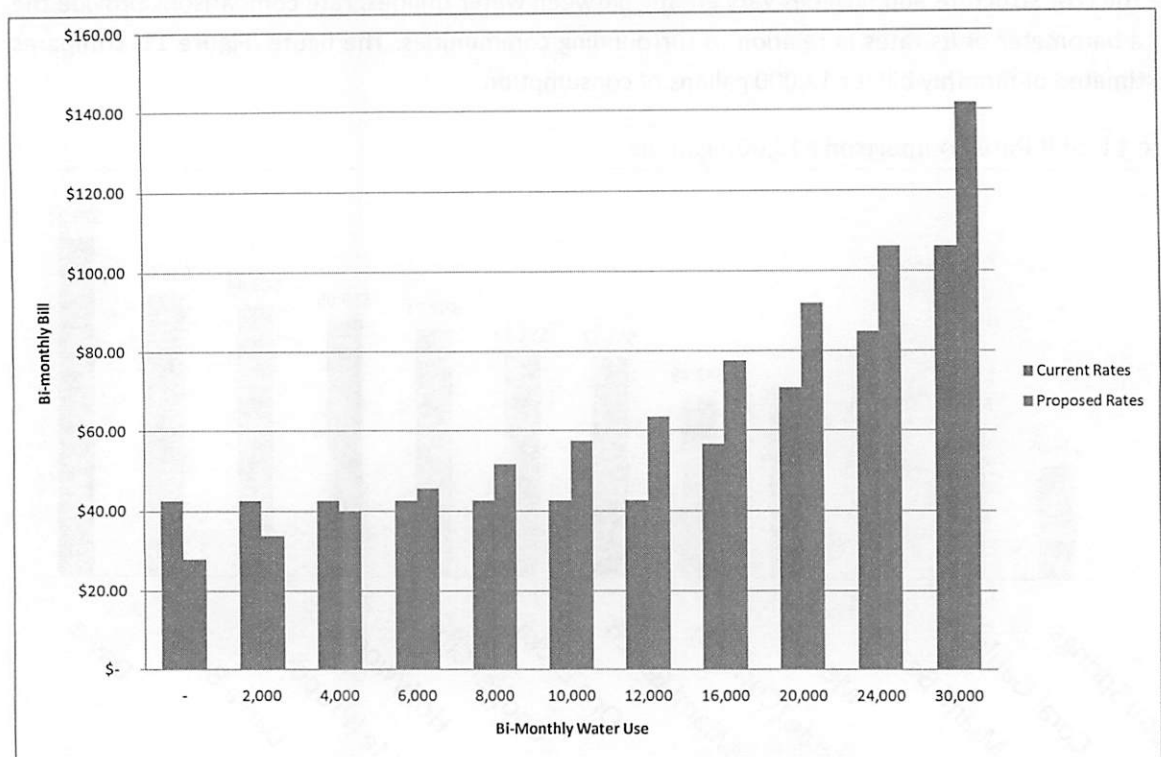
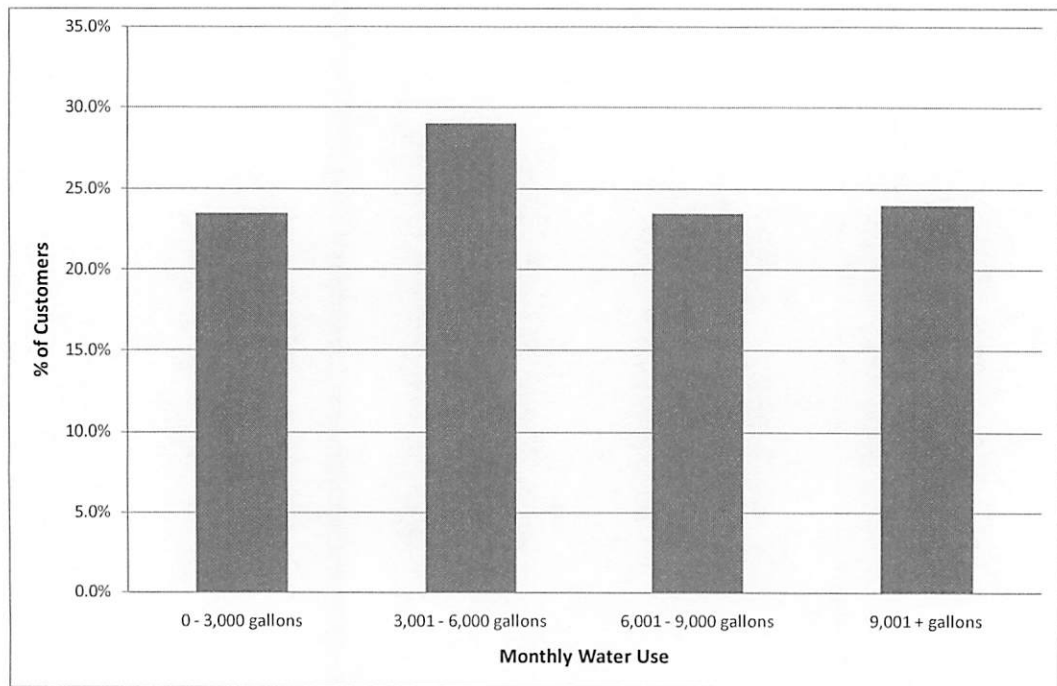


Figure 10 shows a use analysis of Single-family Residential customers at various water use levels.

Figure 10: Customer Monthly Consumption Charge Analysis



For the variable consumption charge analysis, we present two options: 1) maintain the uniform rate approach regardless of customer class and consumption amounts, and 2) an inclining block rate structure for residential customers and a uniform block structure for all other customer classes (apartments, commercial and place of worship).

The inclining block approach is one that sends a price signal to excessive water users to cut back on their wasteful water consumption. Very efficient or low water users would be rewarded with a lower rate per 1,000 gallons compared to the current uniform rate. We applied the inclining block method to the residential customers only for two reasons: 1) there is less variation in residential water use between each customer compared to other customer classes and therefore average use figures easily apply to all residential customers, and 2) industry experience demonstrates that residential properties, particularly single-family detached residential customers, are most able to cut back on excessive use, and even discretionary use. Therefore, we recommend that the Town consider adoption of the inclining block approach to achieve conservation goals. Table 14 shows the conservation-oriented rate structure for the Single-family Residential (1 to 4 units) customer consumption charge and the uniform block rate for all other customers.

Table 14: Customer Consumption Charge Structure

Description	FY 10/11		FY 11/12		FY 12/13		FY 13/14		FY 14/15	
	Rate per 1,000 gal									
Single-Family Residential (1-4 units)										
Block 1 (0 - 6,000 gal/month)	\$	2.97	\$	3.12	\$	3.27	\$	3.40	\$	3.54
Block 2 (6,001 - 12,000 gal/month)	\$	3.56	\$	3.74	\$	3.93	\$	4.09	\$	4.25
Block 3 (above 12,000 gal/month)	\$	5.94	\$	6.24	\$	6.55	\$	6.81	\$	7.08
All Other Customers										
Uniform Rate	\$	3.67	\$	3.85	\$	4.05	\$	4.21	\$	4.38

Sources: Town of Surfside; TischlerBise.

Impact of Revenue Increase

In Fiscal Year 2010/11, the proposed 18% increase in required revenue does not directly correlate to a 18% increase in all water rates. The cost of service analysis and, in Single-family Residential's case, the restructuring of the consumption blocks dictate the actual adjustments to the rates. Figure 9 presents bi-monthly water charges for Single-family Residential customers with a 5/8 inch meter at various consumption levels. Because of the inclining block rate structure, customers with low water use will see a decrease in their water bills while high use customers will experience greater monthly water bills.

- **Revenue Stability and Cost-of Service-Based.** Every utility has certain costs that must be funded regardless of water consumption amounts. These costs are fixed and typically do not fluctuate. If a customer does not use any water during a billing period, there are still costs associated for past use and future service availability. These items include but are not limited to capital replacement for past use, maintenance of assets to provide water in the future, debt service, and customer service. A fixed charge system without minimum water allotments ensures the utility's fixed costs will still be met while creating a more equitable billing system.

Table 12 below presents the current and proposed fixed base charges by meter size in a monthly format. The fixed charges are calculated using a meter equivalent approach with the 5/8 inch meter as the baseline meter size in the analysis. As a meter size increases, the hydraulic capacity also increases thus allowing the customer to draw greater amounts of water when needed. With this greater ability to draw water, there is a corresponding increase in costs. Therefore, larger meters will have larger fixed charges associated with them. This approach is a standard in the water rate-making industry. **Table 13** presents the meter equivalency approach and corresponding meter ratios. To ensure clarification, the proposed base charges for FY 2010/11 through FY 2014/15 do not include minimum water amounts.

Table 12: Fixed Monthly Base Charges by Meter Size

Meter Size	Current	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
5/8"	\$ 21.24	\$ 13.90	\$ 14.60	\$ 15.33	\$ 15.94	\$ 16.58
1"	28.32	20.22	21.24	22.30	23.19	24.12
1 1/2"	42.48	30.76	32.30	33.91	35.27	36.68
2"	63.72	43.40	45.57	47.85	49.76	51.75
3"	141.60	72.90	76.54	80.37	83.58	86.92
4"	283.20	115.03	120.78	126.82	131.90	137.17
6"	424.80	220.37	231.39	242.96	252.68	262.79
8"	708.00	346.78	364.12	382.33	397.62	413.53

Sources: Town of Surfside; TischlerBise.

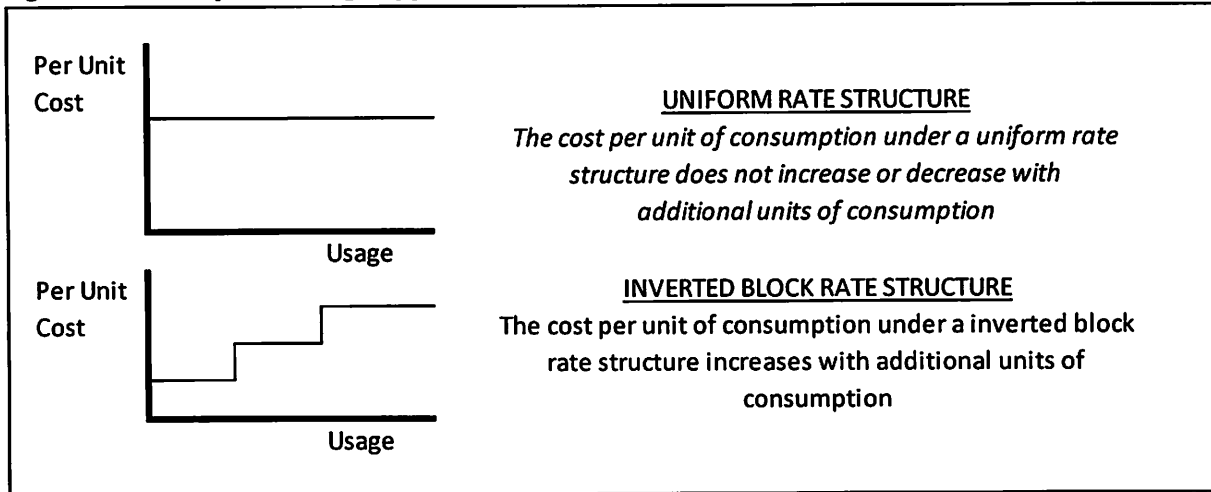
Table 13: Meter Equivalency Ratios

Meter Size	GPM	Meter Ratio
5/8"	20	1.00
1"	50	2.50
1 1/2"	100	5.00
2"	160	8.00
3"	300	15.00
4"	500	25.00
6"	1,000	50.00
8"	1,600	80.00

Sources: AWWA M-5 Manual; Town of Surfside; TischlerBise.

water (1,000 gallons) is consistent. There are some merits to this approach such as some degree of certainty to a customer bill as well as a moderate incentive to conserve water. However, a more effective conservation pricing structure utilizes an inverted block, or inclining block, approach. This structure increases the marginal price of a unit of water above certain thresholds. Figure 8 provides an overview of the two rate structures.

Figure 8: Consumption Charge Approaches



The current water rate structure includes two components: a bi-monthly allotment of water use based on a customer's meter size and a consumption charge of \$3.54 per 1,000 gallons of water use. As discussed above, the consumption rate is the same rate regardless of customer class and does not increase or decrease with amount of water use. The bi-monthly charge includes minimum water amounts depending on meter size. For example, a customer with a 5/8 inch water meter is allotted 12,000 gallons of water use on a bi-monthly basis. This allotment is included in the fixed base charge. If a 5/8 inch meter customer uses no water up to 12,000 gallons during a billing period, the corresponding base charge is the same amount (currently \$42.48 for a 5/8 inch meter customer). If a customer consumes water above the allotted amount, the water bill is calculated using the consumption charge of \$3.54 per 1,000 gallons times the amount of water.

For this analysis, we recommend that the Town eliminate the minimum allotment approach and adopt a cost-based approach including a fixed meter charge based on a customer's meter size and a variable rate for water consumed on a 1,000-gallon basis. We have two reasons for this modification:

- **Customer Equity.** We believe the current rate system to be inequitable to a group of customers who use less water than the allotted amounts. The current rate structure penalizes efficient customers and customers that use less water due to being a smaller customer (by way of small family size, small business, etc.). An efficient or small customer will typically use less than 12,000 gallons in a two-month period. In fact, Town billing records for the past year indicate that approximately 34 percent of all water customers use less than 12,000 gallons in a bi-monthly period. Whether they use 1,000 gallons or 11,000 gallons, they are still billed at the 12,000-gallon amount, or \$42.48.

Rate Design Analysis

The final step of the rate study is the design of the water rates to collect the desired level of revenue determined in the revenue requirement analysis. During this analysis, consideration is given to both the level of rates and the structure of the rates. This section reviews the proposed water rate design for the Town.

Rate Design Balance

There is some flexibility in the design of the rate structure to meet the Town's pricing objectives while being consistent with cost of service principles. There are positives and negatives associated with the decrease in fixed revenue. Typically, a larger percentage of fixed rate revenue results in greater revenue stability since a greater percentage of total revenues are not influenced by fluctuations in consumption due to the weather. At the same time, the decrease in fixed revenue will improve equitability concerning cost recovery and the impact of conservation measures while reducing revenue stability, as users have greater control over their consumption and ultimately their bill. The fixed portion of the proposed water rates generates an estimated 25 percent of total rate revenue

Criteria and Considerations

In determining the appropriate rate level and structure, the consulting team, in conjunction with Town staff, analyzed various financial scenarios concerning the proposed adjustments and the implications attributed to those decisions.

A simplified list of some of the design considerations that were reviewed is listed:

- Consideration of the customer's ability to pay
- Clear and understandable rates
- Easily administered
- Conservation measures
- Revenue stability (month to month and year to year)
- Efficient allocation of resources
- Implementation of Capital Improvements (rate of improving the existing system)
- Fair and equitable (cost-based) rates

Every consideration has merit and plays an important role in a comprehensive rate study. When developing the Town's proposed rates all of the aforementioned criteria were taken into consideration. Determining the appropriate balance is crucial, as some of the criteria sometime conflict with one another, i.e. the customers ability to pay and cost-based. In designing rates, there will always be concessions between the various objectives; however, we attempt to ensure the proposed rates meet all of the leading objectives of the Town.

Overview of Existing Rate Structure

The Town has one water rate structure for its consumption charges: a uniform block rate structure. Regardless of consumption amounts (above a minimum allotment per meter size), the rate per unit of

Table 10: Classification of Water Expenses by Function

Description	Total Water Expenses	Base Water Demand	Peak Water Demand	Customer Accounts	Meters & Services	Basis of Classification
Source of Supply						
Water Purchases	\$ 672,000	\$ 222,681	\$ 449,319	\$ -	\$ -	33.1% Base 66.9% Peak
Water Tests	5,000	1,657	3,343	-	-	33.1% Base 66.9% Peak
Total Source of Supply Expense	677,000	224,338	452,662	-	-	
Water Distribution						
Electricity	18,735	6,208	12,527	-	-	33.1% Base 66.9% Peak
Maintenance - Distribution	48,666	16,222	16,222	-	16,222	33.3% Base 33.3% Peak 33.3% Meters
Total Water Distribution Expense	67,401	22,430	28,749	-	16,222	
General & Administrative						
Personnel	137,087	-	-	68,543	68,543	50% Customers 50% Meters
Indirect Cost Allocation	28,160	-	-	14,080	14,080	50% Customers 50% Meters
Miscellaneous G&A	81,029	-	-	40,515	40,515	50% Customers 50% Meters
Total G&A Expense	246,276	-	-	123,138	123,138	
Capital Requirements						
Capital Outlay (excl Improvements)	5,220	2,088	2,088	522	522	40% Base 40% Peak 10% Customers 10% Meters
Debt Service	388,154	155,262	155,262	38,815	38,815	40% Base 40% Peak 10% Customers 10% Meters
Total Capital Requirements Expense	393,374	157,349	157,349	39,337	39,337	
TOTAL FUNCTIONALIZED COSTS	\$ 1,384,051	\$ 404,117	\$ 638,761	\$ 162,475	\$ 178,697	
FUNCTIONALIZATION FACTOR	100.0%	29.2%	46.2%	11.7%	12.9%	

Sources: Town of Surfside; TischlerBise

Table 11: Allocation of Revenue Requirements by Functional Percentages

Description	Functionalization					
	Factor	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Base Water Demand	29.2%	\$ 449,710	\$ 473,376	\$ 498,288	\$ 519,515	\$ 541,646
Peak Water Demand	46.2%	710,826	748,234	787,609	821,161	856,143
Customer Accounts	11.7%	180,806	190,321	200,337	208,871	217,769
Meters & Services	12.9%	198,858	209,323	220,339	229,725	239,512
Rate Revenue Required	100.0%	\$ 1,540,201	\$ 1,621,254	\$ 1,706,572	\$ 1,779,272	\$ 1,855,069

Sources: Town of Surfside; TischlerBise.

Table 9: Water Fund Balance Information

Description	Base Year	[----- Projected -----]			
	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Total Fund Equity - Water Only					
Beginning FY 10/11 Balance ¹	\$ 880,000	See below for fund balance allocation (dependent on Town approval)			

Restricted Net Assets - Renewal & Replacement Reserves					
Beginning Balance	\$ 660,000	\$ 218,384	\$ 420,358	\$ 420,358	\$ 420,358
Restricted Net Assets to Fund Water CIP Projects	(660,000)	-	-	-	-
Surplus from CIP Program (after bond issue)	-	455	-	-	-
Deposit from Positive Net Income	218,384	201,519	-	-	-
Ending Balance	\$ 218,384	\$ 420,358	\$ 420,358	\$ 420,358	\$ 420,358
Target Balance: Up to 2x Annualized R&R	420,358	420,358	420,358	420,358	420,358
Target Met?	NO	YES	YES	YES	YES
% of Target	52%	100%	100%	100%	100%
Net Income Remaining	-	9,682	198,720	162,559	117,126
Restricted Net Assets - Rate Stabilization Reserves					
Beginning Balance	\$ -	\$ -	\$ 9,682	\$ 170,657	\$ 177,927
Deposit from Positive Net Income	-	9,682	160,975	7,270	7,580
Ending Balance	\$ -	\$ 9,682	\$ 170,657	\$ 177,927	\$ 185,507
Target Balance: Up to 10% of Rate Revenues	154,020	162,125	170,657	177,927	185,507
Target Met?	NO	NO	YES	YES	YES
% of Target	0%	6%	100%	100%	100%
Net Income Remaining	-	-	37,745	155,289	109,546
Unrestricted Net Assets - Operating Reserves					
Beginning Balance	\$ 220,000	\$ 48,000	\$ 48,000	\$ 85,745	\$ 241,034
Unrestricted Net Assets to Fund Water CIP Projects	(172,000)	-	-	-	-
Deposit from Positive Net Income	-	-	37,745	155,289	109,546
Ending Balance	\$ 48,000	\$ 48,000	\$ 85,745	\$ 241,034	\$ 350,580
Target Balance: Up to 25% of Current Year O&M	232,669	254,663	279,044	306,188	336,420
Target Met?	NO	NO	NO	NO	YES
% of Target	21%	19%	31%	79%	104%

1. Water utility's share of total enterprise fund equity balance.

Source: Town of Surfside; TischlerBise.

The resulting functionalization factors that appear at the bottom of Table 10 are utilized to allocate system operating and capital costs to each customer class based on the each class' demand on the system. In Table 11, the functionalization percentages are used to allocate revenue requirements between variable costs of the water system (base and peak demands) and fixed costs of the system (meters and services and customer accounts). The final totals are then used to design the fixed base charges based on meter size and the variable rates per 1,000 gallons consumed.

Figure 7: Major Budget Components of Water System

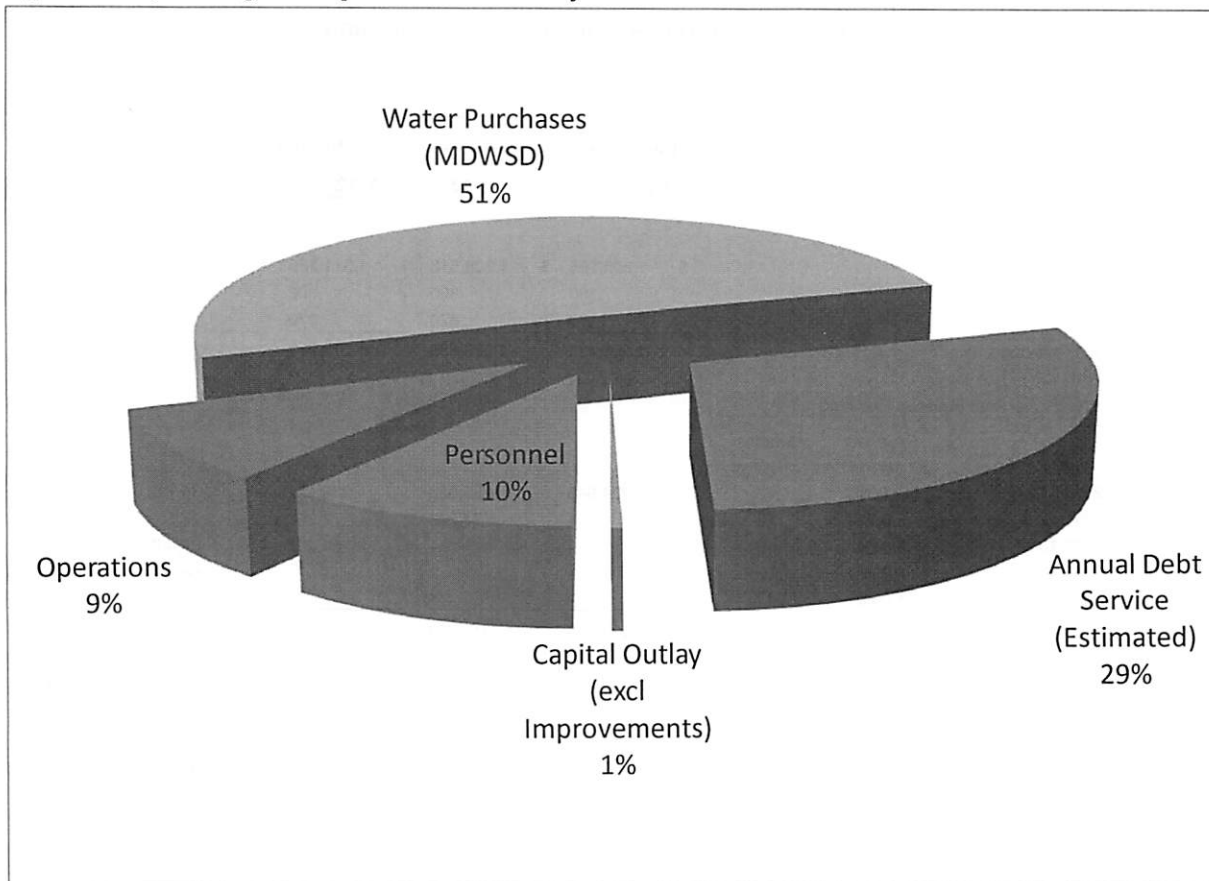


Table 9 on the next page presents the fund balance information utilizing the target fund balance figures for operating, capital and rate stabilization reserves.

Cost of Service Analysis

The cost of service analysis is a systematic process by which revenue requirements are used to generate a classification of fair and equitable costs in proportion to the service received for each user class. The cost of service allocation conducted in this study is established on the base-extra capacity method endorsed by the AWWA. Under the base-extra capacity method, revenue requirements are allocated to the different user classes proportionate to their use on the water system. Allocations are based on average day (base) usage, maximum day (peak) usage, meters and services, and billing and collection. Use of this methodology results in an AWWA-accepted cost distribution among customer classes and a means of calculating and designing rates to proportionately recover those costs.

equate to the proposed rate increase for each customer. Rather, these percentage figures describe the amount of additional rate revenue required to meet all utility obligations and policies.

Table 8: Water Revenue Requirements

	Base Year		[----- Projected -----]			
Description	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	
Operating Revenue						
Water Sales (before increase)	\$ 1,305,255	\$ 1,308,518	\$ 1,311,769	\$ 1,315,069	\$ 1,318,357	
Tapping Fees	300	300	300	300	300	
Penalties	870	870	870	870	870	
Total Operating Revenue	1,306,425	1,309,688	1,312,959	1,316,239	1,319,527	
Additional Rate Revenue Required						
Year	Revenue Increase	Months Effective				
2010/11	18.00%	12	234,946	235,533	236,122	
2011/12	5.00%	12	-	77,203	77,396	
2012/13	5.00%	12	-	-	81,265	
2013/14	4.00%	12	-	-	68,434	
2014/15	4.00%	12	-	-	71,349	
Total Additional Water Sales Revenue			234,946	312,736	394,783	
Total Required Revenue			1,541,371	1,622,424	1,707,742	
O&M Expenses						
Personnel	137,087	140,167	142,970	145,830	148,746	
Operations	121,590	125,846	130,250	134,809	139,527	
Water Purchases (MDWSD)	672,000	752,640	842,957	944,112	1,057,405	
Total O&M Expenses	930,677	1,018,653	1,116,178	1,224,751	1,345,679	
Net Operating Income	610,694	603,771	591,565	555,692	510,561	
Debt Service						
Annual Debt Service (Estimated)	388,154	388,154	388,154	388,154	388,154	
Total Debt Service	388,154	388,154	388,154	388,154	388,154	
Calculated Debt Coverage Ratio	157%	156%	152%	143%	132%	
Targeted Debt Coverage Ratio	125%	125%	125%	125%	125%	
Non-Operating Revenue						
Interest Income	1,064	1,064	1,064	1,064	1,064	
Total Non-Operating Revenue	1,064	1,064	1,064	1,064	1,064	
Non-Operating Expenses						
Capital Outlay (excl Improvements)	5,220	5,481	5,755	6,043	6,345	
Rate Funded Capital Projects	-	-	-	-	-	
Total Non-Operating Expenses	5,220	5,481	5,755	6,043	6,345	
Net Income (Loss) ¹	\$ 218,384	\$ 211,200	\$ 198,720	\$ 162,559	\$ 117,126	

1. Positive net income to be applied to fund balances.

Source: Town of Surfside; TischlerBise.

Figure 7 illustrates the breakdown of the major budget components of the water utility. As the chart demonstrates, the primary cost of operating the water utility is water purchase costs from MDWASD.

Water Rate Analysis

Revenue Requirements Analysis

The first step in developing the revenue requirements is to develop a projection of revenues from existing rates and expenditures for operations and capital needs. This analysis is demonstrated in Tables 5 and 6. The utility capital improvements project (CIP) needs for the water utility are summarized in Table 7. This table presents the water-related 5-year capital improvement plan as prepared by the Town's engineering consultant. The table lists the outside funding sources to be utilized for the capital projects including accumulated restricted and unrestricted net asset reserves, Build Better Communities (BBC) reimbursement monies, nominal water impact fees, and bond proceeds from a proposed revenue bonds issue for both water and sewer related capital construction projects. The combined effect of these outside funding sources is to eliminate the need for future rate revenues to directly fund these projects. However, the rates will be required to fund the debt service obligations on the revenue bonds.

Table 7: Water CIP and Funding Sources

Project	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	Total
Engineering/Architecture	\$ 83,200	\$ 31,000	\$ -	\$ -	\$ -	\$ 114,200
Construction	4,158,000	1,766,371	-	-	-	5,924,371
Prior CIP Appropriations	508,974	-	-	-	-	508,974
Total Water Capital Projects	\$ 4,750,174	\$ 1,797,371	\$ -	\$ -	\$ -	\$ 6,547,545
Less: Outside Funding Sources						
Water Impact Fees	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
Restricted Net Assets - Repair & Replacement	660,000	-	-	-	-	
Unrestricted Assets	172,000	-	-	-	-	
BBC Reimbursement	715,000	-	-	-	-	
Revenue Bonds Proceeds	5,000,000	-	-	-	-	
Carry-over from Prior FY	-	1,797,326	455	955	1,455	
Total Outside Funding	\$ 6,547,500	\$ 1,797,826	\$ 955	\$ 1,455	\$ 1,955	
Balance to Carry Over to Next FY	\$ 1,797,326	\$ 455	\$ 955	\$ 1,455	\$ 1,955	
Net CIP Projects Funded from Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Source: Town of Surfside; TischlerBise.

These components comprise the foundation of the revenue requirement analysis. Given the current economic climate, the consulting team facilitated several meetings with Town staff and committee members to assure the accuracy of financial and growth variables in developing the revenue requirement analysis. Particular emphasis was placed on attempting to minimize rates, yet still encompass adequate funds to support the operational activities and capital projects throughout the study period. The revenue requirements analysis figure, presented below in Table 8, provides a basis for evaluating the timing and level of water revenue increases required to meet the projected required revenue for the study period. The percentages shown at the bottom of the figure show the recommended revenue adjustments. Please note that the required revenue increase percentages do not

Table 6: Utility Enterprise Fund Expenditure Projections (continued)

Budget Item	Budgeted 2010/11	Projected 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Escalation Basis	% to Water	% to Sewer
Operating Expenses								
Professional Services	12,000	12,420	12,855	13,305	13,770	Operating	47%	53%
Lawsuits and Prosecutions	-	-	-	-	-	Operating	47%	53%
Physical Examinations	-	-	-	-	-	Operating	47%	53%
Accounting and Auditing	-	-	-	-	-	Operating	47%	53%
Water Purchases	672,000	752,640	842,957	944,112	1,057,405	Water Purchase	100%	0%
Sewage Disposal	725,389	834,197	959,327	1,103,226	1,268,710	Sewage Disposal	0%	100%
Other Contractual Services	1,500	1,553	1,607	1,663	1,721	Operating	47%	53%
Nuisance Abatement	-	-	-	-	-	Operating	47%	53%
Car Allowance	1,500	1,553	1,607	1,663	1,721	Operating	47%	53%
Travel & Per Diem	-	-	-	-	-	Operating	47%	53%
Board Expenses	-	-	-	-	-	Operating	47%	53%
Telecommunications	1,000	1,035	1,071	1,109	1,148	Operating	47%	53%
Postage	4,080	4,223	4,371	4,524	4,682	Operating	47%	53%
Electricity	40,198	41,605	43,061	44,568	46,128	Operating	47%	53%
Water and Sewer	-	-	-	-	-	Operating	47%	53%
Building Rental/Leasing	-	-	-	-	-	Operating	47%	53%
Equipment/Vehicle Leasing	16,170	16,736	17,322	17,928	18,555	Operating	47%	53%
Property and Liability Insurance	17,695	18,314	18,955	19,619	20,305	Operating	47%	53%
Maintenance Service/Repair Contracts	50,000	51,750	53,561	55,436	57,376	Operating	47%	53%
Building Maintenance	-	-	-	-	-	Operating	47%	53%
Equipment Maintenance	34,000	35,190	36,422	37,696	39,016	Operating	47%	53%
Grounds Maintenance	-	-	-	-	-	Operating	47%	53%
Miscellaneous Maintenance - Water Tests	5,000	5,175	5,356	5,544	5,738	Operating	100%	0%
Vehicle Maintenance	4,000	4,140	4,285	4,435	4,590	Operating	47%	53%
Printing & Binding	-	-	-	-	-	Operating	47%	53%
Promotional Activities	-	-	-	-	-	Operating	47%	53%
Other Current Charges	-	-	-	-	-	Operating	47%	53%
Office Supplies	2,000	2,070	2,142	2,217	2,295	Operating	47%	53%
Property and Maintenance	-	-	-	-	-	Operating	47%	53%
Landscape Improvements	-	-	-	-	-	Operating	47%	53%
Uniforms	2,846	2,946	3,049	3,155	3,266	Operating	47%	53%
Tires	-	-	-	-	-	Operating	47%	53%
Gasoline	2,500	2,588	2,678	2,772	2,869	Operating	47%	53%
Miscellaneous Operating Supplies	250	259	268	277	287	Operating	47%	53%
Road Materials	-	-	-	-	-	Operating	47%	53%
Subscriptions and Memberships	-	-	-	-	-	Operating	47%	53%
Conferences and Seminars	-	-	-	-	-	Operating	47%	53%
Depreciation	55,000	56,100	57,222	58,366	59,534	Depreciation		
Total Operating Expenses	1,647,128	1,844,492	2,068,115	2,321,615	2,609,116			
Capital Outlay (excl Improvements)								
Buildings	-	-	-	-	-	Capital	47%	53%
Machinery and Equipment	11,200	11,760	12,348	12,965	13,614	Capital	47%	53%
Total Capital Outlay (excl Improvements)	11,200	11,760	12,348	12,965	13,614			
Non-operating Expenses								
Transfer to General Fund ¹	60,421	62,536	64,724	66,990	69,334	Operating	47%	53%
Contingency/Reserve	83,811	-	-	-	-	Operating	47%	53%
Total Capital Outlay (excl Improvements)	144,232	62,536	64,724	66,990	69,334			
Total Expenditures less Improvements & Debt Service	\$ 2,096,698	\$ 2,219,535	\$ 2,451,950	\$ 2,714,467	\$ 3,011,220			

Table 5: Utility Enterprise Fund Revenue Projections

Revenue Item	[----- Projected -----]				
	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Water Revenues					
Water Sales (no rate increase)	\$ 1,305,255	\$ 1,308,518	\$ 1,311,789	\$ 1,315,069	\$ 1,318,357
Tapping Fees	300	300	300	300	300
Penalties	870	870	870	870	870
Total Water Revenues	\$ 1,306,425	\$ 1,309,688	\$ 1,312,959	\$ 1,316,239	\$ 1,319,527
Sewer Revenues					
Sewer Service Charges (no rate increase)	\$ 1,407,825	\$ 1,411,344	\$ 1,414,873	\$ 1,418,410	\$ 1,421,956
Penalties	870	870	870	870	870
Total Wastewater Revenues	\$ 1,408,695	\$ 1,412,214	\$ 1,415,743	\$ 1,419,280	\$ 1,422,826
Miscellaneous Revenues					
Water Interest Income	\$ 1,064	\$ 1,064	\$ 1,064	\$ 1,064	\$ 1,064
Sewer Interest Income	1,064	1,064	1,064	1,064	1,064
Water Impact Fees	500	500	500	500	500
Sewer Impact Fees	500	500	500	500	500
Total Misc. Revenues	\$ 3,128	\$ 3,128	\$ 3,128	\$ 3,128	\$ 3,128

Source: Town of Surfside; TischlerBise.

Table 6: Utility Enterprise Fund Expenditure Projections

Budget Item	Budgeted 2010/11	Projected 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Escalation Basis	% to Water	% to Sewer
Personnel Expenses								
Regular Salaries	\$ 200,809	\$ 204,825	\$ 208,922	\$ 213,100	\$ 217,362	Personnel	47%	53%
Other Salaries	-	-	-	-	-	Personnel	47%	53%
Overtime	14,000	16,100	16,422	16,750	17,085	Personnel	47%	53%
Special pay	4,500	4,658	4,751	4,846	4,943	Personnel	47%	53%
Payroll Taxes	16,777	17,113	17,455	17,804	18,160	Personnel	47%	53%
Retirement Contribution	15,436	15,436	15,745	16,060	16,381	Personnel	47%	53%
Life & Health Insurance	33,512	33,512	34,182	34,866	35,563	Personnel	47%	53%
Workers Compensation	9,104	9,104	9,286	9,472	9,661	Personnel	47%	53%
Unemployment Compensation	-	-	-	-	-	Personnel	47%	53%
Total Personnel Expenses	294,138	300,747	306,762	312,898	319,156			

Table 4: Escalation and Input Assumptions

Description	Annual Figure	Notes
Escalators		
Residential Customer Growth Rate	0.25%	Annual Rate
Non-residential Customer Growth Rate	0.25%	Annual Rate
Personnel Costs	2.00%	Annual Rate
Water Purchases	12.00%	Annual Rate
Sewage Disposal Costs	15.00%	Annual Rate
Operating Costs	3.50%	Annual Rate
Capital Outlay (excl Improvements)	5.00%	Annual Rate
Depreciation Costs	2.00%	Annual Rate
Fund Equity Targets		
O&M Reserves	25.0%	25% of current year O&M
Water Capital Reserves	\$ 420,358	2x annualized costs of renewal and replacement of FY11-FY15 CIP
Sewer Capital Reserves	\$ 521,202	2x annualized costs of renewal and replacement of FY11-FY15 CIP
Rate Stabilization Reserves	10.0%	10% of current year projected rate revenues
Financial Ratios and Inputs		
Indirect Cost Allocation (GF Reimburse)	10.0%	of central service support to utility fund
Debt Service Coverage Ratio	125%	1.25x (net operating income/annual debt service)
Affordability Index	2.0%	of Surfside's Median Household Income
Bonds/Loans		
	<u>Terms</u>	
Revenue Bonds Period (years)	20	
Revenue Bonds Interest Rate	5.00%	
Construction Amount	\$ 10,000,000	
Price Elasticity Applied to Consumption	3.0%	

Sources: Town of Surfside; TischlerBise.

Utility Enterprise Fund Budget Analysis

This section describes the assumptions utilized and budgetary figures presented and projected (revenue and expenditures) for purposes of the water and sewer utility rate analysis

Project Assumptions

For the Town of Surfside to more accurately project future revenues and expenditures, growth, inflation and financial factors are estimated for each utility system (Table 4).

Escalation Factors – Because of current economic conditions and the developed nature of the Town, we have applied a nominal growth rate to new customer connections for the projection period of five fiscal years. In addition to these factors, we have also included several escalation or inflation factors for various operating and capital items associated with both utilities. Where past annual increases were consistent, we applied historical percentages to our forecast analysis. Where past annual increases were volatile or lacked a consistent pattern, we applied percentage increases based on our past experiences in utility rate and projection analyses.

Financial Ratios and Inputs – Certain financial ratios and assumption are utilized to account for Town central service support of the utility systems, bond covenant debt coverage ratios and financing terms for project revenue bonds to be issued, and an affordability index to demonstrate the affect potential rate increases might have on Surfside customers household income levels.

Utility Revenues and Expenditures

Table 5 illustrates the line item revenues that will be incorporated into the rate analysis for each utility. Water sales and sewer service charges are presented with no rate increases and are inflated by a nominal growth factor of 0.25 percent per year to account for modest new connection growth. Other revenue items are assumed to remain flat to demonstrate a conservative projection analysis.

Table 6 presents the combined system utility fund expenditures based on the latest figures from the Fiscal Year 2010/11 utility budget and projected through FY 2014/15. Budget line items are categorized into functional components to be utilized in the forthcoming cost allocation analysis. Budget line items are escalated by various projection factors found in Table 4. The basis for escalation and the division of costs to each utility are located in the last three columns of Table 6. The division of costs is largely based on the ratio of the two largest line items in the fund: Water Purchases and Sewage Disposal. The exception to this approach is “Miscellaneous Maintenance – Water Tests” which applies solely to the water utility and allocated accordingly.

Rate Design

The final element, the rate design process, applies the results from the revenue requirements to develop rates that achieve the general guidelines and objectives of the Town. These objectives may include consideration of cost-based rates, but may also consider items such as ability to pay, continuity of past rate philosophy, conservation, encouragement of economic development, ease of administration, and legal requirements. While cost-based rates are an important objective, all objectives should be balanced appropriately.

While the general description of the utility rate setting process discussed in this section of the report is simplified and condensed, it does address the underlying fundamentals. One of the key principles for a comprehensive rate study is found in economic theory, which suggests the price of a commodity must roughly equal its cost if equity among customers is to be maintained – i.e. cost-based. For example, capacity-related costs are usually incurred by a water utility to meet peak use requirements. Consequently, the customers causing peak demands should properly pay for the demand-related facilities in proportion to their contribution to maximum demands. Through refinement of costing and pricing techniques, consumers of a product are given a more accurate price signal of what the commodity costs to produce and deliver.

The above fundamentals have considerable foundation in economic literature. They also serve as primary guidelines for rate design by most utility regulators and administrative agencies. This “price-equals-cost” theory provides the basis for much of the subsequent analysis and comment. This theory is particularly important, as the proposed rate, structure has been modified to encourage conservation, while maintaining this economic principle.

Rate Setting Principles Summary

This section of the report has provided a brief introduction to the general principles, techniques, and economic theory used to set utility rates. These principles, techniques, and economic theory were the starting point for this rate study and the groundwork used to meet the Town’s key objectives in analyzing and adjusting its utility rates.

Revenue Requirements

The method used by most public utilities to establish their revenue requirements is called the “cash basis” approach of setting rates. As the name implies, a public utility combines its cash expenditures over a period of time to determine their required revenues from user rates and other forms of income. The figure below presents the “cash basis” methodology.

Figure 6: Overview of the “Cash Basis” Design

+ Operation and Maintenance Expenses
+ Taxes/Transfers
+ Capital Additions Financed with Rate Revenue
+ Debt Service (Principal and Interest)
= Total Revenue Requirements

Financial Planning

In the development of the revenue requirements, many assumptions are utilized to project future expenditures, customer and consumption growth, and necessary revenue adjustments. The Town’s budget documents are used as the initial starting point however; assumptions play a necessary role in projecting future required revenue.

Conservative growth assumptions and prudent financial planning are fundamental to ensuring adequate rate revenue to promote financial stability. The financial model developed by the consulting team appropriately considers the Town’s projected debt service coverage ratios and operating reserve balances. In addition, it is recommended that the Town begin recognizing some of the cost associated with future capital replacements that will allow the accumulation of a reserve for repair and replacement of depreciated items. This enables the Town to mitigate future rate increases as money for repair and replacement is collected automatically each year.

Rate Setting Principles

The primary objective of conducting a comprehensive rate study is to determine the adequacy of the existing rates (pricing and structure) and provide the basis for any necessary adjustments to meet the Departments operating and capital needs. The Town desires rate structures that fully fund operations, maintenance, and present and future capital costs. Furthermore, the Town desired to develop a conservation-based water and sewer rate structure. Water scarcity is a growing concern for South Florida communities. The most significant influence this situation places on the Town is large spikes in past water purchase costs from MDWASD. Therefore, significant consideration and dialogue took place between Town staff and the consulting team to review the existing rate structure and propose changes to meet this additional objective.

Over the past years, many generally accepted principles or guidelines have been established to assist in developing utility rates. The purpose of this section of the report is to provide a general background of the methodology and guidelines used for setting cost based utility rates. This will provide the reader with a higher-level understanding of the general process detailed later in this report.

Established Principles & Guidelines

As a practical matter, there should be a general set of principles to develop rates. The American Water Works Association (AWWA) establishes these principles in the M1 Manual – *Principles of Water Rates, Fees and Charges*. For sewer rate setting, the Water Environment Federation (WEF) establishes similar guidelines. These guiding principles help to ensure there is a consistent nationwide approach that is employed by utilities in the development of their rates.

Provided below is a short summary listing the established guidelines around which public utilities should consider when setting their rates. These closely reflect the Town's specified objectives.

- Rates should be cost-based and equitable, and set at a level such that they provide revenue sufficiency.
- Rates and process of allocating costs should conform to generally accepted rate setting techniques.
- Rates should provide reliable, stable and adequate revenue to meets the utility's financial, operation, and regulatory requirements.
- Rate levels should be stable from year to year (limit "rate shocks").
- Rates should be easy to understand and administer.

These guidelines, along with the Town's objectives, have been utilized within this study to help develop utility rates that are cost-based and equitable.

Table 20 below presents the current and proposed fixed base charges in a monthly format as well as the proposed sewer flow rate per 1,000 gallons. The fixed charges are calculated using number of customer accounts and dwelling units.

Table 20: Fixed Monthly Base Charges by Account or Dwelling Unit and Sewer Flow Rate

Description	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15
	Rate per 1,000 gal				
Uniform Variable Rate	\$ 5.41	\$ 5.89	\$ 6.31	\$ 6.62	\$ 6.95
	Per Account/Dwelling Unit				
Monthly Fixed Charge	\$ 3.43	\$ 3.74	\$ 4.01	\$ 4.21	\$ 4.42

Sources: Town of Surfside; TischlerBise.

Impact of Revenue Increase

In Fiscal Year 2010/11, the proposed 15% increase in required revenue does not directly correlate to a 15% increase in all sewer bills. The cost of service analysis dictates the actual adjustments to the bills. **Figure 13** presents bi-monthly sewer charges for Single-family Residential customers at various sewer flow levels. Under this structure, customers with low sewer flow levels will see a decrease in their bills while high flow customers will experience greater monthly bills.

Rate Comparison

While the cost structure and facilities vary greatly between sewer utilities, rate comparisons provide the Town a barometer of its rates in relation to surrounding communities. The figure (**Figure 14**) compares the estimated bi-monthly bill for 12,000 gallons of sewer flow.

Figure 13: Customer Billing Analysis: Current & Proposed Sewer Rates

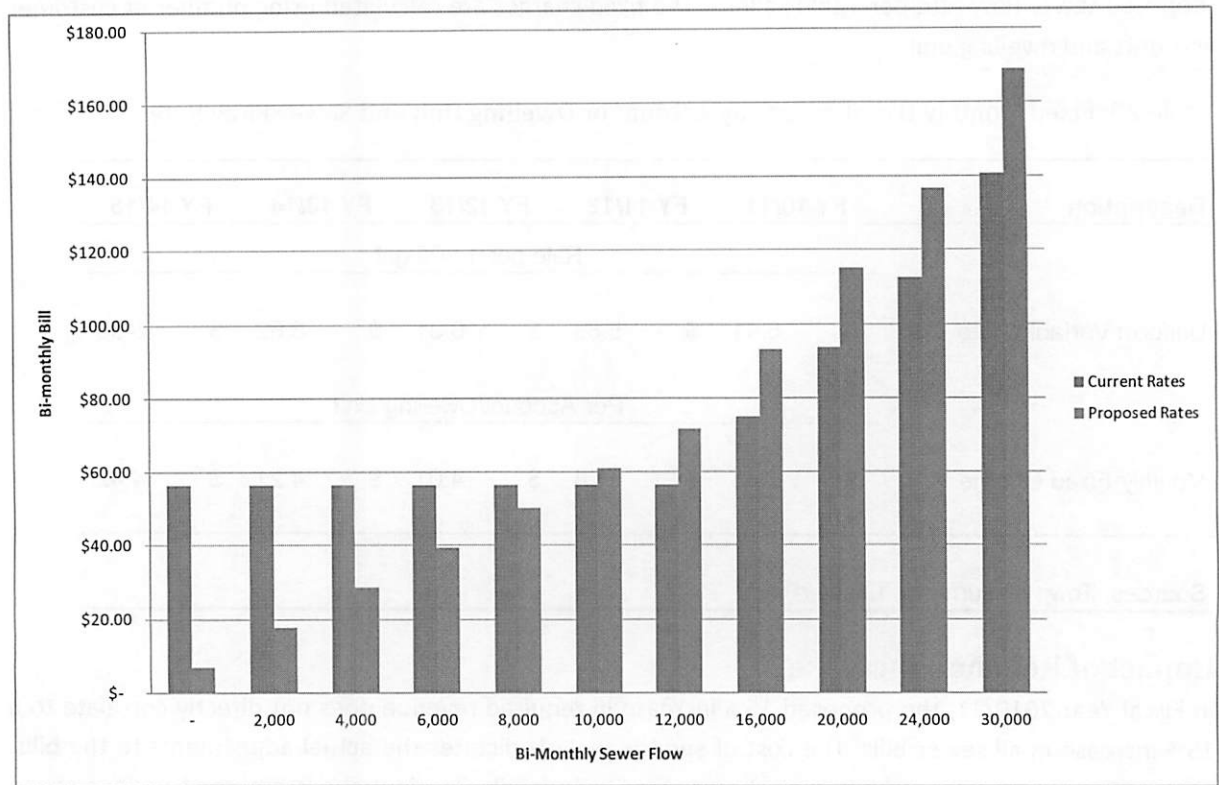
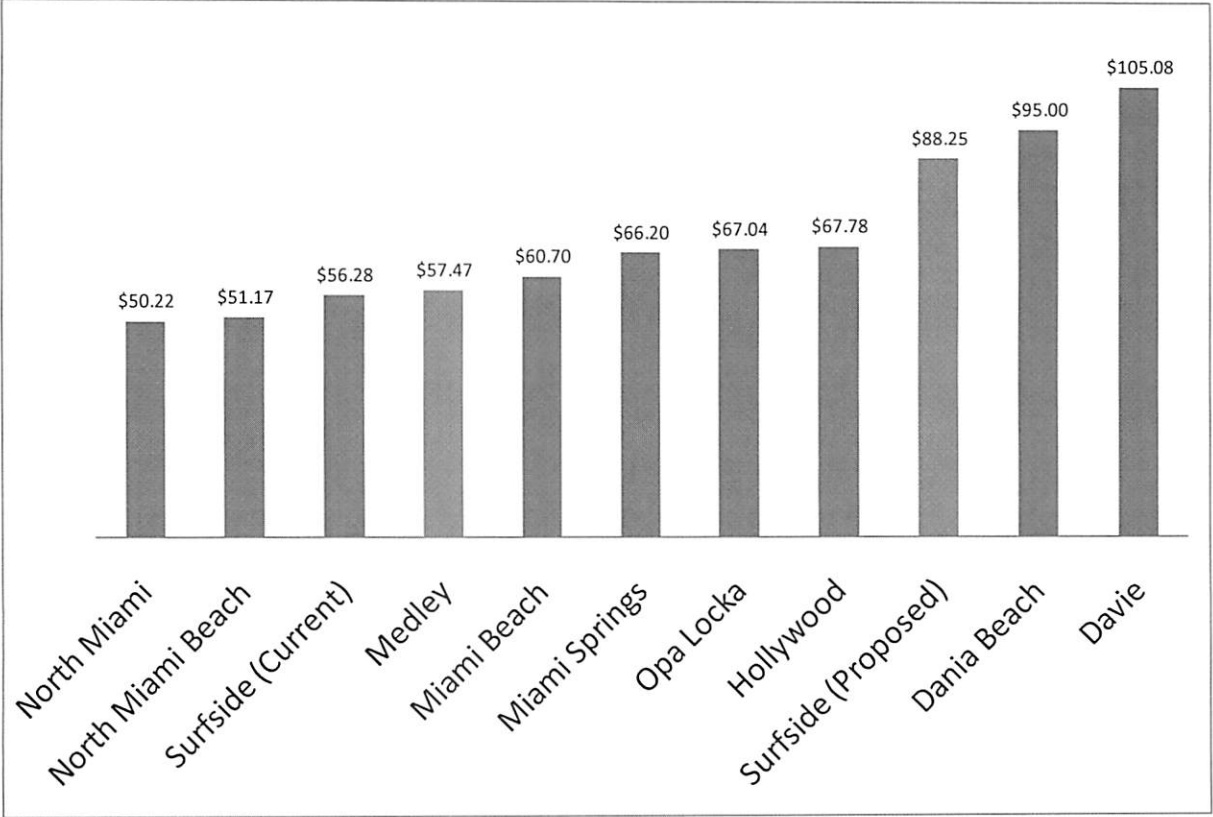


Figure 14: SFR Rate Comparison -12,000 gallons



ATTACHMENT

“9”



Town of Surfside Commission Communication

Agenda Item #: 5B

Agenda Date: January 17, 2012

Subject: Approval of Loan Application for State Revolving Funds for the Construction of Water, Wastewater and Stormwater Infrastructure

Objective: State Revolving Fund loans were identified as the back-up funding source for this project. Florida Statutes provide for loans to local government agencies to finance the construction of water and related facilities. The Town has met all criteria to qualify for said SRF Funds.

Background: The Town Commission has previously approved a facilities plan for water sewer and stormwater improvements in January, 2011. The State has approved the plan and has funds available for the sewer and stormwater portions of the project to lend to the Town. In order to secure the loans, the Florida Administrative Code rules require authorization to:

- apply for loans,
- establish pledged revenues,
- designate an authorized representative;
- provide assurances of compliance with loan program requirements; and
- enter into a loan agreement; and

The attached resolution is in the form required by the State to meet these authorization criteria.

Analysis: The loan application is attached.

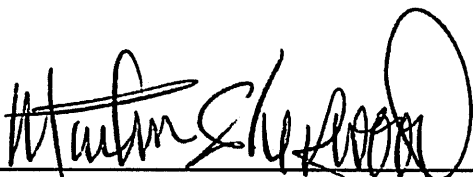
Budget Impact: The interest rate on the SRF loans is currently substantially less than those for the current bonds (2.5% vs 4.72%). However the Town has the opportunity to make appropriate financial decisions at a later point in time on the mix of SRF funds to be used for repayment (\$4 million with no penalty, plus additional monies with a penalty, but still at a much lower interest rate), as makes good financial sense to the Town.

Growth Impact: N/A

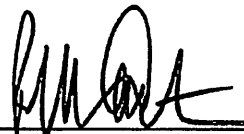
Staff Impact: N/A

Recommendation: It is recommended that the Town Commission approve a resolution for the loan application to the State Revolving Fund program for a construction loan in an amount not to exceed \$9,312,881 and authorize the Town Manager to execute the loan documents. If this is approved, the following actions will be required over the next few months:

- 1) An update to the Tischler Bise (now Black & Veatch Corp.) rate study will be reviewed to ensure that its entire financial restructuring package has no impact on rates that are currently in place in the short term. The study includes the potential that Miami-Dade County (water) and Miami Beach (sewer) increases our wholesale rates. If this occurs the Town Commission will decide during the FY 2012/2013 Budget review process if it desires to absorb all or part of a rate adjustment using reserves, or use other sources or pass through the costs. However, that decision does not have to be made today.
- 2) Any change in scope due to the addition of homes not indexed in the original project will be absorbed without a rate increase in the short term due to the lower interest rates including financing costs. We believe that reserves will continue to grow as per the Five Year Financial Plan.
- 3) The Citizen Advisory Committee will be reconvened to review the proposed new financial structure and the State revolving loan program will not be finally accepted until their input is reviewed.
- 4) The potential for loan forgiveness in the amount of \$3 million by the State will be factored at the end of year 4 as per the advice of our Government Relations and Public Affairs consultant, Mr. Fausto Gomez.



Finance Department Svcs. Director



Town Manager

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, RELATING TO THE STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION FOR \$9,312,881 FOR CONSTRUCTION ACTIVITIES ASSOCIATED SURFSIDE WATER, WASTEWATER AND STORMWATER IMPROVEMENTS; AUTHORIZING THE TOWN MANAGER TO EXECUTE THE LOAN AGREEMENT; ESTABLISHING PLEDGED REVENUES; DESIGNATING AUTHORIZED REPRESENTATIVES; PROVIDING ASSURANCES; PROVIDING FOR CONFLICTS, SEVERABILITY, AND AN EFFECTIVE DATE.

WHEREAS, Florida Statutes provide for loans to local government agencies to finance the construction of water, wastewater and stormwater facilities; and

WHEREAS, Florida Administrative Code rules require authorization to apply for loans, to establish pledged revenues, to designate an authorized representative; to provide assurances of compliance with loan program requirements; and to enter into a loan agreement; and

WHEREAS, the State Revolving Fund loan priority list designates DEP the Infiltration and inflow for financing of construction activities involved with SURFSIDE Water, Wastewater/Construction Major Sewer and Stormwater Rehabilitation and infiltration and inflow projects are eligible for available funding; and

WHEREAS, the Town of Surfside, Florida, intends to enter into a loan agreement with the Department of Environmental Protection under the State Revolving Fund for project financing;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:

Section 1: That the foregoing findings are incorporated herein by reference and made a part hereof.

Section 2: That the Town of Surfside, Florida is authorized to apply for a loan to finance the Town's project.

Section 3: That the revenues pledged for the repayment of the loan are net water, sewer and stormwater system revenues after payment of debt service on the Town's Series outstanding obligations as noted in the loan application.

Section 4: That the Town Manager is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application.

Section 5: That the Town Manager is hereby designated as the authorized representative to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The Town Manager is authorized to delegate responsibility to appropriate Town staff to carry out technical, financial, and administrative activities associated with the loan agreement.

Section 6: That the legal authority for borrowing monies to construct this Project is the Florida Statutes.

Section 7: That all resolutions or part of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

Section 8: That if any Section or portion of a Section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force or effect of any other Section or part of this Resolution.

Section 9: That this Resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED this 17th day of January, 2012.

Motion by _____, second by _____.

FINAL VOTE ON ADOPTION

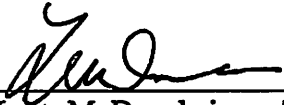
Commissioner Michael Karukin	_____
Commissioner Edward Kopelman	_____
Commissioner Marta Olchyk	_____
Vice Mayor Joseph Graubart	_____
Mayor Daniel Dietch	_____

Daniel Dietch, Mayor

ATTEST:

Sandra Novoa, CMC, Town Clerk

**APPROVED AS TO FORM AND
LEGAL SUFFICIENCY FOR
THE TOWN OF SURFSIDE ONLY:**



Lynn M. Dannheisser, Town Attorney

 **DRAFT**

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

STATE REVOLVING LOAN PROGRAM
for
Point Source Water Pollution Control

Project No.** Surfside Water and Stormwater Improvements

LOAN APPLICATION



Florida Department of Environmental Protection
Bureau of Water Facilities Funding
Twin Towers Office Building
2600 Blair Stone Road, MS 3505
Tallahassee, FL 32399-2400

TABLE OF CONTENTS



Page
Number

LOAN APPLICATION

(1) SUBMITTAL	1
(2) COMPLETING THE APPLICATION	1
(3) ASSISTANCE	1

PART I - ADMINISTRATIVE INFORMATION

(1) PROJECT SPONSOR	1
(2) AUTHORIZED REPRESENTATIVE	1
(3) PRIMARY CONTACT	1
(4) ADDITIONAL CONTACTS	1
(5) PROJECT NUMBER	1
(6) CAPITALIZATION GRANT PROJECT REQUIREMENTS	2
(7) FINANCIAL HARDSHIP	2
(8) DIRECT AND LEVERAGED LOANS	2

PART II - PROJECT INFORMATION

A. PRECONSTRUCTION PROJECT

(1) ACTIVITIES	2
(2) SCHEDULE	2
(3) COST	3

B. CONSTRUCTION PROJECT

(1) ACTIVITIES	3
(2) SCHEDULE	3
(3) COST	3

PART III - FINANCIAL INFORMATION

(1) PRINCIPAL	4
(2) TERMS AND REPAYMENT	4
(3) ANNUAL FUNDING LIMIT	4
(4) LOAN REPAYMENT RESERVE	4
(5) INFORMATION ON LIENS	4
(6) ACTUAL AND PROJECTED REVENUES	5
(7) AVAILABILITY OF PLEDGED REVENUES	5
(8) LOAN SERVICE FEE	5

PART IV - AUTHORIZATION AND ASSURANCES

(1) AUTHORIZATION	5
(2) ASSURANCES	5

PART V - SUPPLEMENTARY INFORMATION

SCHEDULE OF PRIOR AND PARITY LIENS	8
SCHEDULE OF ACTUAL REVENUES AND DEBT COVERAGE	9
SCHEDULE OF PROJECTED REVENUES AND DEBT COVERAGE	10
LIST OF ATTACHMENTS	11

LOAN APPLICATION

- (1) **SUBMITTAL.** Submit the application and attachments to the Department of Environmental Protection, MS 3505, Bureau of Water Facilities Funding, 2600 Blair Stone Road, Tallahassee, Florida 32399-2400.
- (2) **COMPLETING THE APPLICATION.**
 - (a) This application consists of five parts: (I) ADMINISTRATIVE INFORMATION; (II) PROJECT INFORMATION; (III) FINANCIAL INFORMATION; (IV) AUTHORIZATION AND ASSURANCES; and (V) SUPPLEMENTARY INFORMATION.
 - (b) All information provided on this application must be printed. Monetary amounts may be rounded.
 - (c) Forms and attachments to be submitted are denoted with italic print.
- (3) **ASSISTANCE.** Completing this application may require information that can be obtained from Bureau of Water Facilities Funding staff. Please call (850) 245-8358 or SUNCOM 205-8358 for assistance in completing this application.

PART I - ADMINISTRATIVE INFORMATION

- (1) **PROJECT SPONSOR** Town of Surfside
Federal Employer Identification Number 59-6000434
- (2) **AUTHORIZED REPRESENTATIVE** (person authorized to sign or attest loan documents).
Name Roger Carlton Title Town Manager
Telephone 305-861-4863 FAX 305-861-1302 Email rcarlton@townofsurfsidefl.gov
Employer Town of Surfside
Mailing Address _____
- (3) **PRIMARY CONTACT** (person to answer questions regarding this application).
Name Marty Sherwood Title Finance Director
Telephone 305-861-4863 x 225 FAX 305-861-1302 Email msherwood@townofsurfsidefl.gov
Employer Town of Surfside
Mailing Address 9293 Harding Ave
Surfside, FL 33154
- (4) **ADDITIONAL CONTACTS.** If more than one additional person is to receive copies of Department correspondence, attach the information (*Attachment #1*).
Name Frederick Bloetscher, Ph.D., P.E. Title President
Telephone 239-250-2423 FAX 954-925-2692 Email h2o_man@bellsouth.net
Employer Public Utilities Management and Planning Services, Inc.
Mailing Address P.O. Box 221890
Hollywood, FL 33022 Physical Address: 15 SW 5th St. Dania Beach, FL 33004
- (5) **PROJECT NUMBER** (listed on the Department's priority list). 791040P
- (6) **CAPITALIZATION GRANT PROJECT REQUIREMENTS.** An Applicant may have to comply with certain Federal requirements for loans from funds that, in aggregate, are equivalent to the amount of the federal grant

awarded to the Department to partially capitalize the State Revolving Fund. Please check with the Department to determine if the project is subject to such requirements.

Is this project subject to special federal requirements?

☐ Yes ☒ No

If this project is subject to special federal requirements complete an *EPA Preaward Compliance Review Report* and attach in Part V, *List of Attachments*. (Attachment #_____).

- (7) **FINANCIAL HARDSHIP.** To qualify for a financial hardship loan the affordability index of a small community to be served by the project shall be less than 100. A small community is a municipality or unincorporated community with a total service area population of 20,000 or less as of the most recent decennial census. Please check with the Department to determine if the project qualifies for a financial hardship loan.

Does the loan qualify for financial hardship consideration?

☐ Yes ☒ No

- (8) **DIRECT AND LEVERAGED LOANS.** A local government project sponsor that receives a loan from proceeds of bonds issued by the Florida Water Pollution Control Financing Corporation will be subject to certain limitations resulting from the tax exempt status of such bonds. Please check with the Department to determine if the loan is subject to such limitations.

Is this loan subject to the special leveraged loan limitations?

☐ Yes ☒ No

PART II – PROJECT INFORMATION

If you are applying for a loan to plan and design a project that will involve construction, complete only Subpart A below. If you are applying for a loan to construct a project that is already planned and designed, complete only Subpart B below.

A. PRECONSTRUCTION PROJECT -

Information should be provided for each separate facility to be planned and designed as appropriate. For design/build projects or those where multiple facilities, segments, or phases are involved, please attach information for activities, schedule, and cost for each. (*Attachment #see Facilities Plan submitted previously*)

- (1) **ACTIVITIES.** Attach a brief description of the scope of planning and design activities to be financed by this loan. Include a list of any specialized studies to be performed. (*Attachment #2*) Are these activities the same as those scheduled on *Request for Inclusion Form*? ☒ Yes ☐ No. If “No”, please explain. (*Attachment #_____*)

(2) SCHEDULE.

- (a) Provide proposed completion dates for the items. (Please call Department staff to discuss time frames needed to complete required tasks.)

Planning documentation	July 2011
Engineering work	7/2011
Certification of site availability	3/2011
Permit	8/2011

- (b) Do you anticipate that an interlocal agreement with another party will be necessary to implement the project? If “Yes”, please explain. (*Attachment #_____*) ☐ Yes ☒ No

- (c) Is this a design/build project? ☐ Yes ☒ No

- (3) **COST.** Is the cost information submitted for the preconstruction loan priority list current? If “No”, please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (*Attachment #_____*) Note that the

disbursable amount will be limited to the priority list amount.

PRECONSTRUCTION LOAN APPLICANTS PROCEED TO PART III.

B. CONSTRUCTION PROJECT**(1) ACTIVITIES.**

- (a) Attach a brief description of construction activities to be financed by this loan. Include a list of the construction contracts (by title) corresponding to the plans and specifications accepted by the Department (*Attachment #2*).

Are these contracts the same as those scheduled on the *Request for Inclusion Form*? ☒ Yes ☐ No

If "No", please explain. (*Attachment #*_____)

- (b) Have any of the contracts been bid? ☐ Yes ☒ No

If "Yes", indicate which contracts have been bid.

- (c) Was the planning and design for this project financed with a preconstruction loan? ☐ Yes ☒ No

If "Yes", give the preconstruction loan number. _____

- (d) Does this project involve an interlocal agreement with other local governments or other entities? ☐ Yes ☒ No

If "Yes", attach a copy of the Department letter accepting the interlocal agreement. (*Attachment #*_____)

Is the interlocal agreement, as accepted by the Department, fully executed and enforceable? ☐ Yes ☐ No

If "No", please explain (*Attachment #*_____).

(2) SCHEDULE. (month and year)

- (a) What is the estimated date for the start of construction? 8/2011
- (b) What is the estimated date for construction completion? 12/2012
- (c) What is the date for start up of the facilities? 12/2012

- (3) **COST.** Is the cost information submitted for the priority list current? ☒ Yes ☐ No

If "No", please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (*Attachment #*_____). Note that the disbursable amount will be limited to the priority list amount.

PART III - FINANCIAL INFORMATION

Please check with the Department to establish estimates of the capitalized interest rate, project useful life for financial hardship loans, financing rate, pledged revenue coverage, limitations on annual loan amounts for large projects, applicability and amount of repayment reserves, amount of the loan service fee and any other information needed to complete this form.

- (1) **PRINCIPAL.** The requested amount of the loan, excluding capitalized interest is \$9,312,881
The estimate of the capitalized interest is \$0 based on a financing rate of 2.50%

Note that the disbursable amount will be limited to the priority list amount and must be consistent with the project information provided under **PART II** of this application. Also note that the capitalized interest is an inexact estimate, and it is subject to adjustment by the Department to reflect actual disbursement timing. The principal amount of the loan does not include the loan service fee.

(2) **TERMS AND REPAYMENT.**

- (a) Loans to local government project sponsors are amortized over the lesser of useful life of the project or 20 years unless the project is to serve a small community qualifying as having a financial hardship. Loans to financial hardship communities may be amortized over the lesser of useful life of the project or 30 years. Loans to non-governmental project sponsors are amortized over the lesser of the useful of the project or 10 years. Finance charges and principal are paid semiannually.

What is the useful life of the project? 20 (years)

Over how many years would you like to amortize the loan? 20 (years)

- (b) List all revenues that are to be pledged for repayment of this loan. Water, sewer and stormwater user fees.
- (c) Pledged revenue receipts or collections by the project sponsor must exceed the amount of the repayments due to the Department unless there are other collateral provisions. The excess revenue, or coverage, generally is 15% of each repayment.

What coverage is proposed for the loan? 15% (coverage percentage)

- (d) Is any other financial assistance being applied to this project? ☐ Yes ☒ No

If "Yes", please list. (*Attachment #*____)

- (3) **ANNUAL FUNDING LIMIT.** Large project funding (generally, loans in excess of \$10 million) may be provided in increments pursuant to the initial loan agreement and subsequent amendments. Each increment shall have a separate financing rate as established in the agreement or amendment providing that increment.

- (4) **LOAN REPAYMENT RESERVE.** Subject to the Department's approval, a local government may establish a restricted or assigned reserve account, using its own funds, in an amount not less than the sum of two semiannual loan repayments in order to reduce the pledged revenue coverage requirement to as low as 1.0 times the annual debt service.

Is a reserve expected to be established using local funds? ☐ Yes ☒ No

If "Yes," describe the locally funded reserve. (*Attachment #*3)

(5) **INFORMATION ON LIENS.**

- (a) Describe, if applicable, all debt obligations having a prior or parity lien on the revenues pledged to repay this loan. (*Attachment #*4) For example: City Name, Florida, Water and Sewer System Revenue Bonds, Series 1996, issued in the amount of \$10,000,000, pursuant to Ordinance No. 93-104, as amended and supplemented by Ordinance No. 96-156.

- (b) Using the Part V, *Schedule of Prior and Parity Liens*, provide debt service information, if applicable, on each prior and parity obligation.
- (c) For the listed obligations, provide a copy of the ordinance(s), resolution(s), official statement(s), or pages thereof, setting forth the definitions, use of proceeds, debt service schedule, pledged revenues, rate covenants, provisions for issuing additional debt, provisions for bond insurance, and debt rating. (*Attachment #4*).
- (d) Describe any other notes and loans payable from the revenues pledged to repay this loan. (*Attachment #4*).
- (6) **ACTUAL AND PROJECTED REVENUES.**
 - (a) Complete the Part V, *Schedule of Actual Revenues and Debt Coverage* for the past two fiscal years.
 - (b) Complete the Part V, *Schedule of Projected Revenues and Debt Coverage*, demonstrating the availability of pledged revenues for loan repayment.
- (7) **AVAILABILITY OF PLEDGED REVENUES.** All sources must be supported by a written legal opinion. (*Attachment #5*) The opinion must address the following:
 - (a) Availability of the revenues to repay the loan.
 - (b) Right to increase rates at which revenues shall be collected to repay the loan.
 - (c) Subordination of the pledge if pledged revenues are subject to a prior or parity lien.
- (8) **LOAN SERVICE FEE.** A loan service fee is assessed on each loan. The fee is not part of the loan. The fee along with interest thereon will be deducted from the first available repayments after the final amendment to the loan agreement.

PART IV – AUTHORIZATION AND ASSURANCES

- (1) **AUTHORIZATION.** Provide an authorizing resolution of the Applicant's governing body or other evidence of authorization (*Attachment #6*) for the following:
 - (a) Pledging revenues to repay the loan.
 - (b) Designation of the Authorized Representative(s) to file this application, provide assurances, execute the loan agreement, and represent the Applicant in carrying out responsibilities (including that of requesting loan disbursements) under the loan agreement.
- (2) **ASSURANCES.** The Applicant agrees to comply with the laws, rules, regulations, policies and conditions relating to the loan for this project. Applicants should seek further information from the Bureau of Water Facilities Funding staff as to the applicability of the requirements if the necessity for the assurances are of concern. Specifically, the Applicant certifies that it has complied, as appropriate, and will comply with the following requirements, as appropriate, in undertaking the Project:
 - (a) **Assurances for capitalization grant projects.**
 - 1. Complete all facilities for which funding has been provided.
 - 2. The Archaeological and Historic Preservation Act of 1974, PL 93-291, and the National Historic Preservation Act of 1966, PL 89-665, as amended, regarding identification and protection of historic properties.
 - 3. The Clean Air Act, 42 U.S.C. 7506(c), which requires conformance with State Air Quality Implementation Plans.
 - 4. The Coastal Zone Management Act of 1972, PL 92-583, as amended, which requires assurance of project consistency with the approved State management program developed under this Act.
 - 5. The Endangered Species Act, 16 U.S.C. 1531, et seq., which requires that projects avoid disrupting threatened or endangered species and their habitats.

6. Executive Order 11593, Protection and Enhancement of the Cultural Environment, regarding preservation, restoration and maintenance of the historic and cultural environment.
 7. Executive Order 11988, Floodplain Management, related to avoiding, to the extent possible, adverse impacts associated with floodplain occupancy, modification and development whenever there is a practicable alternative.
 8. Executive Order 11990, Protection of Wetlands, related to avoiding, to the extent possible, adverse impacts associated with the destruction or modification of wetlands and avoiding support of construction in wetlands.
 9. The Fish and Wildlife Coordination Act, PL 85-624, as amended, which requires that actions to control natural streams or other water bodies be undertaken to protect fish and wildlife resources and their habitats.
 10. The Safe Drinking Water Act, Section 1424(e), PL 93-523, as amended, regarding protection of underground sources of drinking water.
 11. The Wild and Scenic Rivers Act, PL 90-542, as amended, related to protecting components or potential components of the national wild and scenic rivers system.
 12. The federal statutes relating to nondiscrimination, including: The Civil rights Act of 1964, PL 88-352, which prohibits discrimination on the basis of race, color or national origin; the Age Discrimination Act, PL 94-135, which prohibits discrimination on the basis of age; Section 13 of the Federal Water Pollution Control Act, PL 92-500, which prohibits sex discrimination; the Rehabilitation Act of 1973, PL 93-112, as amended, which prohibits discrimination on the basis of handicaps.
 13. Executive Order 11246, Equal Employment Opportunity, which provides for equal opportunity for all qualified persons.
 14. Executive Orders 11625 and 12138, Women's and Minority Business Enterprise, which require that small, minority, and women's business and labor surplus areas are used when possible as sources of supplies, equipment, construction and services.
 15. The Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq., regarding protection and conservation of the coastal barrier resources.
 16. The Farmland Protection Policy Act, 7 U.S.C. 4201 et seq., regarding protection of agricultural lands from irreversible loss.
 17. The Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646, which provides for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally assisted programs.
 18. The Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended, which requires that projects be carried out in accordance with area wide planning activities.
 19. Section 306 of the Clean Air Act, Section 508 of the Clean Water Act and Executive Order 11738, which prohibit manufacturers, firms, or other enterprises on the EPA's list of Violating Facilities from participating in the Project.
 20. Executive Order 12549, Debarment and Suspension, which prohibits any award to a party which is debarred or suspended or is otherwise excluded from, or ineligible for, participation in federal assistance programs.
 21. Minority and Women's Business Enterprise participation in project work using numerical goals, established by the U.S. Environmental Protection Agency, and to be set forth in the specifications for construction and materials contracts.
- (b) Assurances for other projects.
1. Chapter 161, Part I, F.S., "Beach and Shore Preservation Act" and Part III, "Coastal Zone Protection Act of 1985" which regulate coastal zone construction and all activities likely to affect the condition of the beaches or shore.

2. Chapter 163, Part II, F.S., the "Local Government Comprehensive Planning and Land Development Regulation Act" which requires units of local government to establish and implement comprehensive planning programs to control future development.
3. Chapter 186, F.S., State and Regional Planning, which requires conformance of projects with Regional Plans and the State Comprehensive Plan.
4. Chapter 253, F.S., "Emergency Archaeological Property Acquisition Act of 1988" which requires protection of archaeological properties of major statewide significance discovered during construction activities.
5. Chapter 258, Part III, F.S., which requires protection of components or potential components of the national wild and scenic rivers system.
6. Chapter 267, F.S., the "Florida Historical Resources Act" which requires identification, protection, and preservation of historic properties, archaeological and anthropological sites.
7. Chapter 287, Part I, F.S., which prohibits parties convicted of public entity crimes or discrimination from participating in State-assisted projects and which requires consideration of the utilization of Minority Business Enterprises in State-assisted projects.
8. Chapter 372, F.S., the Florida Endangered and Threatened Species Act which prohibits the killing or wounding of an endangered, threatened, or special concern species or intentionally destroying their eggs or nest.
9. Chapter 373, Part IV, F.S., Florida Water Resources Act of 1972, which requires that activities on surface waters or wetlands avoid adversely affecting: public health, safety, welfare, or property; conservation of fish and wildlife, including endangered or threatened species or their habitats; navigation or the flow of water; the fishing or recreational values or marine productivity; and significant historical and archaeological resources.
10. Chapter 380, Part I, F.S., Florida Environmental Land and Water Management Act of 1972 as it pertains to regulation of developments and implementation of land and water management policies.
11. Chapter 381, F.S., Public Health, as it pertains to regulation of onsite wastewater systems.
12. Chapter 403, Part I, F.S., Florida Air and Water Pollution Control which requires protection of all waters of the state.
13. Chapter 582, F.S., Soil and Water Conservation Act which requires conformance with Water Management District's regulations governing the use of land and water resources.
14. Governor's Executive Order 95-359, which requires State Clearinghouse review of project planning documentation and intergovernmental coordination.

I, the undersigned Authorized Representative of the Applicant, hereby certify that all information contained herein and in the attached is true, correct, and complete to the best of my knowledge and belief. I further certify that I have been duly authorized to file the application and to provide these assurances.

Signed this _____ Day of _____, 20 _____

Authorized Representative _____
(signature) Roger M. Carlton
(name typed or printed)

PART V – SUPPLEMENTARY INFORMATION
SCHEDULE OF PRIOR AND PARITY LIENS

List annual debt service beginning two years before the anticipated loan agreement date and continuing at least fifteen fiscal years. Use additional pages as necessary.

IDENTIFY EACH OBLIGATION

#1 Coverage % Insured (Yes/No)	#2 Coverage % Insured (Yes/No)	#3 Coverage % Insured (Yes/No)
#4 Coverage % Insured (Yes/No)	#5 Coverage % Insured (Yes/No)	#6 Coverage % Insured (Yes/No)

Fiscal Year	Annual Debt Service (Principal + Interest)						Total Non-SRF Debt Service w/coverage	Total SRF Debt Service w/coverage
	#1	#2	#3	#4	#5	#6		
2012								
2013								
2014								
2015								
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2023								
2034								

2035								
2036								
2037								
2038								

**SCHEDULE OF ACTUAL REVENUES AND DEBT COVERAGE
FOR RATE-BASED SYSTEM PLEDGED REVENUE**

(Provide information for the two fiscal years preceding the anticipated date of the SRF loan agreement.)

	FY 2009	FY 2010
Operating revenues (Identify)		
User Fees	\$ 2,210,490	\$ 2,765,220
Intergov.	\$ (44,333)	\$ (63,452)
Interest Income	638	11,575
Other Revenues (penalties/meters)		
Misc.	\$ 200	
Total Revenues	\$ 2,166,995	\$ 2,713,343
Operating Expenses (excluding interest on debt, deprec, and non cash)	\$ 1,798,387	\$ 2,104,788
Net Revenues (f = d - e)	\$ 368,608	\$ 608,555
Debt Service (including coverage Excluding SRF Loans)		\$ -
Debt Service (including coverage) for Outstanding SRF Loans		
Net	\$ 368,608	\$ 608,555

(h) Attach audited annual financial report(s), or pages thereof, and any other documentation necessary to support the above information. Include any notes or comments from the audit reports regarding compliance with covenants of debt obligations having a prior or parity lien on the revenues pledged for repayment of the SRF loan. (Attachment # 10& 11)

(i) Attach worksheets reconciling this page with the appropriate financial statements (for example, backing out depreciation and interest payments from operating expenses). (Attachment # 10& 11)

(j) If the net revenues were not sufficient to satisfy the debt service and coverage requirement, please explain what corrective action was taken. (Attachment # N/A)

**SCHEDULE OF PROJECTED REVENUES AND DEBT COVERAGE
FOR RATE-BASED SYSTEM PLEDGED REVENUE**

(Begin with the fiscal year preceding first anticipated semiannual loan payment.)

Item	2011	2012	2013	2014	2015
Operating Revenues					
User Fees - Water	\$ 1,540,201	\$ 1,621,254	\$ 1,706,572	\$ 1,779,272	\$ 1,855,069
User Fees - Sewer	\$ 1,518,999	\$ 1,769,120	\$ 1,897,691	\$ 1,887,557	\$ 2,102,678
User Fees Stormwater	\$ 487,000	\$ 487,000	\$ 487,000	\$ 487,000	\$ 487,000
Connection Fees	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Interest Income	\$ 2,128	\$ 2,128	\$ 2,128	\$ 2,128	\$ 2,128
Non-OP/Rate Stabilization					
Other Revenues	\$ 1,760	\$ 1,760	\$ 1,760	\$ 1,760	\$ 1,760
Misc.	\$ 4,433	\$ 4,433	\$ 4,433	\$ 4,433	\$ 4,433
TOTAL	\$ 3,555,721	\$ 3,886,895	\$ 4,100,784	\$ 4,163,350	\$ 4,454,268
Operating Expenses	\$ 2,096,698	\$ 2,219,535	\$ 2,451,950	\$ 2,714,467	\$ 3,011,220
SW Expenses	\$ 246,532	\$ 252,695	\$ 259,013	\$ 265,488	\$ 272,125
Net Revenues	\$ 1,459,023	\$ 1,667,360	\$ 1,648,834	\$ 1,448,883	\$ 1,443,048
Debt Service (Excl SRF Loans)					
Debt Service (SRF Loan, incl coverage)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Ex. Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Proj Future Debt Non-SRF Loans)	\$ -			\$ -	
Projected SRF Loan Debt (Incl coverage)		995,728	995,728	995,728	995,728
New Debt	\$ -	\$ 995,728	\$ 995,728	\$ 995,728	\$ 995,728
NET	\$ 1,459,023	\$ 671,632	\$ 653,106	\$ 453,155	\$ 447,320

(k) Identify the source of the above information and explain methods used to develop the projections (*Attachment # 12* ____). Include an explanation of any revenue and expense growth or other adjustments; for example, any rate increases, service growth, inflation adjustments, expense adjustments reflecting the cost of operating additional facilities, or other considerations.

(m) Are the above projections consistent with the capital improvements financing information in the accepted water facilities plan? ☒ Yes ☐ No. If not, explain on *Attachment #* ____.

RESOLUTION NO. 2012-2007

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, RELATING TO THE STATE REVOLVING FUND LOAN PROGRAM; MAKING FINDINGS; AUTHORIZING THE LOAN APPLICATION FOR \$9,312,881 FOR CONSTRUCTION ACTIVITIES ASSOCIATED SURFSIDE WATER, WASTEWATER AND STORMWATER IMPROVEMENTS; AUTHORIZING THE TOWN MANAGER TO EXECUTE THE LOAN AGREEMENT; ESTABLISHING PLEDGED REVENUES; DESIGNATING AUTHORIZED REPRESENTATIVES; PROVIDING ASSURANCES; PROVIDING FOR CONFLICTS, SEVERABILITY, AND AN EFFECTIVE DATE.

WHEREAS, Florida Statutes provide for loans to local government agencies to finance the construction of water, wastewater and stormwater facilities; and

WHEREAS, Florida Administrative Code rules require authorization to apply for loans, to establish pledged revenues, to designate an authorized representative; to provide assurances of compliance with loan program requirements; and to enter into a loan agreement; and

WHEREAS, the State Revolving Fund loan priority list designates DEP the Infiltration and inflow for financing of construction activities involved with SURFSIDE Water, Wastewater/Construction Major Sewer and Stormwater Rehabilitation and infiltration and inflow projects are eligible for available funding; and

WHEREAS, the Town of Surfside, Florida, intends to use the funds for projects contained in the original scope of work for the construction activities associated with the wastewater and stormwater improvements; and

WHEREAS, the Town of Surfside, Florida, intends to enter into a loan agreement with the Department of Environmental Protection under the State Revolving Fund for project financing;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:

Section 1: That the foregoing findings are incorporated herein by reference and made a part hereof.

Resolution No. 12-2007

Section 2: That the Town of Surfside, Florida is authorized to apply for a loan to finance the Town's project.

Section 3: That the revenues pledged for the repayment of the loan are net water, sewer and stormwater system revenues after payment of debt service on the Town's existing Series outstanding obligations as noted in the loan application.

Section 4: That the Town Manager is hereby designated as the authorized representative to provide the assurances and commitments required by the loan application.

Section 5: That the Town Manager is hereby designated as the authorized representative to execute the loan agreement which will become a binding obligation in accordance with its terms when signed by both parties. The Town Manager is authorized to delegate responsibility to appropriate Town staff to carry out technical, financial, and administrative activities associated with the loan agreement.

Section 6: That the legal authority for borrowing monies to construct this Project is the Florida Statutes.

Section 7: That all resolutions or part of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

Section 8: That if any Section or portion of a Section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force or effect of any other Section or part of this Resolution.

Section 9: That this Resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED this 17th day of January, 2012.

Motion by Commissioner Karukin, second by Commissioner Olchyk.

FINAL VOTE ON ADOPTION

Commissioner Michael Karukin
Commissioner Edward Kopelman
Commissioner Marta Olchyk
Vice Mayor Joseph Graubart
Mayor Daniel Dietch

Yes
Absent
Yes
NO
Yes

Resolution No. 12-2067




Daniel Dietch, Mayor

ATTEST:


Sandra Novoa, CMC, Town Clerk

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY FOR
THE TOWN OF SURFSIDE ONLY:


Lynn M. Dannheisser, Town Attorney

Resolution No. 12-2007

ATTACHMENT

“10”



TOWN OF SURFSIDE

MUNICIPAL BUILDING

9293 HARDING AVENUE - SURFSIDE, FLORIDA 33154-3009

www.townofsurfsidefl.gov

TO: Mayor and Members of the Town Commission

FROM: Roger M. Carlton, Town Manager

SUBJECT: Report on Partial Refinance of \$16 million Regions Bank Water/Sewer/Storm Drainage Loan

DATE: May 8, 2012

Background: The Water/Sewer and Storm Water Utility funds are enterprise funds which means that their operations must generate sufficient net revenues to fund operations, pay debt service and put aside reserves for replacing and upgrading the system gradually over time, ensure the ability to pay debt and smooth rate adjustments when Miami-Dade County raises our wholesale costs for water and indirectly by raising Miami Beach's costs for sewage treatment since Miami Beach transmits our sewage to the County's treatment plant.

The 2012 rate study is the third iteration of the 2010 rate study (Attachment 1). The 2010 study was entirely theoretical in that it proposed rates which were necessary to fund debt to replace/upgrade the entire system and which created a tiered conservation approach by making increased usage more expensive per unit of measure. The Town Commission adopted this rate study after public hearing and the new rates were implemented on September 25, 2010.

The first rate study was used by the Administration to support the \$16 million competitively selected privately placed loan with Regions Bank. The interest cost was 4.72 percent with a 20 year amortization period and a 15 year term which means that there will be a final payment at the end of the 15th year. The plan is to have sufficient reserves to be able to pay off the final payment without refinancing or extending the life of the debt.

The second rate study also incorporated the lowest construction cost bid by Ric Man. Given the knowledge gained of the interest rate on the loan and the construction cost, the second year rate increase proposed in the 2010 study was not necessary. Therefore, the Town Commission adopted the FY 11/12 budget without a rate increase for water/sewer and the storm water utility. The decision was warranted because the debt service test of 1.10 times debt service was exceeded significantly and reserves were building faster than anticipated. A lot of this had to do with partial year's debt service, however, the projections from the study were very significantly exceeded.

The third and current rate study builds on the first two with much more in depth information and analysis. We are now nearly 50 percent complete with the construction and have better projections of the cost to complete. The system was in much worse condition than anticipated town wide and nearly

500 homes along Collins and Harding which were thought to be in good condition, were not. We have had to repair nearly 70 minor and major breaks to the existing system during construction, the decision to prepare for undergrounding the utility lines has been incorporated, the Bal Harbour Village/Surfside force main along Collins Avenue has been built and is operational and the decision to replace much more curb and gutter in the single family neighborhood than originally anticipated has been made.

The bottom line of all this is that the project cost for the original scope of work (No new features...just adjusted quantities) will be \$22,001,174. This includes a contingency of nearly \$ 900,000 for any remaining unknown problems or the provision of the additive alternatives including new street signs, street tree program and/or beautification of the street ends and traffic calming devices. This cost is offset with grants and a low cost (2.5 percent loan from the State Revolving Loan Funds which has the potential of approximately \$2 million in forgiveness 3-4 years in the future).

Explanation of the Rate Study Update Key Points:


The study builds upon the data from its first two studies. The underlying assumption appear on Page 2 Table 1. These assumptions include growth in demand, costs to produce services and targets for operating and maintenance reserves, renewal and replacement reserves and rate stabilization reserves. For the first time the study includes refinancing a portion of the Regions Bank Loan with State Revolving Loan Funds, thereby reducing a portion of the intent rate to 2.5 percent from 4.72 percent. The following are key points of the study:

1. The new debt structure will include \$9,425,000 million from the State Revolving Fund (SRF) and \$11,350,000 from Regions Bank. The balance interest needed comes from grants. Annual debt service will be \$1,439.015 (Page 3 Table 2). Debt service coverage ranges from 1.10 in FY 11/12 to 1.39 in FY 15/16. This meets the coverage tests in all but the first year where the short fall is \$69,179 which is readily available in the rate stabilization fund (Page 3 Table 3).
2. The water system has surplus revenues throughout the five years of the study (Page 6 Table 5) and builds reserves as well (Page 7 Table 6). The rates necessary to achieve these outcomes are significantly less than predicted in the first rate study (Page 8 and Tables 7,8,9,10,11). The proposed rate increases over the five years for water will not be necessary if the assumptions hold and if transfers are made for reserves.
3. The sewer system does not generate a surplus two of the five years based on reasonable projections of the Miami-Dade County charges to treat and transmit sewage (Page 12 Table 14). The impact of the EPA proposed consent decree has not been factored into the analysis. The cost to solve these severe problems will not be known for at least a year and will most likely be the subject of great debate by the County Commission as to the equities of funding by the retail and wholesale customers. The reserve fund for sewer remains stable (\$250,000-\$275,000 over the 5 year horizon of the study (Page 13 Table 15). The sewer rates needed to meet the coverage tests are lower in the new study than the original study (Page 14 Table 16 and 17). The determination to raise rates or use reserves could be made by the Town Commission each year as part of the budget cycle.
4. The Storm Water utility remains in surplus in all five years of the study (Page 16 Table 19). The reserve fund also remains stable and does not increase during the five years (Page 17 Table 20). Finally, the rates increase slightly each year or could remain stable if reserves are used (Page 18 Table 21).

Conclusion: The rate study completed by Black and Ventch incorporates current cost data, actual interest rates from the refinancing and a reasonable distribution of costs among the three elements of the project. Water is 35 percent, Sewer is 49 percent and the Storm Water Utility is 16 percent of the total expenditure. When combined costs are considered, there is sufficient funding to complete the project with an anticipated contingency fund that could be used to fund the additive alternates or build reserves more quickly than anticipated. With acceptance of the study conceptually by the Town Commission, staff will move forward with the advice of the Citizens Advisory Committee, Bond Counsel (Jolinda Herring of Bryant Mills Olive), Financial Advisor (Sergio Masuidal of the PFM Group) to complete the transaction with the State of Florida. The Town Commission will be required to approve documents along the way and a status report will be made monthly as part of the Calvin Giordano & Associates progress report and the Points of Light.


Mayte Gamio
Interim Finance Director


Roger M. Carlton
Town Manager


Bill Evans
Public Works Director

ATTACHMENT

“10a”

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

AND

TOWN OF SURFSIDE, FLORIDA

CLEAN WATER STATE REVOLVING FUND
CONSTRUCTION LOAN AGREEMENT

WW131710

Florida Department of Environmental Protection
Bureau of Water Facilities Funding
Bob Martinez Center
2600 Blair Stone Road, MS 3505
Tallahassee, Florida 32399-2400

ARTICLE I - DEFINITIONS	1
1.01. WORDS AND TERMS.	1
1.02. CORRELATIVE WORDS.	3
ARTICLE II - WARRANTIES, REPRESENTATIONS AND COVENANTS	4
2.01. WARRANTIES, REPRESENTATIONS AND COVENANTS.	4
2.02. LEGAL AUTHORIZATION.	6
2.03. AUDIT AND MONITORING REQUIREMENTS.	6
ARTICLE III - LOAN REPAYMENT ACCOUNT	10
3.01. LOAN DEBT SERVICE ACCOUNT.	10
3.02. INVESTMENT OF LOAN DEBT SERVICE ACCOUNT MONEYS.	10
3.03. LOAN DEBT SERVICE ACCOUNT WITHDRAWALS.	11
3.04. ASSETS HELD IN TRUST.	11
ARTICLE IV - PROJECT INFORMATION	11
4.01. PROJECT CHANGES.	11
4.02. TITLE TO PROJECT SITE.	11
4.03. PERMITS AND APPROVALS.	11
4.04. ENGINEERING SERVICES.	11
4.05. PROHIBITION AGAINST ENCUMBRANCES.	11
4.06. COMPLETION MONEYS.	12
4.07. CLOSE-OUT.	12
4.08. LOAN DISBURSEMENTS.	12
ARTICLE V - RATES AND USE OF THE WATER, SEWER AND STORMWATER SYSTEMS	13
5.01. RATE COVERAGE.	13
5.02. NO FREE SERVICE.	13
5.03. MANDATORY CONNECTIONS.	13
5.04. NO COMPETING SERVICE.	14
5.05. MAINTENANCE OF THE WATER, SEWER AND STORMWATER SYSTEMS.	14
5.06. ADDITIONS AND MODIFICATIONS.	14
5.07. COLLECTION OF REVENUES.	14
ARTICLE VI - DEFAULTS AND REMEDIES	14
6.01. EVENTS OF DEFAULT.	14
6.02. REMEDIES.	15
6.03. DELAY AND WAIVER.	16
ARTICLE VII - THE PLEDGED REVENUES	16
7.01. SUPERIORITY OF THE PLEDGE TO THE DEPARTMENT.	16
7.02. ADDITIONAL DEBT OBLIGATIONS.	17
ARTICLE VIII - GENERAL PROVISIONS	17
8.01. DISCHARGE OF OBLIGATIONS.	17
8.02. PROJECT RECORDS AND STATEMENTS.	18
8.03. ACCESS TO PROJECT SITE.	18

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.	18
8.05. AMENDMENT OF AGREEMENT.	18
8.06. ANNULMENT OF AGREEMENT.	18
8.07. SEVERABILITY CLAUSE.	18
8.08. USE AS MATCHING FUNDS.	19
8.09. COMPLIANCE VERIFICATION.	19
ARTICLE IX - CONSTRUCTION CONTRACTS AND INSURANCE	20
9.01. AUTHORIZATION TO AWARD CONSTRUCTION CONTRACTS.	20
9.02. SUBMITTAL OF CONSTRUCTION CONTRACT DOCUMENTS.	20
9.03. INSURANCE REQUIRED.	21
ARTICLE X - DETAILS OF FINANCING	21
10.01. PRINCIPAL AMOUNT OF LOAN.	21
10.02. LOAN SERVICE FEE.	21
10.03. FINANCING RATE.	22
10.04. LOAN TERM.	22
10.05. REPAYMENT SCHEDULE.	22
10.06. PROJECT COSTS.	23
10.07. SCHEDULE.	23
10.08. SPECIAL CONDITIONS.	24
ARTICLE XI - EXECUTION OF AGREEMENT	25

CLEAN WATER STATE REVOLVING FUND CONSTRUCTION LOAN AGREEMENT

WW131710

THIS AGREEMENT is executed by the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (Department) and the TOWN OF SURFSIDE, FLORIDA, (Local Government) existing as a local governmental agency under the laws of the State of Florida.

WITNESSETH:

WHEREAS, pursuant to Section 403.1835, Florida Statutes, the Department is authorized to make loans to local government agencies to finance or refinance the construction of wastewater pollution control facilities, the planning and design of which have been reviewed by the Department; and

WHEREAS, funding is provided from the State Revolving Fund program repayments and interest, which are Federally protected but which are subject to state audit requirements; and

WHEREAS, the Local Government has made application for the financing of the Project, and the Department has determined that such Project meets all requirements for a loan.

NOW, THEREFORE, in consideration of the Department loaning money to the Local Government, in the principal amount and pursuant to the covenants hereinafter set forth, it is agreed as follows:

ARTICLE I - DEFINITIONS

1.01. WORDS AND TERMS.

Words and terms used herein shall have the meanings set forth below:

(1) "Agreement" or "Loan Agreement" shall mean this construction loan agreement.

(2) "Authorized Representative" shall mean the official of the Local Government authorized by ordinance or resolution to sign documents associated with the Loan.

(3) " " shall mean a finance charge that accrues at the Financing Rate on Loan proceeds from the time of disbursement until six months before the first Semiannual Loan Payment is due. Capitalized Interest is financed as part of the Loan principal.

(4) "Depository" shall mean a bank or trust company, having a combined capital and unimpaired surplus of not less than \$50 million, authorized to transact

commercial banking or savings and loan business in the State of Florida and insured by the Federal Deposit Insurance Corporation.

(5) "Financing Rate" shall mean the charges, expressed as a percent per annum, imposed on the unpaid principal of the Loan. The Financing Rate shall consist of an interest rate component and a Grant Allocation Assessment rate component.

(6) "Grant Allocation Assessment" shall mean an assessment, expressed as a percent per annum, accruing on the unpaid balance of the Loan. It is computed similarly to the way interest charged on the Loan is computed and is included in the Semiannual Loan Payment. The Department will use Grant Allocation Assessment moneys for making grants to financially disadvantaged small communities pursuant to Section 403.1835 of the Florida Statutes.

(7) "Gross Revenues" shall mean all income or earnings received by the Local Government from the ownership or operation of its **Water, Sewer and Stormwater Systems**, including investment income, all as calculated in accordance with generally accepted accounting principles. Gross Revenues shall not include proceeds from the sale or other disposition of any part of the **Water, Sewer and Stormwater System**, condemnation awards or proceeds of insurance, except use and occupancy or business interruption insurance, received with respect to the **Water, Sewer and Stormwater System**.

(8) "Loan" shall mean the amount of money to be loaned pursuant to this Agreement and subsequent amendments.

(9) "Loan Application" shall mean the completed form which provides all information required to support obtaining construction loan financial assistance.

(10) "Loan Debt Service Account" shall mean an account, or a separately identified component of a pooled cash or liquid account, with a Depository established by the Local Government for the purpose of accumulating Monthly Loan Deposits and making Semiannual Loan Payments.

(11) "Loan Service Fee" shall mean an origination fee which shall be paid to the Department by the Local Government.

(12) "Monthly Loan Deposit" shall mean the monthly deposit to be made by the Local Government to the Loan Debt Service Account.

(13) "Operation and Maintenance Expense" shall mean the costs of operating and maintaining the **Water, Sewer and Stormwater Systems** determined pursuant to generally accepted accounting principles, exclusive of interest on any debt payable from Gross Revenues, depreciation, and any other items not requiring the expenditure of cash.

(14) "Pledged Revenues" shall mean the specific revenues pledged as security for repayment of the Loan and shall be the **Gross Revenues** derived yearly from the operation of the **Water, Sewer and Stormwater Systems** after payment of the Operation and Maintenance Expense and the satisfaction of all yearly payment obligations on account of **the Senior Revenue Obligations and** any senior obligations issued pursuant to Section 7.02 of this Agreement.

(15) "Project" shall mean the works financed by this Loan and shall consist of furnishing all labor, materials, and equipment to construct the **infrastructure rehabilitation (sewer & stormwater) project** in accordance with the plans and specifications accepted by the Department for the "Infrastructure Rehabilitation Project" contract.

The Project is in agreement with the planning documentation accepted by the Department effective **September 2, 2011**. A **Florida Categorical Exclusion Notification** was published on **February 18, 2011** and no adverse comments were received.

(16) "Semiannual Loan Payment" shall mean the payment due from the Local Government to the Department at six-month intervals.

(17) "Senior Revenue Obligations" shall mean the following debt obligations:

(a) **Town of Surfside, Florida, Utility System Revenue Bonds, Series 2011**, issued in the amount of **\$16,000,000**, pursuant to **Resolution No. 2011-2020**; and

(b) Any refunding bonds issued to refund the obligations identified above provided such bonds shall not increase annual debt service during the repayment period of this Loan.

(18) "Sewer System" shall mean all facilities owned by the Local Government for collection, transmission, treatment and reuse of wastewater and its residuals.

(19) "Stormwater System" shall mean all devices and facilities owned by the Local Government for collection, transmission, detention, retention, treatment, and management of stormwater.

(20) "Water System" shall mean all facilities owned by the Local Government for supplying and distributing water for residential, commercial, industrial, and governmental use.

1.02. CORRELATIVE WORDS.

Words of the masculine gender shall be understood to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the

singular shall include the plural and the word "person" shall include corporations and associations, including public bodies, as well as natural persons.

ARTICLE II - WARRANTIES, REPRESENTATIONS AND COVENANTS

2.01. WARRANTIES, REPRESENTATIONS AND COVENANTS.

The Local Government warrants, represents and covenants that:

(1) The Local Government has full power and authority to enter into this Agreement and to comply with the provisions hereof.

(2) The Local Government currently is not the subject of bankruptcy, insolvency, or reorganization proceedings and is not in default of, or otherwise subject to, any agreement or any law, administrative regulation, judgment, decree, note, resolution, charter or ordinance which would currently restrain or enjoin it from entering into, or complying with, this Agreement.

(3) There is no material action, suit, proceeding, inquiry or investigation, at law or in equity, before any court or public body, pending or, to the best of the Local Government's knowledge, threatened, which seeks to restrain or enjoin the Local Government from entering into or complying with this Agreement.

(4) All permits, real property interests, and approvals required as of the date of this Agreement have been obtained for construction and use of the Project. The Local Government knows of no reason why any future required permits or approvals are not obtainable.

(5) The Local Government shall undertake the Project on its own responsibility, to the extent permitted by law.

(6) To the extent permitted by law, the Local Government shall release and hold harmless the State, its officers, members, and employees from any claim arising in connection with the Local Government's actions or omissions in its planning, engineering, administrative, and construction activities financed by this Loan or its operation of the Project.

(7) All Local Government representations to the Department, pursuant to the Loan Application and Agreement, were true and accurate as of the date such representations were made. The financial information delivered by the Local Government to the Department was current and correct as of the date such information was delivered. The Local Government shall comply with Chapter 62-503, Florida Administrative Code, and all applicable State and Federal laws, rules, and regulations which are identified in the Loan Application or Agreement. To the extent that any

assurance, representation, or covenant requires a future action, the Local Government shall take such action as is necessary for compliance.

(8) The Local Government shall maintain records using generally accepted accounting principles established by the Governmental Accounting Standards Board. As part of its bookkeeping system, the Local Government shall keep accounts of the **Water, Sewer and Stormwater Systems** separate from all other accounts and it shall keep accurate records of all revenues, expenses, and expenditures relating to the **Water, Sewer and Stormwater Systems**, and of the Pledged Revenues, Loan disbursement receipts, **and** Loan Debt Service Account.

(9) In the event the anticipated Pledged Revenues are shown by the Local Government's annual budget to be insufficient to make the Semiannual Loan Payments for such Fiscal Year when due, the Local Government shall include in such budget other legally available non-ad valorem funds which will be sufficient, together with the Pledged Revenues, to make the Semiannual Loan Payments. Such other legally available non-ad valorem funds shall be budgeted in the regular annual governmental budget and designated for the purpose provided by this Subsection, and the Local Government shall collect such funds for application as provided herein. The Local Government shall notify the Department immediately in writing of any such budgeting of other legally available non-ad valorem funds. Nothing in this covenant shall be construed as creating a pledge, lien, or charge upon any such other legally available non-ad valorem funds; requiring the Local Government to levy or appropriate ad valorem tax revenues; or preventing the Local Government from pledging to the payment of any bonds or other obligations all or any part of such other legally available non-ad valorem funds.

(10) Each year, beginning three months before the first Semiannual Loan Payment and ending with the year during which the final Loan repayment is made, the Local Government's Authorized Representative or its chief financial officer shall submit, pursuant to the schedule established in Section 10.07, a certification that: (a) Pledged Revenue collections satisfy, on a pro rata basis, the rate coverage requirement; (b) the Loan Debt Service Account contains the funds required; **and** (c) insurance, including that issued through the National Flood Insurance Program authorized under 42 U.S.C. secs. 4001-4128 when applicable, in effect for the facilities generating the Pledged Revenues, adequately covers the customary risks to the extent that such insurance is available.

(11) Pursuant to Section 216.347 of the Florida Statutes, the Local Government shall not use the Loan proceeds for the purpose of lobbying the Florida Legislature, the Judicial Branch, or a State agency.

(12) The Local Government agrees to construct the Project in accordance with the Project schedule. Delays incident to strikes, riots, acts of God, and other events beyond

the reasonable control of the Local Government are excepted. If for any reason construction is not completed as scheduled, there shall be no resulting diminution or delay in the Semiannual Loan Payment or the Monthly Loan Deposit.

(13) The Local Government covenants that this Agreement is entered into for the purpose of constructing, refunding, or refinancing the Project which will in all events serve a public purpose. The Local Government covenants that it will, under all conditions, complete and operate the Project to fulfill the public need.

2.02. LEGAL AUTHORIZATION.

Upon signing this Agreement, the Local Government's legal counsel hereby expresses the opinion, subject to laws affecting the rights of creditors generally, that:

(1) This Agreement has been duly authorized by the Local Government and shall constitute a valid and legal obligation of the Local Government enforceable in accordance with its terms upon execution by both parties; and

(2) This Agreement specifies the revenues pledged for repayment of the Loan, and the pledge is valid and enforceable.

2.03. AUDIT AND MONITORING REQUIREMENTS.

The Local Government agrees to the following audit and monitoring requirements.

Funds provided under this Agreement have been identified as second-tier monies under the Federal Clean Water Act which are identified as state funds whose use is federally protected.

(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

State Resources Awarded to the Local Government Pursuant to this Agreement Consist of the Following Resources Subject to Section 215.97, F.S.:					
State Program Number	Funding Source	CSFA Number	CSFA Title or Fund Source Description	Funding Amount	State Appropriation Category
Original Agreement	Wastewater Treatment and Stormwater Management TF	37.077	Statewide Surface Water Restoration and Wastewater Projects	\$9,213,881	140131

(2) Audits.

(a) In the event that the Local Government expends a total amount of state financial assistance equal to or in excess of \$500,000 in any fiscal year of such Local Government, the Local Government must have a State single or project-specific audit for such fiscal year in accordance with Section 215.97, Florida Statutes; applicable rules of the Department of Financial Services; and Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General. In determining the state financial assistance expended in its fiscal year, the Local Government shall consider all sources of state financial assistance, including state financial assistance received from the Department of Environmental Protection, other state agencies, and other nonstate entities. State financial assistance does not include Federal direct or pass-through awards and resources received by a nonstate entity for Federal program matching requirements.

(b) In connection with the audit requirements addressed in the preceding paragraph (a); the Local Government shall ensure that the audit complies with the requirements of Section 215.97(7), Florida Statutes. This includes submission of a financial reporting package as defined by Section 215.97(2), Florida Statutes, and Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General.

(c) If the Local Government expends less than \$500,000 in state financial assistance in its fiscal year, an audit conducted in accordance with the provisions of Section 215.97, Florida Statutes, is not required. The Local Government shall inform the Department of findings and recommendations pertaining to the State Revolving Fund in audits conducted by the Local Government in which the \$500,000 threshold has not been met. In the event that the Local Government expends less than \$500,000 in state financial assistance in its fiscal year, and elects to have an audit conducted in accordance with the provisions of Section 215.97, Florida Statutes, the cost of the audit must be paid from the non-state entity's resources (i.e., the cost of such an audit must be paid from the Local Government's resources obtained from other than State entities).

(d) For information regarding the Florida Catalog of State Financial Assistance (CSFA), a Local Government should access the Florida Single Audit Act website located at <https://apps.fldfs.com/fsaa> for assistance. In addition to the above websites, the following websites may be accessed for information: Legislature's Website at <http://www.leg.state.fl.us/Welcome/index.cfm>, State of Florida's website at <http://www.myflorida.com/>, Department of Financial Services' Website at <http://www.fldfs.com/> and the Auditor General's Website at <http://www.state.fl.us/audgen>.

(3) Report Submission.

(a) Copies of financial reporting packages shall be submitted by or on behalf of the Local Government directly to each of the following:

(i) The Department at the following address:

Valerie Peacock, Audit Director
Office of the Inspector General
Florida Department of Environmental Protection
3900 Commonwealth Boulevard, MS 41
Tallahassee, Florida 32399-3123

(ii) The Auditor General's Office at the following address:

State of Florida Auditor General
Room 401, Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

(iii) Copies of reports or management letters shall be submitted by or on behalf of the Local Government directly to the Department of Environmental Protection at the following address:

Valerie Peacock, Audit Director
Office of the Inspector General
Florida Department of Environmental Protection
3900 Commonwealth Boulevard, MS 41
Tallahassee, Florida 32399-3123

(b) Any reports, management letters, or other information required to be submitted to the Department pursuant to this Agreement shall be submitted timely in accordance with Florida Statutes, or Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, as applicable.

(c) Local Governments, when submitting financial reporting packages to the Department for audits done in accordance with Chapters 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, should indicate the date that the reporting package was delivered to the Local Government in correspondence accompanying the reporting package.

4. Project-Specific Audit.

Within 12 months after the amendment establishing final Project costs, the Local Government shall submit to the Department a Project-specific audit report for the Loan related revenues and expenditures. The audit shall address Loan disbursements received, Project expenditures, and compliance with Loan Agreement covenants. The Local Government shall cause the auditor to notify the Department immediately if anything comes to the auditor's attention during the examination of records that would constitute a default under the Loan Agreement. The audit findings shall set aside or question any costs that are unallowable under Chapter 62-503, Florida Administrative Code. A final determination of whether such costs are allowed shall be made by the Department.

5. Record Retention.

The Local Government shall retain sufficient records demonstrating its compliance with the terms of this Agreement for a period of five years from the date the audit report is issued, and shall allow the Department, or its designee, Chief Financial Officer, or Auditor General access to such records upon request. The Local Government shall ensure that audit working papers are made available to the Department, or its designee, Chief Financial Officer, or Auditor General upon request for a period of five years from the date the audit report is issued, unless extended in writing by the Department.

The Local Government is hereby advised that the Florida Single Audit Act Requirements may further apply to lower tier transactions that may be a result of this Agreement.

The Local Government should confer with its chief financial officer, audit director or contact the Department for assistance with questions pertaining to the applicability of these requirements.

In addition, the Local Government agrees to complete and submit the Certification of Applicability to Single Audit Act Reporting, **Attachment A**, attached hereto and made a part hereof, within four (4) months following the end of the Local Government's fiscal year. **Attachment A** should be submitted to the Department's Grants Development and Review Manager at 3900 Commonwealth Boulevard, Mail Station 93, Tallahassee, Florida 32399-3000. The Grants Development and Review Manager is available to answer any questions at (850) 245-2361.

6. Monitoring.

In addition to reviews of audits conducted in accordance with Section 215.97, F.S., as revised monitoring procedures may include, but not be limited to, on-site visits by Department staff and/or other procedures. By entering into this Agreement, the

Local Government agrees to comply and cooperate with any monitoring procedures/processes deemed appropriate by the Department of Environmental Protection. In the event the Department of Environmental Protection determines that a limited scope audit of the Local Government is appropriate, the Local Government agrees to comply with any additional instructions provided by the Department to the Local Government regarding such audit. The Local Government further agrees to comply and cooperate with any inspections, reviews, investigations, or audits deemed necessary by the Chief Financial Officer or Auditor General.

ARTICLE III - LOAN REPAYMENT ACCOUNT

3.01. LOAN DEBT SERVICE ACCOUNT.

The Local Government shall establish a Loan Debt Service Account with a Depository and begin making Monthly Loan Deposits no later than the date set forth for such action in Section 10.07 of this Agreement.

Beginning six months prior to each Semiannual Loan Payment, the Local Government shall make six Monthly Loan Deposits. The first five deposits each shall be at least equal to one-sixth of the Semiannual Loan Payment. The sixth Monthly Loan Deposit shall be at least equal to the amount required to make the total on deposit in the Loan Debt Service Account equal to the Semiannual Loan Payment amount, taking into consideration investment earnings credited to the account pursuant to Section 3.02.

Any month in which the Local Government fails to make a required Monthly Loan Deposit, the Local Government's chief financial officer shall notify the Department of such failure. In addition, the Local Government agrees to budget, by amendment if necessary, payment to the Department from other legally available **non-ad valorem** funds all sums becoming due before the same become delinquent. This requirement shall not be construed to give superiority to the Department's claim on any revenues over prior claims of general creditors of the Local Government, nor shall it be construed to give the Department the power to require the Local Government to levy and collect any revenues other than Pledged Revenues.

3.02. INVESTMENT OF LOAN DEBT SERVICE ACCOUNT MONEYS.

Moneys on deposit in the Loan Debt Service Account shall be invested pursuant to the laws of the State of Florida. Such moneys may be pooled for investment purposes. The maturity or redemption date of investments shall be not later than the date upon which such moneys may be needed to make Semiannual Loan Payments. The investment earnings shall be credited to the Loan Debt Service Account and applied toward the Monthly Loan Deposit requirements.

3.03. LOAN DEBT SERVICE ACCOUNT WITHDRAWALS.

The withdrawal of moneys from the Loan Debt Service Account shall be for the sole purpose of making the Semiannual Loan Payment or for discharging the Local Government's obligations pursuant to Section 8.01.

3.04. ASSETS HELD IN TRUST.

The assets in all accounts created under this Loan Agreement shall be held in trust for the purposes provided herein and used only for the purposes and in the manner prescribed in this Agreement; and, pending such use, said assets shall be subject to a lien and charge in favor of the Department.

ARTICLE IV - PROJECT INFORMATION

4.01. PROJECT CHANGES.

Project changes prior to bid opening shall be made by addendum to plans and specifications. Changes after bid opening shall be made by change order. The Local Government shall submit all addenda and all change orders to the Department for an eligibility determination. After execution of all construction, equipment and materials contracts, the Project contingency may be reduced.

4.02. TITLE TO PROJECT SITE.

The Local Government shall have an interest in real property sufficient for the construction and location of the Project free and clear of liens and encumbrances which would impair the usefulness of such sites for the intended use.

4.03. PERMITS AND APPROVALS.

The Local Government shall have obtained, prior to the Department's authorization to award construction contracts, all permits and approvals required for construction of the Project or portion of the Project funded under this Agreement.

4.04. ENGINEERING SERVICES.

A professional engineer, registered in the State of Florida, shall be employed by, or under contract with, the Local Government to oversee construction.

4.05. PROHIBITION AGAINST ENCUMBRANCES.

The Local Government is prohibited from selling, leasing, or disposing of any part of the **Water, Sewer and Stormwater** System which would materially reduce operational integrity or Gross Revenues so long as this Agreement, including any

amendment thereto, is in effect unless the written consent of the Department is first secured.

4.06. COMPLETION MONEYS.

In addition to the proceeds of this Loan, the Local Government covenants that it has obtained, or will obtain, sufficient moneys from other sources to complete construction and place the Project in operation on, or prior to, the date specified in Article X. Failure of the Department to approve additional financing shall not constitute a waiver of the Local Government's covenants to complete and place the Project in operation.

4.07. CLOSE-OUT.

The Department shall conduct a final inspection of the Project and Project records. Following the inspection, deadlines for submitting additional disbursement requests, if any, shall be established, along with deadlines for uncompleted Loan requirements, if any. Deadlines shall be incorporated into the Loan Agreement by amendment. The Loan principal shall be reduced by any excess over the amount required to pay all approved costs. As a result of such adjustment, the Semiannual Loan Payment shall be reduced accordingly, as addressed in Section 10.05.

4.08. LOAN DISBURSEMENTS.

Disbursements shall be made only by the State Chief Financial Officer and only when the requests for such disbursements are accompanied by a Department certification that such withdrawals are proper expenditures. Disbursements shall be made directly to the Local Government for allowance costs and reimbursement of the incurred construction costs and related services. Disbursement of the allowance costs shall be made upon the Department's receipt of a disbursement request form. Up to seventy percent of the estimated allowance shall be disbursed after the Loan Agreement is signed. The remainder of the allowance shall be disbursed after all procurement contracts are executed and shall be adjusted to reflect as-bid costs. The entire estimated allowance may be disbursed after the Loan Agreement is signed if the local government agrees to an allowance adjustment after all contracts have been bid. Disbursements for materials, labor, or services shall be made upon receipt of the following:

(1) A completed disbursement request form signed by the Authorized Representative. Such requests must be accompanied by sufficiently itemized summaries of the materials, labor, or services to identify the nature of the work performed; the cost or charges for such work; and the person providing the service or performing the work.

(2) A certification signed by the Authorized Representative as to the current estimated costs of the Project; that the materials, labor, or services represented by the

invoice have been satisfactorily purchased, performed, or received and applied to the project; that all funds received to date have been applied toward completing the Project; and that under the terms and provisions of the contracts, the Local Government is required to make such payments.

(3) A certification by the engineer responsible for overseeing construction stating that equipment, materials, labor and services represented by the construction invoices have been satisfactorily purchased, or received, and applied to the Project in accordance with construction contract documents; stating that payment is in accordance with construction contract provisions; stating that construction, up to the point of the requisition, is in compliance with the contract documents; and identifying all additions or deletions to the Project which have altered the Project's performance standards, scope, or purpose since the issue of the Department construction permit.

(4) Such other certificates or documents by engineers, attorneys, accountants, contractors, or suppliers as may reasonably be required by the Department.

ARTICLE V - RATES AND USE OF THE **WATER, SEWER AND STORMWATER** SYSTEMS

5.01. RATE COVERAGE.

The Local Government shall maintain rates and charges for the services furnished by the **Water, Sewer and Stormwater** Systems which will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding **1.15** times the sum of the Semiannual Loan Payments due in such Fiscal Year. In addition, the Local Government shall satisfy the coverage requirements of all Senior **Revenue Obligations** and parity debt obligations.

5.02. NO FREE SERVICE.

The Local Government shall not permit connections to, or furnish any services afforded by, the **Water, Sewer and Stormwater** System without making a charge therefor based on the Local Government's uniform schedule of rates, fees, and charges.

5.03. MANDATORY CONNECTIONS.

The Local Government shall adopt, as necessary, and enforce requirements, consistent with applicable laws, for the owner, tenant or occupant of each building located on a lot or parcel of land which is served, or may reasonably be served, by the **Sewer** System to connect such building to the **Sewer** System.

5.04. NO COMPETING SERVICE.

The Local Government shall not allow any person to provide any services which would compete with the **Water, Sewer and Stormwater** System so as to adversely affect Gross Revenues.

5.05. MAINTENANCE OF THE **WATER, SEWER AND STORMWATER** SYSTEMS.

The Local Government shall operate and maintain the **Water, Sewer and Stormwater** Systems in a proper, sound and economical manner and shall make all necessary repairs, renewals and replacements.

5.06. ADDITIONS AND MODIFICATIONS.

The Local Government may make any additions, modifications or improvements to the **Water, Sewer and Stormwater** Systems which it deems desirable and which do not materially reduce the operational integrity of any part of the **Water, Sewer and Stormwater** System. All such renewals, replacements, additions, modifications and improvements shall become part of the **Water, Sewer and Stormwater** Systems.

5.07. COLLECTION OF REVENUES.

The Local Government shall use its best efforts to collect all rates, fees and other charges due to it. The Local Government shall establish liens on premises served by the **Water, Sewer and Stormwater** System for the amount of all delinquent rates, fees and other charges where such action is permitted by law. The Local Government shall, to the full extent permitted by law, cause to discontinue the services of the **Water, Sewer and Stormwater** Systems and use its best efforts to shut off water service furnished to persons who are delinquent beyond customary grace periods in the payment of **Water, Sewer and Stormwater** System rates, fees and other charges.

ARTICLE VI - DEFAULTS AND REMEDIES

6.01. EVENTS OF DEFAULT.

Each of the following events is hereby declared an event of default:

(1) Failure to make any Monthly Loan Deposit or to make any installment of the Semiannual Loan Payment when it is due and such failure shall continue for a period of 30 days.

(2) Except as provided in Subsections 6.01(1) and 6.01(7), failure to comply with the provisions of this Agreement or failure in the performance or observance of any of the covenants or actions required by this Agreement and such failure shall continue for

a period of 60 days after written notice thereof to the Local Government by the Department.

(3) Any warranty, representation or other statement by, or on behalf of, the Local Government contained in this Agreement or in any information furnished in compliance with, or in reference to, this Agreement, which is false or misleading.

(4) An order or decree entered, with the acquiescence of the Local Government, appointing a receiver of any part of the **Water, Sewer and Stormwater** System or Gross Revenues thereof; or if such order or decree, having been entered without the consent or acquiescence of the Local Government, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof.

(5) Any proceeding instituted, with the acquiescence of the Local Government, for the purpose of effecting a composition between the Local Government and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from Gross Revenues of the **Water, Sewer and Stormwater** System.

(6) Any bankruptcy, insolvency or other similar proceeding instituted by, or against, the Local Government under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against the Local Government, is not dismissed within 60 days after filing.

(7) Failure of the Local Government to give immediate written notice of default to the Department and such failure shall continue for a period of 30 days.

6.02. REMEDIES.

Upon any event of default and subject to the rights of others having prior liens on the Pledged Revenues, the Department may enforce its rights by any of the following remedies:

(1) By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the **Water, Sewer and Stormwater** Systems, and to require the Local Government to fulfill this Agreement.

(2) By action or suit in equity, require the Local Government to account for all moneys received from the Department or from the ownership of the **Water, Sewer and Stormwater** Systems and to account for the receipt, use, application, or disposition of the Pledged Revenues.

(3) By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Department.

(4) By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the **Water, Sewer and Stormwater Systems**, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this Agreement.

(5) By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the Department may intercept the delinquent amount plus a penalty from any unobligated funds due to the Local Government under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution. The Department may impose a penalty in an amount not to exceed an interest rate of 18 percent per annum on the amount due in addition to charging the cost to handle and process the debt. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

(8) By accelerating the repayment schedule or increasing the Financing Rate on the unpaid principal of the Loan to as much as 1.667 times the Financing Rate for a default under Subsection 6.01(1).

6.03. DELAY AND WAIVER.

No delay or omission by the Department to exercise any right or power accruing upon event of default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No waiver or any default under this Agreement shall extend to or affect any subsequent event of default, whether of the same or different provision of this Agreement, or shall impair consequent rights or remedies.

ARTICLE VII - THE PLEDGED REVENUES

7.01. SUPERIORITY OF THE PLEDGE TO THE DEPARTMENT.

From and after the effective date of this Agreement, the Department shall have a lien on the Pledged Revenues, which along with any other Department State Revolving Fund liens on the Pledged Revenues, **on equal priority**, will be prior and superior to any other lien, pledge or assignment with the following exception. All obligations of the Local Government under this Agreement shall be junior, inferior, and subordinate in all respects in right of payment and security to **the Senior Revenue Obligations defined in Section 1.01 of this Agreement and to** any additional senior obligations issued with the

Department's consent pursuant to Section 7.02. Any of the Pledged Revenues may be released from the lien on such Pledged Revenues in favor of the Department if the Department makes a determination, based upon facts deemed sufficient by the Department, that the remaining Pledged Revenues will, in each Fiscal Year, equal or exceed 1.15 times the debt service coming due in each Fiscal Year under the terms of this Agreement.

7.02. ADDITIONAL DEBT OBLIGATIONS.

The Local Government may issue additional debt obligations on a parity with, or senior to, the lien of the Department on the Pledged Revenues provided the Department's written consent is obtained. Such consent shall be granted if the Local Government demonstrates at the time of such issuance that the Pledged Revenues, which may take into account reasonable projections of growth of the Water, Sewer and Stormwater Systems and revenue increases, plus revenues to be pledged to the additional proposed debt obligations will, during the period of time Semiannual Loan Payments are to be made under this Agreement, equal or exceed 1.15 times the annual combined debt service requirements of this Agreement and the obligations proposed to be issued by the Local Government and will satisfy the coverage requirements of all other debt obligations secured by the Pledged Revenues. However, no such consent is required with respect to issuance of Senior Revenue Obligations as defined in Section 1.01.

ARTICLE VIII - GENERAL PROVISIONS

8.01. DISCHARGE OF OBLIGATIONS.

All payments required to be made under this Agreement shall be cumulative and any deficiencies in any Fiscal Year shall be added to the payments due in the succeeding year and all years thereafter until fully paid. Payments shall continue to be secured by this Agreement until all of the payments required shall be fully paid to the Department. If at any time the Local Government shall have paid, or shall have made provision for the timely payment of, the entire principal amount of the Loan, and as applicable, Loan Service Fee, interest, and Grant Allocation Assessment charges, the pledge of, and lien on, the Pledged Revenues to the Department shall be no longer in effect. Deposit of sufficient cash, securities, or investments, authorized by law, from time to time, may be made to effect defeasance of this Loan. However, the deposit shall be made in irrevocable trust with a banking institution or trust company for the sole benefit of the Department. There shall be no penalty imposed by the Department for early retirement of this Loan.

8.02. PROJECT RECORDS AND STATEMENTS.

Books, records, reports, engineering documents, contract documents, and papers shall be available to the authorized representatives of the Department for inspection at any reasonable time after the Local Government has received a disbursement and until **five** years after the date that the Project-specific audit report, required under Subsection 2.03(4), is issued.

8.03. ACCESS TO PROJECT SITE.

The Local Government shall provide access to Project sites and administrative offices to authorized representatives of the Department at any reasonable time. The Local Government shall cause its engineers and contractors to cooperate during Project inspections, including making available working copies of plans and specifications and supplementary materials.

8.04. ASSIGNMENT OF RIGHTS UNDER AGREEMENT.

The Department may assign any part of its rights under this Agreement after notification to the Local Government. The Local Government shall not assign rights created by this Agreement without the written consent of the Department.

8.05. AMENDMENT OF AGREEMENT.

This Agreement may be amended in writing, except that no amendment shall be permitted which is inconsistent with statutes, rules, regulations, executive orders, or written agreements between the Department and the U.S. Environmental Protection Agency. This Agreement may be amended after all construction contracts are executed to re-establish the Project cost, Loan amount, Project schedule, and Semiannual Loan Payment amount. A final amendment establishing the final Project costs and the Loan Service Fee based on actual Project costs shall be completed after the Department's final inspection of the Project records.

8.06. ANNULMENT OF AGREEMENT.

The Department may unilaterally annul this Agreement if the Local Government has not drawn any of the Loan proceeds **by the date set in Section 10.07 for establishing the Loan Debt Service Account**. If the Department unilaterally annuls this Agreement, the Department will provide written notification to the Local Government.

8.07. SEVERABILITY CLAUSE.

If any provision of this Agreement shall be held invalid or unenforceable, the remaining provisions shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

8.08. USE AS MATCHING FUNDS.

The U.S. Environmental Protection Agency has provided a class deviation from the provisions of 40 CFR 35.3125(b)(1) to allow these second tier funds to be used as local matching requirements for most EPA grant funded treatment works projects, including special Appropriations Act projects.

8.09. COMPLIANCE VERIFICATION.

(1) The Local Government shall periodically interview a sufficient number of employees entitled to Davis-Bacon prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 29 CFR 5.6(a)(5), all interviews must be conducted in confidence. The Local Government must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of the SF 1445 are available from EPA on request.

(2) The Local Government shall establish and follow an interview schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the Local Government must conduct interviews with a representative group of covered employees within two weeks of each contractor or subcontractor's submission of its initial weekly payroll data and two weeks prior to the estimated completion date for the contract or subcontract. Local Governments must conduct more frequent interviews if the initial interviews or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon. Local Governments shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence. As an alternative, a minimum of 25% of the work force shall be interviewed over the life of the Project and all classifications represented on the payroll must be included.

(3) The Local Government shall periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The Local Government shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the Local Government must spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. Local Governments must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon. In addition, during the examinations the Local Government shall verify evidence of fringe benefit plans and

payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.

(4) The Local Government shall periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor (DOL) or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in items (2) and (3) above.

(5) Local Governments must immediately report potential violations of the Davis-Bacon prevailing wage requirements to the EPA Davis-Bacon contact Sheryl Parsons at Parsons.Sheryl@epamail.epa.gov and to the appropriate DOL Wage and Hour District Office listed at <http://www.dol.gov/esa/contacts/whd/america2.htm>.

ARTICLE IX - CONSTRUCTION CONTRACTS AND INSURANCE

9.01. AUTHORIZATION TO AWARD CONSTRUCTION CONTRACTS.

The following documentation is required to receive the Department's authorization to award construction contracts:

- (1) Proof of advertising.
- (2) Award recommendation, bid proposal, and bid tabulation (certified by the responsible engineer).
- (3) Certification of compliance with the conditions of the Department's approval of competitively or non-competitively negotiated procurement, if applicable.
- (4) Certification Regarding Disbarment, Suspension, Ineligibility and Voluntary Exclusion.
- (5) Assurance that the Local Government and contractors are in compliance with Section 1606 with labor standards, including prevailing wage rates established for its locality by the U.S. Department of Labor under the Davis-Bacon Act for Project construction.

9.02. SUBMITTAL OF CONSTRUCTION CONTRACT DOCUMENTS.

After the Department's authorization to award construction contracts has been received, the Local Government shall submit:

- (1) Contractor insurance certifications.
- (2) Executed Contract(s).
- (3) Notices to proceed with construction.

9.03. INSURANCE REQUIRED.

The Local Government shall cause the Project, as each part thereof is certified by the engineer responsible for overseeing construction as completed, and the **Water, Sewer and Stormwater Systems** (hereafter referred to as "Revenue Producing Facilities") to be insured by an insurance company or companies licensed to do business in the State of Florida against such damage and destruction risks as are customary for the operation of Revenue Producing Facilities of like size, type and location to the extent such insurance is obtainable from time to time against any one or more of such risks.

The proceeds of insurance policies received as a result of damage to, or destruction of, the Project or the other Revenue Producing Facilities, shall be used to restore or replace damaged portions of the facilities. If such proceeds are insufficient, the Local Government shall provide additional funds to restore or replace the damaged portions of the facilities. Repair, construction or replacement shall be promptly completed.

ARTICLE X - DETAILS OF FINANCING

10.01. PRINCIPAL AMOUNT OF LOAN.

The estimated principal amount of the Loan is **\$9,312,881**, which consists of **\$9,213,881** to be disbursed to the Local Government and **\$99,000** of Capitalized Interest.

Capitalized Interest is not disbursed to the Local Government, but is amortized via periodic Loan repayments to the Department as if it were actually disbursed. Capitalized Interest is computed at the Financing Rate, or rates, set for the Loan. It accrues and is compounded annually from the time when disbursements are made until six months before the first Semiannual Loan Payment is due. Capitalized Interest is estimated prior to establishing the schedule of actual disbursements.

10.02. LOAN SERVICE FEE.

The Loan Service Fee is estimated as **\$184,278** for the Loan amount authorized to date. The fee represents two percent of the Loan amount excluding Capitalized Interest amount; that is, two percent of **\$9,213,881**. The Loan Service Fee is estimated at the time of execution of the loan agreement and shall be revised with any increase or decrease amendment. The Loan Service Fee is based on actual Project costs and assessed in the

final loan amendment. The Local Government shall pay the Loan Service Fee from the first available repayment(s) following the final amendment.

Capitalized Interest is computed on the assessed Loan Service Fee at the Financing Rate, or rates and included in the final amendment. It accrues and is compounded annually from the final amendment date until six months before the first Semiannual Loan Payment is due.

10.03. FINANCING RATE.

The Financing Rate on the unpaid principal of the Loan amount specified in Section 10.01 is **2.12** percent per annum. The Financing Rate equals the sum of the interest rate and the Grant Allocation Assessment Rate. The interest rate is **1.06** percent per annum and the Grant Allocation Assessment rate is **1.06** percent per annum. However, if this Agreement is not executed by the Local Government and returned to the Department before **September 1, 2012** the Financing Rate may be adjusted. A new Financing Rate shall be established for any funds provided by amendment to this Agreement.

10.04. LOAN TERM.

The Loan shall be repaid in 40 Semiannual Loan Payments.

10.05. REPAYMENT SCHEDULE.

The Semiannual Loan Payment shall be computed based upon the principal amount of the Loan plus the estimated Loan Service Fee and the principle of level debt service. The Semiannual Loan Payment amount may be adjusted, by amendment of this Agreement, based upon revised information. After the final disbursement of Loan proceeds, the Semiannual Loan Payment shall be based upon the actual Project costs, the actual Loan Service Fee and Loan Service Fee capitalized interest, if any, and actual dates and amounts of disbursements, taking into consideration any previous payments. Actual Project costs shall be established after the Department's inspection of the completed Project and associated records. The Department will deduct the Loan Service Fee and any associated interest from the first available repayments following the final amendment.

Each Semiannual Loan Payment shall be in the amount of **\$292,548** until the payment amount is adjusted by amendment. The interest and Grant Allocation Assessment portions of each Semiannual Loan Payment shall be computed, using their respective rates, on the unpaid balance of the principal amount of the Loan, which includes Capitalized Interest. Interest (at the Financing Rate) also shall be computed on the estimated Loan Service Fee. The interest and Grant Allocation Assessment on the unpaid balance shall be computed as of the due date of each Semiannual Loan Payment.

Semiannual Loan Payments shall be received by the Department beginning on **March 15, 2014** and semiannually thereafter on **September 15** and **March 15** of each year until all amounts due hereunder have been fully paid. Funds transfer shall be made by electronic means.

The Semiannual Loan Payment amount is based on the total amount owed of **\$9,497,159**, which consists of the Loan principal and the estimated Loan Service Fee.

10.06. PROJECT COSTS.

The Local Government and the Department acknowledge that the actual Project costs have not been determined as of the effective date of this Agreement. Project cost adjustments may be made as a result of **construction bidding or** mutually agreed upon Project changes. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Local Government receives other governmental financial assistance for this Project, the costs funded by such other governmental assistance will not be financed by this Loan. The Department shall establish the final Project costs after its final inspection of the Project records. Changes in Project costs may also occur as a result of the Local Government's Project audit or a Department audit. The Local Government agrees to the following estimates of Project costs:

PROJECT COSTS

CATEGORY	COST(\$)
Construction and Demolition	9,213,881
Capitalized Interest	99,000
TOTAL (Loan Principal Amount)	9,312,881

10.07. SCHEDULE.

The Local Government agrees by execution hereof:

- (1) Completion of Project construction is scheduled for **September 15, 2013**.
- (2) The Loan Debt Service Account shall be established and Monthly Loan Deposits shall begin no later than **September 15, 2013**.
- (3) The initial annual certification required under Subsection 2.01(10) of this Agreement shall be due **December 15, 2013**. Thereafter the certification shall be submitted no later than September 30 of each year until the final Semiannual Loan Payment is made.
- (4) The first Semiannual Loan Payment in the amount of **\$292,548** shall be due **March 15, 2014**.

10.08. SPECIAL CONDITIONS.

Prior to any funds being released, the Local Government shall submit the following:

(1) A revised Legal Opinion listing project number WW131710, also addressing the availability of pledged revenues, the right to increase rates, and subordination of the pledge.

(2) Disbursements shall be limited to \$7.5 million until the Town provides documentation that the Series 2011 bond has been reduced by the targeted reduction. The Town must also provide a new bond repayment schedule.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

ARTICLE XI - EXECUTION OF AGREEMENT

This Loan Agreement WW131710 shall be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Department has caused this Agreement to be executed on its behalf by the Deputy Director and the Local Government has caused this Agreement to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this Agreement shall be as set forth below by the Deputy Director.

for

TOWN OF SURFSIDE

Town Manager

I attest to the opinion expressed in Section
2.02, entitled Legal Authorization.

Attest

Town Clerk

Town Attorney

SEAL

for

**STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Deputy Director
Division of Water Resource Management

Date

Attachment included as part of this Agreement:

Attachment A - Certification of Applicability to Single Audit Act Reporting

ATTACHMENT

“11”

SOURCES AND USES OF FUNDS

Town of Surfside
2012 SRF Loan

Preliminary Numbers for Discussion Purposes Only

Sources:	Proposed State Revolving Fund Loan, Series 2012 New Money	Proposed State Revolving Fund Loan, 2012 Refinancing Regions (portion)	Total
Bond Proceeds:			
Par Amount	5,107,242.00	4,205,639.00	9,312,881.00
	5,107,242.00	4,205,639.00	9,312,881.00
<hr/>			
Uses:	Proposed State Revolving Fund Loan, Series 2012 New Money	Proposed State Revolving Fund Loan, 2012 Refinancing Regions (portion)	Total
Project Fund Deposits:			
Project Fund	4,936,491.54		4,936,491.54
Refunding Escrow Deposits:			
Cash Deposit		4,065,031.11	4,065,031.11
Other Fund Deposits:			
Capitalized Interest	54,895.46	45,204.54	100,100.00
Delivery Date Expenses:			
Cost of Issuance	115,855.00	95,402.62	211,257.62
Other Uses of Funds:			
Additional Proceeds		0.73	0.73
	5,107,242.00	4,205,639.00	9,312,881.00

BOND SUMMARY STATISTICS

Town of Surfside
2012 SRF Loan

Preliminary Numbers for Discussion Purposes Only

Dated Date	08/24/2012
Delivery Date	08/24/2012
Last Maturity	09/15/2033
Arbitrage Yield	2.119947%
True Interest Cost (TIC)	2.119947%
Net Interest Cost (NIC)	2.120000%
All-In TIC	2.288976%
Average Coupon	2.120000%
Average Life (years)	16.393
Duration of Issue (years)	13.756
Par Amount	9,312,881.00
Bond Proceeds	9,312,881.00
Total Interest	3,236,424.11
Net Interest	3,236,424.11
Total Debt Service	12,549,305.11
Maximum Annual Debt Service	1,387,608.66
Average Annual Debt Service	595,930.59
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	9,312,881.00	100.000	2.120%	16.393
	9,312,881.00			16.393

	TIC	All-In TIC	Arbitrage Yield
Par Value	9,312,881.00	9,312,881.00	9,312,881.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-211,257.62	
- Other Amounts			
Target Value	9,312,881.00	9,101,623.38	9,312,881.00
Target Date	08/24/2012	08/24/2012	08/24/2012
Yield	2.119947%	2.288976%	2.119947%

SUMMARY OF BONDS REFUNDED

Town of Surfside

2012 SRF Loan

Preliminary Numbers for Discussion Purposes Only

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Regions Bank 15 Year Bank Loan with 20 Year Amortization, W_S_2011:					
SER2031	05/01/2028	4.720%	566,918.00	09/05/2012	100.000
	05/01/2029	4.720%	1,092,007.00	09/05/2012	100.000
	05/01/2030	4.720%	1,143,550.00	09/05/2012	100.000
	05/01/2031	4.720%	1,197,525.00	09/05/2012	100.000
			4,000,000.00		

BOND DEBT SERVICE

Town of Surfside
2012 SRF Loan

Preliminary Numbers for Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service
09/15/2013			208,950.01	208,950.01
09/15/2014	125,592	2.120%	196,767.45	322,359.45
09/15/2015	128,269	2.120%	194,090.71	322,359.71
09/15/2016	131,002	2.120%	191,356.92	322,358.92
09/15/2017	133,795	2.120%	188,564.87	322,359.87
09/15/2018	136,646	2.120%	185,713.31	322,359.31
09/15/2019	139,559	2.120%	182,800.97	322,359.97
09/15/2020	142,533	2.120%	179,826.58	322,359.58
09/15/2021	145,571	2.120%	176,788.78	322,359.78
09/15/2022	148,674	2.120%	173,686.22	322,360.22
09/15/2023	151,842	2.120%	170,517.54	322,359.54
09/15/2024	155,079	2.120%	167,281.32	322,360.32
09/15/2025	158,384	2.120%	163,976.12	322,360.12
09/15/2026	161,759	2.120%	160,600.49	322,359.49
09/15/2027	165,207	2.120%	157,152.94	322,359.94
09/15/2028	738,666	2.120%	150,611.21	889,277.21
09/15/2029	1,255,395	2.120%	132,212.84	1,387,607.84
09/15/2030	1,282,152	2.120%	105,456.64	1,387,608.64
09/15/2031	1,309,478	2.120%	78,130.19	1,387,608.19
09/15/2032	1,337,387	2.120%	50,221.34	1,387,608.34
09/15/2033	1,365,891	2.120%	21,717.66	1,387,608.66
	9,312,881		3,236,424.11	12,549,305.11

UNREFUNDED BOND DEBT SERVICE

Town of Surfside
2012 SRF Loan

Preliminary Numbers for Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service
09/15/2013	522,097	4.720%	543,151.40	1,065,248.40
09/15/2014	546,740	4.720%	518,508.42	1,065,248.42
09/15/2015	572,546	4.720%	492,702.30	1,065,248.30
09/15/2016	599,571	4.720%	465,678.12	1,065,249.12
09/15/2017	627,870	4.720%	437,378.38	1,065,248.38
09/15/2018	657,506	4.720%	407,742.92	1,065,248.92
09/15/2019	688,540	4.720%	376,708.62	1,065,248.62
09/15/2020	721,039	4.720%	344,209.54	1,065,248.54
09/15/2021	755,072	4.720%	310,176.50	1,065,248.50
09/15/2022	790,711	4.720%	274,537.10	1,065,248.10
09/15/2023	828,033	4.720%	237,215.54	1,065,248.54
09/15/2024	867,116	4.720%	198,132.38	1,065,248.38
09/15/2025	908,044	4.720%	157,204.50	1,065,248.50
09/15/2026	950,904	4.720%	114,344.84	1,065,248.84
09/15/2027	995,786	4.720%	69,462.16	1,065,248.16
09/15/2028	475,870	4.720%	22,461.06	498,331.06
	11,507,445		4,969,613.78	16,477,058.78

AGGREGATE DEBT SERVICE

Town of Surfside

2012 SRF Loan

Preliminary Numbers for Discussion Purposes Only

Period Ending	Proposed State Revolving Fund Loan, Series 2012 New Money	Proposed State Revolving Fund Loan, 2012 Refinancing Regions (portion)	Unrefunded Bonds	Aggregate Debt Service
09/15/2013	114,589.49	94,360.52	1,065,248.40	1,274,198.41
09/15/2014	231,328.87	91,030.58	1,065,248.42	1,387,607.87
09/15/2015	230,625.97	91,733.74	1,065,248.30	1,387,608.01
09/15/2016	231,344.35	91,014.57	1,065,249.12	1,387,608.04
09/15/2017	230,278.78	92,081.09	1,065,248.38	1,387,608.25
09/15/2018	227,471.71	94,887.60	1,065,248.92	1,387,608.23
09/15/2019	224,720.11	97,639.86	1,065,248.62	1,387,608.59
09/15/2020	231,594.82	90,764.76	1,065,248.54	1,387,608.12
09/15/2021	231,595.48	90,764.30	1,065,248.50	1,387,608.28
09/15/2022	225,862.89	96,497.33	1,065,248.10	1,387,608.32
09/15/2023	231,716.27	90,643.27	1,065,248.54	1,387,608.08
09/15/2024	224,724.76	97,635.56	1,065,248.38	1,387,608.70
09/15/2025	226,591.91	95,768.21	1,065,248.50	1,387,608.62
09/15/2026	231,979.10	90,380.39	1,065,248.84	1,387,608.33
09/15/2027	231,979.13	90,380.81	1,065,248.16	1,387,608.10
09/15/2028	554,713.16	334,564.05	498,331.06	1,387,608.27
09/15/2029	564,213.19	823,394.65		1,387,607.84
09/15/2030	558,416.29	829,192.35		1,387,608.64
09/15/2031	567,334.23	820,273.96		1,387,608.19
09/15/2032	560,994.13	826,614.21		1,387,608.34
09/15/2033	559,495.74	828,112.92		1,387,608.66
	6,691,570.38	5,857,734.73	16,477,058.78	29,026,363.89

COST OF ISSUANCE

Town of Surfside
2012 SRF Loan

Preliminary Numbers for Discussion Purposes Only

Cost of Issuance	\$/1000	Amount
Costs of Issuance	2.68445	25,000.00
SRF Service Fee	20.00000	186,257.62
	22.68445	211,257.62

BOND DEBT SERVICE

Town of Surfside
2012 SRF Loan

Preliminary Numbers for Discussion Purposes Only

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/15/2013			110,233.47	110,233.47	
09/15/2013			98,716.54	98,716.54	208,950.01
03/15/2014	62,795	2.120%	98,716.54	161,511.54	
09/15/2014	62,797	2.120%	98,050.91	160,847.91	322,359.45
03/15/2015	64,134	2.120%	97,385.26	161,519.26	
09/15/2015	64,135	2.120%	96,705.45	160,840.45	322,359.71
03/15/2016	65,500	2.120%	96,025.61	161,525.61	
09/15/2016	65,502	2.120%	95,331.31	160,833.31	322,358.92
03/15/2017	66,897	2.120%	94,636.99	161,533.99	
09/15/2017	66,898	2.120%	93,927.88	160,825.88	322,359.87
03/15/2018	68,323	2.120%	93,218.77	161,541.77	
09/15/2018	68,323	2.120%	92,494.54	160,817.54	322,359.31
03/15/2019	69,780	2.120%	91,770.32	161,550.32	
09/15/2019	69,779	2.120%	91,030.65	160,809.65	322,359.97
03/15/2020	71,266	2.120%	90,291.00	161,557.00	
09/15/2020	71,267	2.120%	89,535.58	160,802.58	322,359.58
03/15/2021	72,784	2.120%	88,780.15	161,564.15	
09/15/2021	72,787	2.120%	88,008.63	160,795.63	322,359.78
03/15/2022	74,335	2.120%	87,237.09	161,572.09	
09/15/2022	74,339	2.120%	86,449.13	160,788.13	322,360.22
03/15/2023	75,920	2.120%	85,661.15	161,581.15	
09/15/2023	75,922	2.120%	84,856.39	160,778.39	322,359.54
03/15/2024	77,540	2.120%	84,051.62	161,591.62	
09/15/2024	77,539	2.120%	83,229.70	160,768.70	322,360.32
03/15/2025	79,193	2.120%	82,407.78	161,600.78	
09/15/2025	79,191	2.120%	81,568.34	160,759.34	322,360.12
03/15/2026	80,880	2.120%	80,728.91	161,608.91	
09/15/2026	80,879	2.120%	79,871.58	160,750.58	322,359.49
03/15/2027	82,603	2.120%	79,014.27	161,617.27	
09/15/2027	82,604	2.120%	78,138.67	160,742.67	322,359.94
03/15/2028	369,333	2.120%	77,263.07	446,596.07	
09/15/2028	369,333	2.120%	73,348.14	442,681.14	889,277.21
03/15/2029	627,697	2.120%	69,433.21	697,130.21	
09/15/2029	627,698	2.120%	62,779.63	690,477.63	1,387,607.84
03/15/2030	641,077	2.120%	56,126.03	697,203.03	
09/15/2030	641,075	2.120%	49,330.61	690,405.61	1,387,608.64
03/15/2031	654,739	2.120%	42,535.21	697,274.21	
09/15/2031	654,739	2.120%	35,594.98	690,333.98	1,387,608.19
03/15/2032	668,694	2.120%	28,654.75	697,348.75	
09/15/2032	668,693	2.120%	21,566.59	690,259.59	1,387,608.34
03/15/2033	682,946	2.120%	14,478.44	697,424.44	
09/15/2033	682,945	2.120%	7,239.22	690,184.22	1,387,608.66
	9,312,881		3,236,424.11	12,549,305.11	12,549,305.11

ATTACHMENT

“12”

Town of Surfside Sources & Uses -Infrastructure Rehabilitation Projects

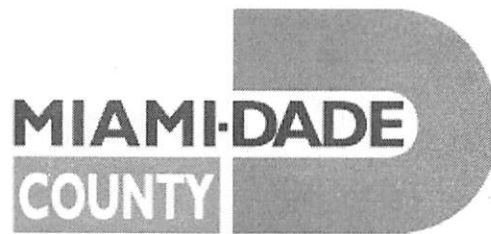
Uses		Sources	
Surfside W/S/D Project Total Construction Budget	\$ 19,213,629.33	Regions Bond (Less origination Costs)	\$ 15,950,000.00
Surfside W/S/D Project Total Soft Costs	\$ 1,842,344.93	Indian Creek Agreement	\$ 150,000.00
Surfside W/S/D Project Total Cost	\$ 21,055,974.26	Reallocation of Roadway Funds	\$ 200,000.00
SRF Closing Costs	\$ 211,257.62	Reallocation of Storm Water Funds	\$ 150,000.00
Bal Harbor/Surfside FM Project Total Cost	\$ 1,650,000.00	FDEP Grants & BBC Bond	\$ 1,872,500.00
Pre Capitalized Interest per State Loan	\$ 100,100.00	Subtotal	\$ 18,322,500.00
Remaining for Rate Stabilization or Additive Alternates	\$ 618,049.13	SRF Loan	\$ 9,312,881.00
		Prepayment of Regions Bond	\$ (4,000,000.00)
		Subtotal	\$ 5,312,881.00
Total Uses	\$ 23,635,381.01	Total Sources	\$ 23,635,381.00

ATTACHMENT

“13a”

Miami-Dade County

Water & Sewer Infrastructure Report



Miami-Dade Water and Sewer Department
Miami-Dade County, Florida

July 2012

Table of Contents

1	Summary.....	1
2	Water and Sewer Department Overview.....	3
3	Most Deteriorated & Vulnerable Sections of the Water System	4
	Transmission Water Mains without Redundancy	4
	Pre-stressed Concrete Cylinder Water Pipe	6
	Hialeah Water Treatment Plant	10
	John E. Preston Water Treatment Plant.....	11
	Alexander Orr, Jr. Water Treatment Plant.....	14
4	Most Recent Water Pipe Breaks	17
5	Most Deteriorated & Vulnerable Sections of the Wastewater System....	24
	Wastewater Collection and Transmission Line System	24
	Wastewater Pump Station System	27
	North District Wastewater Treatment Plant	29
	Central District Wastewater Treatment Plant	30
	South District Wastewater Treatment Plant	33
6	Most Recent Sewer Pipe Breaks	36
7	Funding Sources	39
8	Other Critical Capital Projects	41

Tables

1	Transmission Water Mains without Redundancy.....	4
2	Hialeah Water Treatment Plant	11
3	John E. Preston Water Treatment Plant	13
4	Alexander Orr, Jr. Water Treatment Plant.....	15-16
5	Wastewater Collection and Transmission Line System	26
6	Wastewater Pump Station System	27-28
7	North District Wastewater Treatment Plant	30
8	Central District Wastewater Treatment Plant	32
9	South District Wastewater Treatment Plant	35

Figures

1	Transmission Water Mains without Redundancy.....	5
2	Pre-Stressed Concrete Cylinder Water Pipe – Countywide.....	7
3	Pre-Stressed Concrete Cylinder Water Pipe – North	8
4	Pre-Stressed Concrete Cylinder Water Pipe – South	9

Appendices

A. Resolution No. R-170-12

B. Water System – Executive Summaries of Pipeline Assessments

1. 54-inch at NW 57 Avenue, NW 191 Street & NE 191 Street, completed on June 2010
2. 54-inch at NW 57 Avenue in the City of Hialeah, completed on December 2010
3. 48-inch at SW 87 Avenue, 96-inch at NW 74 Street and Royal Poinciana Boulevard, 36-inch and 42, 48, and 60-inch at SW 147 Avenue, SW 56 Street and SW 64 Street, completed on August 2011
4. 48-inch SW Wellfield Supply Main, 60-inch SW Wellfield Supply Main, 72-inch at SW 64 Street, completed on November 2011
5. 48-inch and 54-inch at NW 57 Avenue, completed on March 2012

C. Wastewater System – Executive Summaries of Pipeline Assessments

1. 72-inch at NW 18 Avenue and 157 Street, completed on June 2011
2. 54-inch at Government Cut, completed on February 2012
3. 54-inch at South Dade, completed on March 2012

SUMMARY

On February 7, 2012, the Board of County Commissioners (Board) adopted Resolution No. R-170-12 that directs the County Mayor or County Mayor's designee to provide a report addressing the County's water and sewer infrastructure that is aged and deteriorating. As stated in the resolution, the report must identify the most deteriorated and vulnerable sections of the water and sewer infrastructure, estimate the cost to rehabilitate and/or replace the identified parts of the system in each commission district, whether pipes, treatment plants, and/or pump stations, and provide recommendations on whether to repair or replace the identified infrastructure and include sources of funding. In addition, a list of recent water and sewer line breakages is included. In response to the directive issued in R-170-12, and the request for the most recent pipeline breakages, the Miami-Dade Water and Sewer Department (WASD) has prepared this report.

WASD operates the water and sewer system to provide potable drinking water and environmentally sound sewage disposal services to residents on a daily basis. Without either of these services, the public health and economic viability of our County is at risk. Both systems are highly regulated by local, state and federal agencies.

Much of the County's water and sewer system was built in the 1970's or prior to that time so many components are now older than 40 to 50 years. Between 1973 and 1985, more than twenty acquisitions of public utilities took place in Miami Dade County, thirteen were water and sewer utilities, eight were just water utilities and two were just sewer utilities. Today, there are fifteen municipal systems and WASD.

Infrastructure assessment is a continuous process, and there are uncertainties regarding the lifespan of assets of the water and sewer system. The asset life of pipelines is particularly difficult to predict due to variability of materials, age, location, and the way in which the original installation was done. In most cases, pipelines cannot be easily inspected while they are active.

The cost to repair facilities after they fail is often greater than the cost of rehabilitating or replacing those facilities before failure occurs. The age of a water and sewer asset generally defines its useful lifespan. To date, the County has been fortunate that the infrastructure failures experienced in recent years have resulted in cost and inconvenience and not in loss of life or extended loss of service.

WASD provides high quality water services to its customers and continues to substantially comply with all local, state and federal mandates. Even so, the water treatment plants and pipelines, and other related appurtenances are in need of rehabilitation and replacement. Ongoing discussions with the Environmental Protection Agency to upgrade deteriorated wastewater infrastructure are directed to some Clean Water Act violations resulting from overflows due to system failures.

Due to the corrosive nature of sanitary sewage, the wastewater system requires a significant amount of prescribed maintenance and upkeep. For example, delaying the

rehabilitation and/or replacement of sewer pipelines can result in significant sewage spills as we experienced in 2010. Discussions are currently in progress with the U.S. Environmental Protection Agency and the Florida Department of Environmental Protection to develop a program for the County's wastewater system in the form of a consent agreement that focuses largely on critical infrastructure comprising the wastewater system.

As specified in R-170-12, this report discusses those sections of the water and sewer system that are the "most deteriorated and vulnerable" along with the estimated cost to rehabilitate or replace those sections and potential funding sources. The total estimated cost to rehabilitate or replace the water and sewer facilities in the most deteriorated and vulnerable sections of the water and sewer system is estimated at \$1,100,254,000, of which \$364,168,000 are for water projects and \$736,086,000 for sewer projects. All of the projects listed in this report are of equal importance.

The funding sources for these projects will include renewal and replacement funds, state and federal grants (if available), state revolving loan funds (if available), and revenue bond funds. In general, it is expected that the projects identified in this report will be completed within three to eight years. All of the projects identified in this report are currently included in the Department's Multi-Year Capital Plan, and this will continue to be the case as the budget is considered for next year. Continued negotiations with the Environmental Protection Agency, which are intended to culminate with an agreement to be considered by the Board, may require an adjustment to the Capital Plan based upon the project schedules that will be included in the agreement. We expect these negotiations to be completed within the next six months.

The report also discusses other critical projects that the Department is obligated to complete to meet regulatory requirements or future capacity needs. There are many additional capital project needs identified in WASD's Multi-Year Capital Budget over the next 15 years. These projects are driven by regulatory requirements, future capacity needs, and longer term renewal and replacement needs. These projects identified as critical represent about 10% of the total capital needs identified by the Department over the next 15 years. As an example, the capital requirements to comply with the State law regarding discontinued use of the ocean outfalls for disposal of treated wastewater are not reflected in this report.

WATER AND SEWER DEPARTMENT OVERVIEW

WASD is among the 10 largest utilities in the nation, the largest in the southeast, and by far the largest in Florida. It was created by a merger of the City of Miami Department of Water and Sewer and the Dade County's Water and Sewer Authority in 1973, and the County Commission at that time clearly intended to encourage a regional utility system to meet these fundamental public services for the community. As a result, all of the investor-owned utilities were acquired. Many of these systems were constructed by developers as growth occurred in the absence of a regional utility, and as a result much of the piping upon which we currently rely does not comply with today's standards that call for water and sewer lines of at least 8-inches in diameter.

Today, WASD provides high-quality drinking water and wastewater disposal services, while planning for future growth, implementing water conservation measures, safeguarding public health and the environment, and providing for process improvement and cost efficiencies. The Department's main functions are water production and distribution, as well as wastewater collection, treatment, reuse, and disposal. WASD operates three regional and five smaller water treatment plants, with a total rated capacity of 459 million gallons per day, and three regional wastewater treatment plants with a total treatment capacity of 368 million gallons per day.

WASD operates and maintains water supply wells grouped into 15 wellfields in the Biscayne Aquifer, five aquifer storage and recovery wells in the Floridian aquifer, over 1,000 sewer pump stations, 7,700 miles of water distribution mains and water services, and over 6,000 miles of wastewater mains and lateral collection pipes.

The water and sewer pipes in the system range in size from 2-inches to 120-inches in diameter, and are constructed from a variety of different materials including vitrified clay, plastic, asbestos cement, cast iron, ductile iron and concrete.

The Department delivers water and sewer services to most residents and businesses within Miami-Dade County, serving approximately 422,000 water and 340,000 wastewater retail customers as of September 30, 2011. In addition, wholesale water service is provided to 15 municipalities and wholesale sewer service is provided to 12 municipalities within Miami-Dade County.

WASD implements water conservation measures, provides high quality drinking water, and plans and improves infrastructure for future growth. In providing these services, the WASD interacts with and is regulated by the United States Environmental Protection Agency, the Florida Department of Environmental Protection, the Florida Department of Health - Miami-Dade County Health Unit, the South Florida Water Management District, and the County's Department of Regulatory and Economic Resources.

Most Deteriorated & Vulnerable Sections of the Water System

1. Transmission Water Mains without Redundancy

A standard design principle for water distribution systems is "looping". This means water can be delivered from at least two different water pipelines to any given point, protecting areas from complete loss of water when a single pipeline fails. To properly serve a given area, there must be more than one source of water supply. This is necessary so that when a pipeline is out of service, there is an alternate source of water supply in place to provide water service to customers.

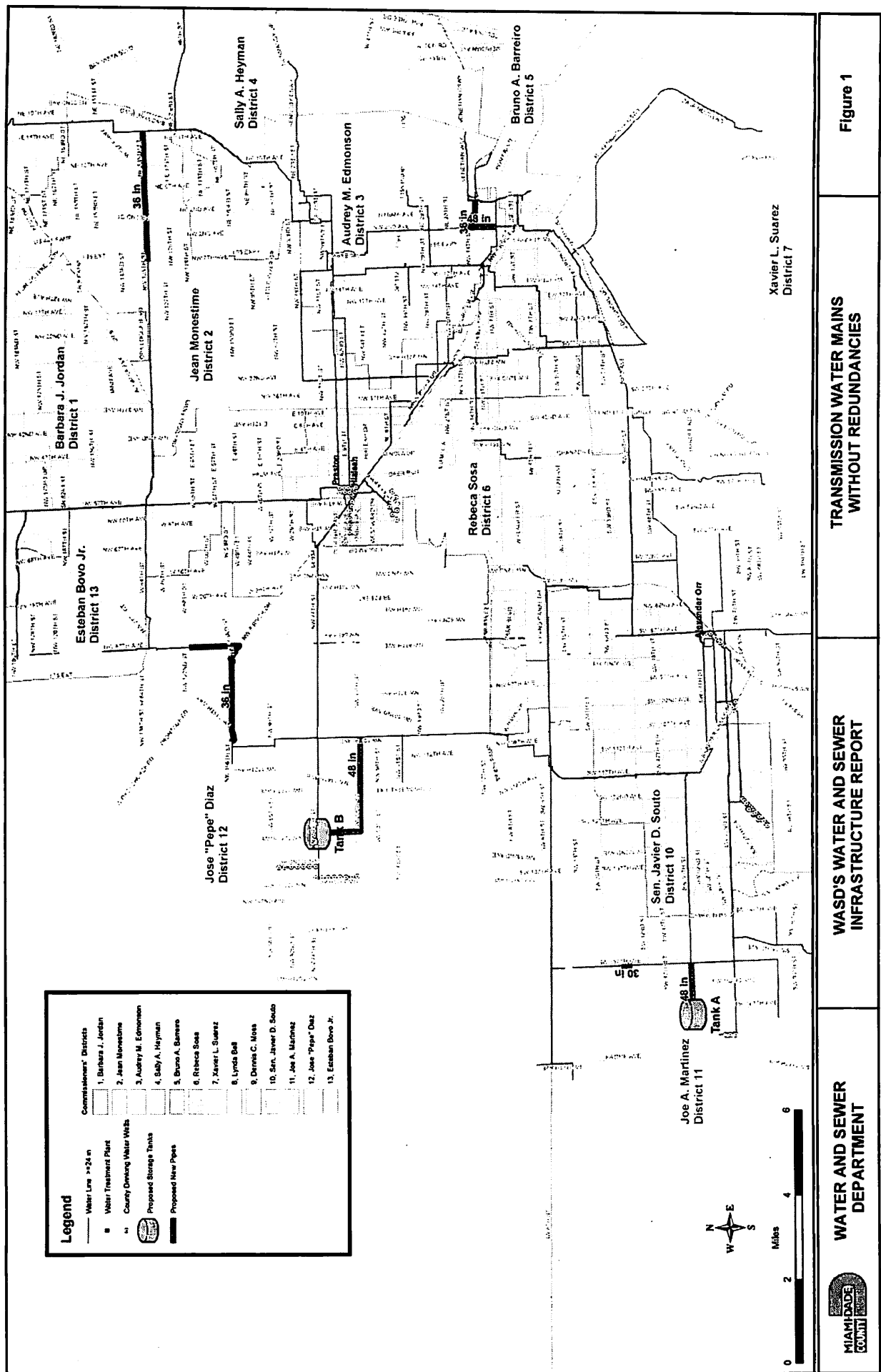
To ensure the continued reliability of the transmission and distribution systems, additional transmission water pipelines, water storage tanks and water pump stations must be constructed. For the most part, the County's distribution system was designed with transmission water mains in a looped configuration. However, there are some areas where the looping of the very large transmission system mains has not kept pace, and redundancy is critical. An analysis of WASD's redundancy needs indicate that there are at least six (6) areas in the County as shown in Figure 1 where additional transmission mains (30-inch through 48-inch diameter) are required as well as two water storage tanks and pump stations.

Table 1 shows the exact location where the redundant pipelines are required, the diameter of the water pipeline, the length in miles, and the estimated cost by commission district. In addition, remote water storage tanks and pump stations are needed to maintain adequate water supply during high demand periods or in response to emergencies. The cost of installing the transmission water mains, the storage tanks and the pump stations is estimated at \$129,400,000. Figure 1 on the next page illustrates the locations of the required redundancies.

Table 1
Transmission Water Mains without Redundancy

Location	Pipeline Diameter	Length in Miles	Estimated Costs	Commission District	*Status
NW 127 Ave. and 74 St. to NW 107 Ave and 56 St.	48-inch	2.29	\$9,700,000	12	PL
10 Million Gallon Storage Tank & Pump Station at NW 74 St. & NW 127 Ave.			\$40,000,000	12	PL
NW/NE 135 St., from NW 7 Ave. to NE 14 Ave.	36-inch	2.71	\$8,700,000	2	PL
SW 56 St., from SW 167 Ave. to SW 157 Ave.	48-inch	1.09	\$4,600,000	11	PL
10 Million Gallon Storage Tank and Pump Station at SW 167 Ave. and SW 56 St.			\$40,000,000	11	PL
SW 157 Ave., from SW 39 St. to SW 41 St.	30-inch	.26	\$700,000	11	PL
NW 106 St. and NW 107 Ave. to NW 84 Ave. and NW 122 St.	36-inch	3.34	\$8,700,000	12	PL
NW 2 Ave., from NW 6 St. to NW 17 St.	48-inch	.59	\$10,500,000	3	DES
NW/NE 5 St., from NW 2 Ave. to Biscayne Blvd	36-inch	.88	\$6,500,000	3 & 5	DES
Total:			\$129,400,000		

*Status - PL = Planning, DES = Design, PR = Procurement, CO = Construction



2. Pre-stressed Concrete Cylinder Water Pipe

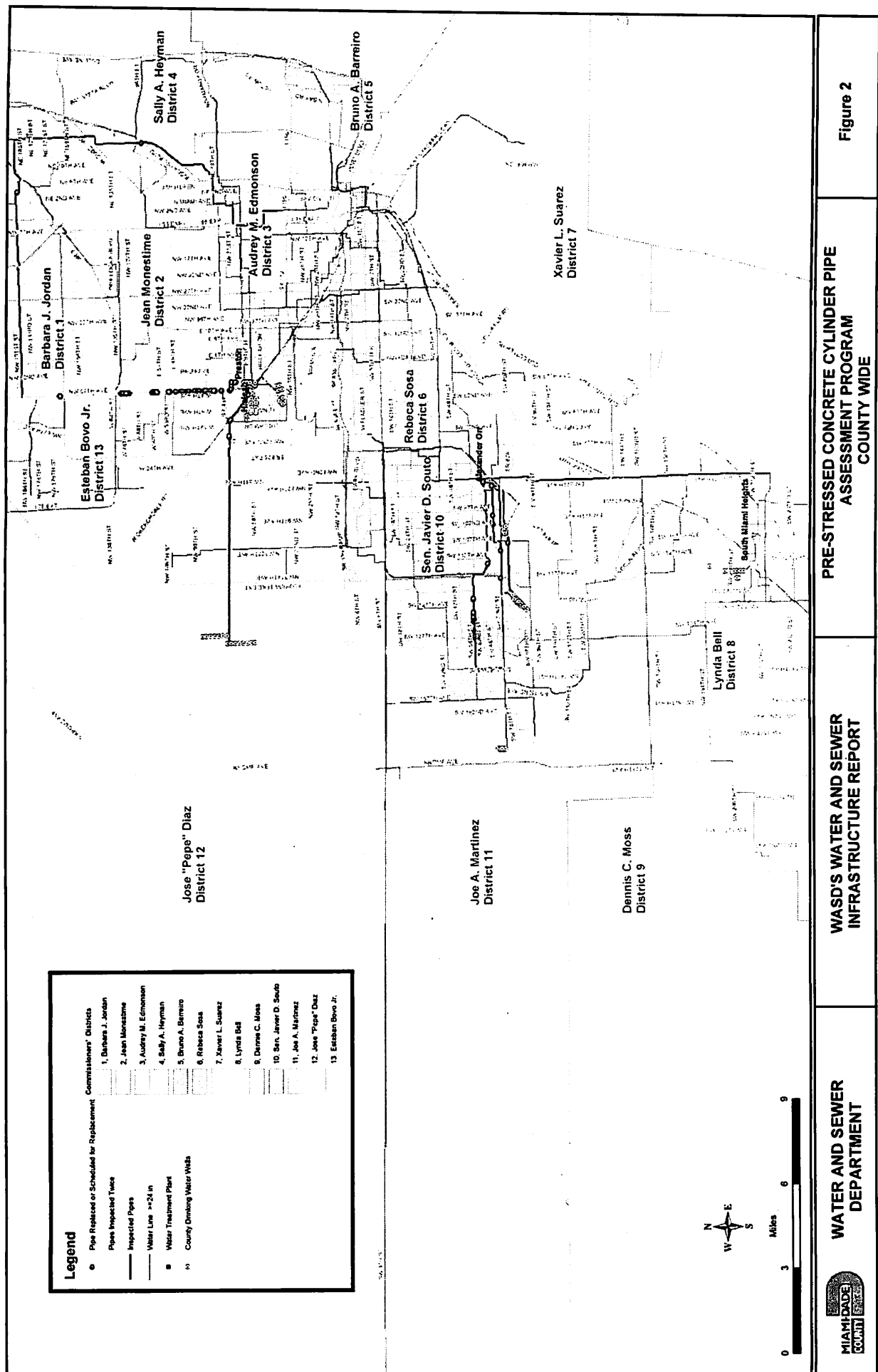
In the past 2 years, as a result of several large concrete pipe failures, WASD has initiated assessment of all large diameter (36-inches and greater) pre-stressed concrete cylinder pipe, with the first priority being pre-stressed concrete cylinder pipe manufactured by the Interpace Corporation in the late 1970's. The wire reinforcement inside these pipes has manufacturing flaws which make them more vulnerable to failure. Only recently has the technology become available to measure the number of breaks in the wire reinforcement per section of the pipe to determine which pipe sections are most likely to fail.

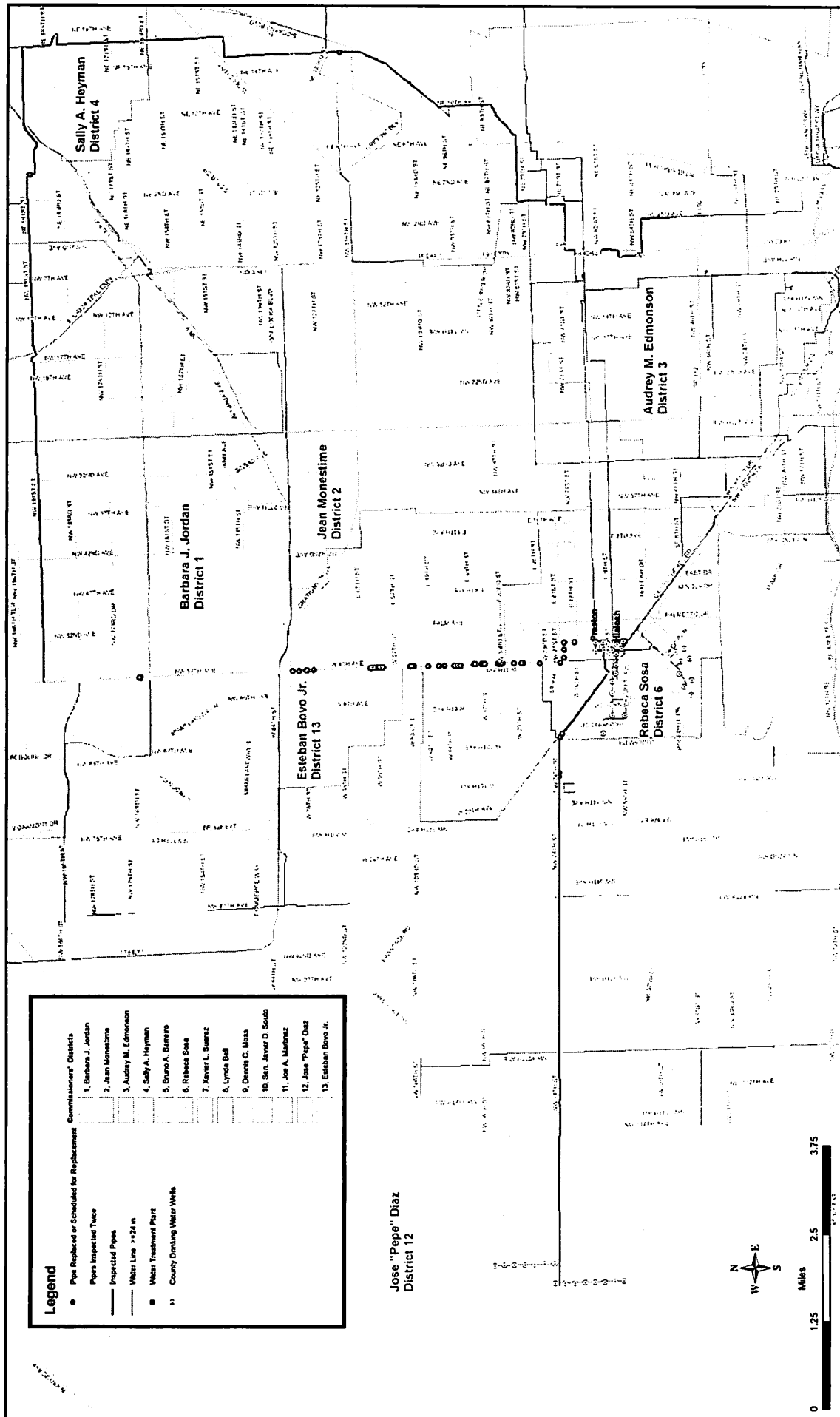
At this time, there are approximately 120 miles of pre-stressed concrete cylinder pipe installed throughout the WASD water system. Of those miles, approximately 70 miles (including most of the Interpace Corporation pipe) have been assessed and most of the defective sections have been identified or rehabilitated. The existing segment of pipe is rehabilitated by lining the interior of the pipe with a carbon fiber fabric that is as strong as the original pipe. The lining is considered as a replacement with the structural strength and service life of the original concrete. This method avoids the adverse impacts of excavating streets and disrupting traffic which is required when conventional replacement of pipe is used. The cost of the carbon fiber rehabilitation method is about \$120,000 for a 20 foot section of a typical 54-inch diameter pipe.

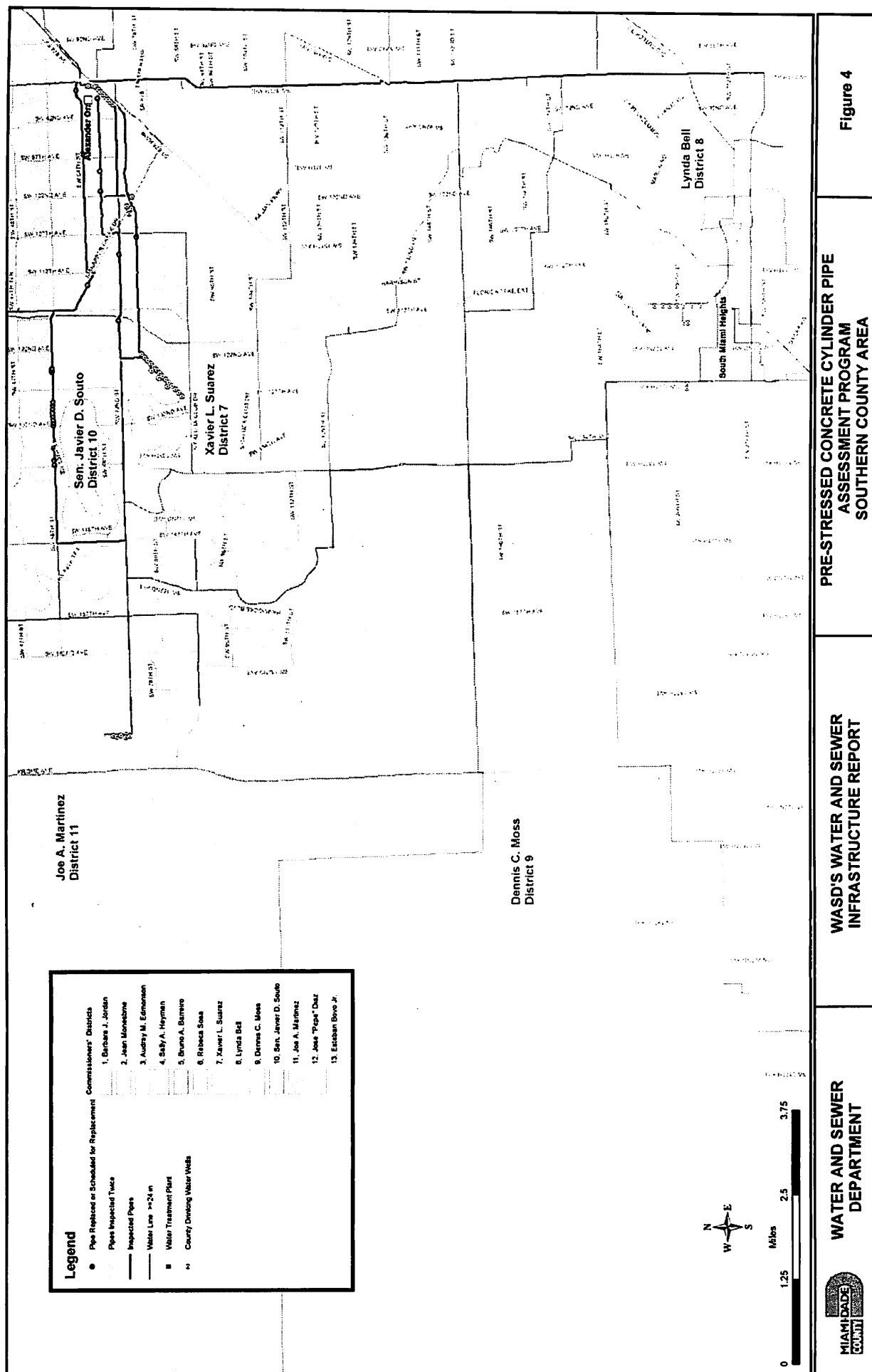
Approximately \$15 million has been spent to date on pre-stressed concrete cylinder pipe water main assessments. To date, 18,069 water pipeline segments (20 foot sections) have been assessed and 109 segments of pipelines have been replaced including those for the two major water line breaks that took place on Red Road and Miller Road in 2010 and 2011, respectively. Rehabilitating only those segments of pipe that are severely deteriorated is cost effective as the rehabilitation impacts only a small per cent of the pipeline in lieu of replacing the entire pipe.

The remaining 50 miles of pre-stressed concrete cylinder pipe that require evaluation are being assessed with a goal of completing assessment work by mid-2013. The large diameter pre-stressed concrete cylinder water mains that still require assessment are shown in Figures 2-4 on the next three pages. They are shown on a county-wide scale and by commission district. The estimated cost for ongoing assessment and rehabilitation is \$5,000,000 per year for the next two years for a total of \$10,000,000.

In early 2010, the technology to inspect an active water pipeline became available. Upon WASD's request, water lines are being inspected and condition assessment reports are being provided to manage failure risk of critical pipelines. The methods used to inspect and analyze pipe entails using a free swimming "Pipe Diver" device utilizing Remote Field Transformer Coupling technology, visual inspections and performing structural analysis on the distressed pipes. A copy of the "Executive Summary" of the various condition assessments are attached under Appendix B of this report.







3. Water Treatment Plants

WASD owns and operates three regional Water Treatment Plants, the John E. Preston Water Treatment Plant, the Alexander Orr, Jr. Water Treatment Plant, and the Hialeah Water Treatment Plant. All three plants supply more than 90% of the potable water consumed in Miami Dade County. These plants are experiencing the effects of advancing age; they are 45, 56 and 87 years old, respectively. While they have been maintained and partially upgraded over the years, there are numerous issues of structural deficiencies as well as outdated or deteriorated electrical and mechanical equipment.

These deficiencies are defined as items which already show signs of distress or failure and must be replaced within a time frame ranging from one to eight years. These needs identified for each plant as immediate are the equivalent of "most deteriorated and vulnerable" and must receive high priority. The improvements are required to maintain the current treatment and pumping levels at the water treatment plants. The plants are reaching a point where major treatment components and structural assets need to be replaced in order to continue to operate reliably and in compliance with current regulatory requirements.

Although the Hialeah Water Treatment Plant is the most aged plant and is in need of repair/replacement, the Preston and the Alexander Orr, Jr. Plants also have numerous mechanical, electrical, structural and process components which have exceeded the end of their useful, economic service lives. There are many specialized mechanical and electric components in the plants that cannot be replaced on short notice. Delivery times can extend into months after they are ordered.

The Hialeah Water Treatment Plant

The Hialeah Water Treatment Plant has a treatment capacity of 80 million gallons per day and is served by the Miami Springs Wellfield and smaller on site wells. The plant was originally constructed in 1923 with significant upgrades taking place during the 1940's and 50's. The plant treatment process consists of lime softening using coagulation, flocculation, and sedimentation, re-carbonation, rapid sand filtration, air stripping, chlorination, ammoniation, and fluoridation. There is also a lime kiln on site which recycles nearly one hundred tons a day of water plant residuals to make new lime used in the treatment process. WASD operates two of the three water plant lime kilns in operation in the United States today.

The Hialeah Water Treatment Plant is reaching a point where major treatment components, structural assets, mechanical and electrical equipment need to be replaced in order to continue to operate reliably and in compliance with modern regulatory requirements. About 30% of the mechanical equipment requires "early intervention" or is "near catastrophic failure".

A condition assessment of the plant's needs has been performed including an extensive field evaluation and testing of the mechanical and electrical assets. A new water

treatment plant at the Northwest Wellfield is planned to replace this plant in the next 10 years. Consequently, the projects recommended in Table 2, which total \$37,300,000, are the minimum necessary to keep the plant operational and assume the ultimate replacement of the plant.

Table 2
Hialeah Water Treatment Plant – District 6

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Costs	*Status
Replace On-Site Chemical House and Filter Backwash System	Existing building needs to be replaced. Current backwash system is inadequate to provide proper filter washing.	\$1,200,000	PR
Structural Rehabilitation of Facilities (Corroded Control Restorations) including Flocculation Tanks, Sludge Tanks, Sedimentation Tanks	Numerous structural problems in buildings and tanks which require remediation.	\$ 4,000,000	PL
Replace On-Site High Service Pumps 1-9	Existing high service pumps have far exceeded their design service lives, and need to be replaced with more efficient pumps. Parts are no longer available and must be fabricated at great cost.	\$15,100,000	PL
Replace Electrical and Mechanical Components of the Wellfield Pump Stations at the Hialeah and Miami Springs Wellfields	The pumps, motors and switchgear are well beyond their design service lives. High efficiency units are needed to ensure reliability and reduce power consumption.	\$14,500,000	PL
Replace On-Site Fire Alarm System	Replacement is required to comply with regulatory standards.	\$ 2,500,000	DES
Total :		\$37,300,000	

*Status - PL = Planning, DES = Design, PR = Procurement, CO = Construction

John E. Preston Water Treatment Plant

The John E. Preston Water Treatment Plant, in conjunction with the Hialeah Water Treatment Plant, serves residents living north of Flagler Street to the Miami-Dade/Broward line. The total permitted treatment capacity for the plant is 165 million gallons per day, it is served by the Northwest, Miami Springs-Medley Wellfields, and on site water supply wells. The plant was originally constructed in 1966 and is 46 years old. It is the newest of WASD's water plants. The plant treatment process consists of lime softening, re-carbonation, rapid sand filtration, chlorination, ammoniation, and fluoridation.

An all-encompassing condition assessment of the plant's needs was performed including a detailed review the mechanical and electrical equipment. The evaluation

revealed that the plant has numerous mechanical, electrical and process components which have exceeded the end of their useful, economic service lives, which is usually twenty years.

Below is a photo that shows the collapse of the internal wall of a lime softening unit. The unit reached the end of its 30 year design life and failed due to corrosion of the parts that secure the steel plates.



On the next page, Table 3 shows the most deteriorated and vulnerable sections in need of attention at the John E. Preston Plant. The total estimated cost of these proposed projects is \$76,200,000.

Most Deteriorated & Vulnerable Sections of the Water System

3

Table 3
John E. Preston Water Treatment Plant – District 6

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Costs	*Status
Phased Replacement of Emergency Generators 1-3	The potential for the interruption of electrical service is high. The generation of electrical power on-site is needed to ensure the continuity of service to customers with reliable equipment.	\$7,100,000	PL
Construction of a Redundant Discharge Line from the High Service Pumps to the Primary Transmission Water Main	The existing plant discharge lines are routed to a single transmission water main. The lines are undersized for maximum flow conditions and are vulnerable to a single line break disabling the entire Water Treatment Plant.	\$ 5,000,000	PL
Provide an Additional High Service Pump Station from Reservoir 2 (Water Storage Tank) to the New Transmission Discharge Line	This improvement will provide the ability to pump from either reservoir and ensure uninterrupted service as well as increasing pumping capacity.	\$14,000,000	PL
Replace the On-Site Gas Chlorine System with an On-Site Chlorine Generation System	Replacement of Gas Chlorine System is desirable for safety reasons. Failure of existing gas chlorine system could lead to an unregulated discharge of chlorine gas and exposure to plant personnel and community.	\$29,000,000	PR
Replace the On-Site Mechanical and Steel Structures installed in 1982 on Accelerators 4, 5 and 6.	The accelerators have exceeded their useful service lives. They need to be replaced with newer more efficient units.	\$ 5,700,000	PL
Replace the On-Site Fire Alarm System	The fire alarm system does not comply with current regulations and needs to be replaced.	\$3,800,000	DES
Replace Filter Underdrains and Washing Equipment (22 Filters)	The existing equipment is outmoded and subject to failure.	\$8,200,000	PL
Replace On-Site Pump Motors on High Service Pumps 1,2,3,4,5, and 6	Replace pump motors installed between 1967 and 1980 with modern high efficiency units.	\$2,400,000	PL
Replace On-Site Well Pump Motors on the Water Supply Wells	Well Pump motors are more than 40 years old.	\$1,000,000	PL
Total :		\$76,200,000	

*Status - PL = Planning, DES = Design, PR = Procurement, CO = Construction

The Alexander Orr, Jr. Water Treatment Plant

The Alexander Orr, Jr. Water Treatment Plant is the County's largest water treatment plant. It supplies water to the regional area from Flagler Street to SW 246 Street and has a permitted treatment capacity of 214.7 million gallons per day. It is served by the Southwest, West and Snapper Creek Wellfields as well as smaller on site wells. The plant was originally constructed in 1952. The plant treatment process consists of lime softening with re-carbonation, rapid sand filtration, chlorination, ammoniation, and fluoridation. It also has a lime kiln on site to recycle plant treatment residuals.

A condition assessment of the plant's needs was performed including a field evaluation and an all-inclusive review of the mechanical and electrical components. Due to the plant's size, age and indefinite future service requirements, it needs more rehabilitation work than the other two water treatment plants.

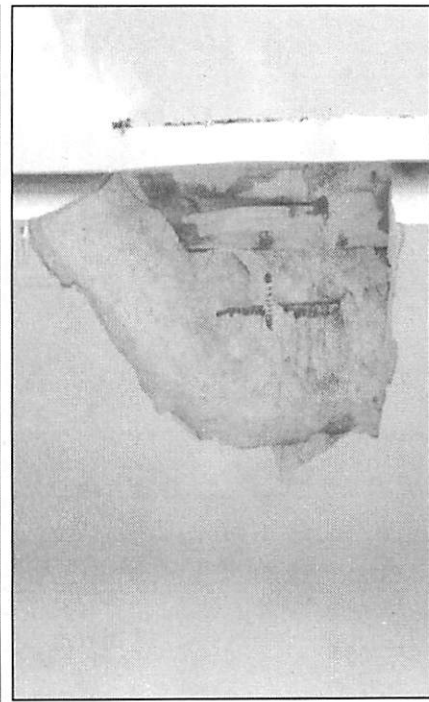
Below are pictures which illustrate the structural deterioration of various facilities at the Alexander Orr, Jr. Water Treatment Plant.



Chemical Building 2



Re-Carbonation Chamber 4



Well House Number 9

The proposed projects on the next page below in Table 4 for the plant are estimated to total \$111,268,000.

Most Deteriorated & Vulnerable Sections of the Water System

3

Table 4
Alexander Orr, Jr. Water Treatment Plant – District 7

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Costs	*Status
Replace Diesel Driven High Service Pump No. 5, it is currently out of service	Pump is needed to provide full pumping capacity to the plant.	\$5,400,000	CO
Replace Diesel Driven High Service Pump No. 6, it is currently out of service	Pump is needed to provide full pumping capacity to the plant.	\$10,300,000	PL
Replace Switchgear and Transformers for Six (6) Emergency Generators	The existing equipment is beyond its service life and is not sized to operate on new generators.	\$14,300,000	DES
Replace Six Lime Slakers and Feed Equipment	Current units have exceeded their service lives and are no longer efficient.	\$14,000,000	PL
Replace 2 Single Speed High Service Pumps & Motors (East and West Pump Room)	Current units have exceeded their service lives and are single speed. Variable speed pumps will allow for flow trimming and higher efficacy.	\$6,450,000	PL
Replace aged electrical motors, switchgear, transformers and other electrical equipment (14 High Service Pumps and 34 Biscayne Aquifer wells and 5 ASR wells)	Electrical equipment has exceeded its service life. Failures are more frequent.	\$5,557,000	PL
Replace Electrical Generators 1-4	These generators have exceeded their service lives and a phasing in of replacement units is needed.	\$8,000,000	PL
Replace the Drive Units and Electric Motors that provide the Mixing Energy for the Lime Softening Process (Units 1 - 14)	Units are beyond their service lives and have reduced liability.	\$2,600,000	CO
Renew and Upgrade five Hydrotreator Lime Softening Units to Accelerators	Units are beyond their service lives, pin flock is difficult to control	\$19,400,000	PL
Install New Flow Meters in Pipes and Channels to Filters	Needed for efficient dosing of chemicals.	\$1,038,000	PR
Replace Pipes and Control at the Filter Pipe Gallery	System is beyond its service life.	\$1,260,000	PL
Structural Rehabilitation of Reservoirs 1-6	Rehabilitation is required to extend the service life.	\$1,922,000	CO
Replace Electrical Feeders to Generator's 1 - 5	Units are beyond their service lives.	\$495,000	PL
Replacement of Lime Kiln Electrical and Refractory	Rehabilitation is required to extend the service life.	\$4,600,000	PR
Structural Rehabilitation of Deteriorated Well Houses	Rehabilitation is required to extend the service life.	\$532,000	PL
Structural Replacement of Deteriorated Pump and Electrical Equipment Buildings	Units are beyond their service lives.	\$661,000	CO
Rehabilitate the Existing Filter Wash Water System	Rehabilitation is required to extend the service life.	\$579,000	CO
High Service Pump No. 3, Rehabilitate natural gas engine drive and pump	Rehabilitation is required to extend the service life. This equipment requires years and high capital cost to replace, hence extending service life is of high value.	\$640,000	PL

Most Deteriorated & Vulnerable Sections of the Water System

3

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Costs	*Status
High Service Pump No. 4, Rehabilitate natural gas engine drive and pump	Rehabilitation is required to extend the service life. This equipment requires years and high capital cost to replace, hence extending service life is of high value.	\$639,000	PL
High Service Pump No. 7, Rehabilitate electric motor and pump	Rehabilitation is required to extend the service life. This equipment requires years and high capital cost to replace, hence extending service life is of high value.	\$594,000	PL
High Service Pump No. 8, Rehabilitate electric motor and pump	Rehabilitation is required to extend the service life. This equipment requires years and high capital cost to replace, hence extending service life is of high value.	\$887,000	PL
High Service Pump No. 9, Rehabilitate electric motor and pump	Rehabilitation is required to extend the service life. This equipment requires years and high capital cost to replace, hence extending service life is of high value.	\$887,000	PL
High Service Pump No. 10, Rehabilitate electric motor and pump	Rehabilitation is required to extend the service life. This equipment requires years and high capital cost to replace, hence extending service life is of high value.	\$887,000	PL
High Service Pump No. 12, Rehabilitate electric motor and pump	Rehabilitation is required to extend the service life. This equipment requires years and high capital cost to replace, hence extending service life is of high value.	\$887,000	PL
High Service Pump No. 13, Rehabilitate electric motor and pump	Rehabilitation is required to extend the service life. This equipment requires years and high capital cost to replace, hence extending service life is of high value.	\$888,000	PL
Replace Substation T-6 Dry Transformer with Oil Filled Transformer	Rehabilitation is required to extend the service life.	\$3,706,000	PL
Replace Antiquated SCADA equipment	Units are beyond their service lives.	\$2,102,000	PL
Replacement of Mechanical HVAC renewal equipment (upgrade to the Building Management and Control System)	Rehabilitation is required to extend the service life.	\$2,057,000	PL
Total:		\$111,268,000	

*Status - PL = Planning, DES = Design, PR = Procurement, CO = Construction

Recent Water Pipe Breaks

1. March 2010 – 54-inch water main break at West 4 Avenue and West 40 Place in Hialeah on Red Road

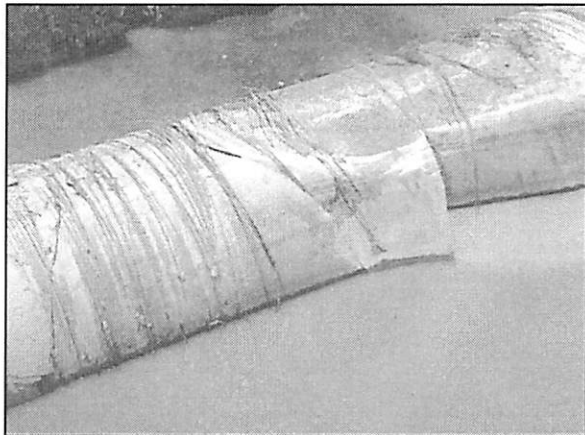
The water main ruptured and immediately flooded the streets and nearby homes. In order to repair the break, a major intersection was shut down for a period of one week. Additionally, the north part of the County suffered lowered water pressure, including wholesale customers.



2. May 2011 – 48-inch water main break at SW 56 Street (Miller Rd) and SW 122 Avenue

The water main ruptured causing lowered water pressure from the south end of the County to the City of Doral. The break immediately flooded Miller Road causing a public school bus to become lodged in a sink hole.

In order to repair the break, Miller Road was shut down, in both directions, for a period of 1 week. This main later had another catastrophic break at SW 129 Avenue in September 2011.



3. November 2011 – 12-inch water main break at SW 8 Street between SW 102 and 107 Avenue

The water main ruptured flooding the street and causing a large hole in the street, and there was water damage to some of the homes/businesses in the area. Additionally, residents in the immediate area were without water during part of the repairs due to low water pressure. In order to repair the break, the three southernmost east bound traffic lanes were shut down.



4. January 2012 - 12-inch cast iron water main break at NW 36 Street and NW 37 Avenue

In order to complete repairs, the entire intersection had to be closed with the exception of one lane heading east on NW 36 Street. All businesses along NW 36 Street between NW 36 Avenue and NW 38 Avenue, including the Pinnacle Plaza (a 132 unit condominium) and Fronton Trailer Park (approximately 30 trailer homes) were left without water and a "Boil Order" notice was issued.



5. March 2012 - A series of water main breaks took place throughout the County on Friday, March 16 after midnight and ending the next day on Saturday, March 17.

- a) On March 17, one emergency Repair Crew worked in front of the Seaquarium on a broken 12-inch water main on Crandon Boulevard which impacted the traffic lanes to Key Biscayne.

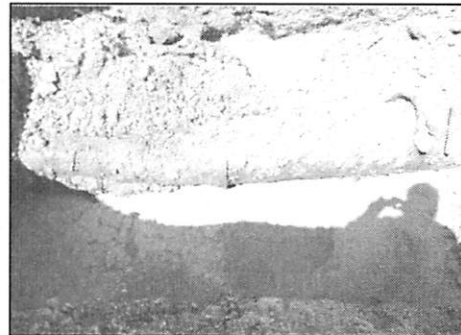
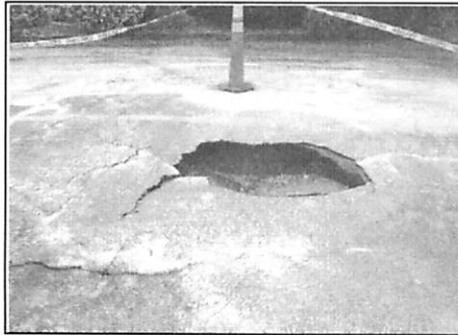
In order to repair the water main, eastbound traffic lanes on Bear Cut Bridge were shutdown and traffic was detoured to the westbound lanes. The traffic restrictions caused temporary traffic delays for those attending the Ericson Tennis Tournament and the Key Biscayne Arts Festival.



- b) One emergency Repair Crew worked on a broken 24-inch water main in front of Kennedy Park. The water line break flooded parts of the road causing the shutdown of all traffic lanes on South Bayshore Drive while the water main was repaired.



- c) At about noon on March 17, WASD received a call regarding a broken 12-inch ductile iron water main at the Coco Plum Marina. Repair Crews were called to fix the water line which caused the Marina to be without water for several hours.



- d) At about 2 p.m. on March 17, the Repair Crews were dispatched to the Royal Country Mobile Home Community where a garbage truck backed up and moved a plate underground, the impact ruptured a 12-inch water main. The previous emergency events caused a six hour delay in dispatching a Repair Crew to this location.



6. July 2012 – At about 1:15 p.m. on July 22, WASD received a call about a broken 36-inch cast iron water transmission main (installed in the 1950's) at NE 76 Street and NE 3 Place

Approximately 22.5 million gallons of water were spilled throughout the neighborhood flooding the streets, homes and businesses, and creating a crater. After Repair Crews got the ruptured water main under control, three of four trailers parked nearby the broken pipe were found half-way inside the crater. Fortunately, water service to residents was not impacted by the break.



Most Deteriorated & Vulnerable Sections of the Wastewater System

WASD operates one of the largest wastewater collection and transmission, treatment and disposal systems in the nation. The system consists of over 6,000 miles of gravity sewers and force mains, more than 1,000 pump stations, 3 regional wastewater treatment plants with a combined treatment capacity of 368 million gallons per day.

Due to the corrosive nature of sanitary sewage, wastewater systems require significant amounts of maintenance and upkeep. Failure to address the needs of the County's wastewater system can serve to accelerate the rate of deterioration of its component parts and increase operating costs. In addition, it may result in more frequent violations of federal and state permits which carry penalties and increase the likelihood of regulatory enforcement actions. The wastewater system projects discussed in this report are also part of an on-going discussion with the Environmental Protection Agency and are expected to be included in the new consent agreement.

The following pages exemplify the most deteriorated and vulnerable elements of the County's wastewater system. They were identified through comprehensive condition assessments of the system's infrastructure and detailed reviews of the equipment and operational records.

In early 2010, the technology to inspect an active sewer pipeline became available. Upon WASD's request, sewer lines are being inspected and condition assessment reports are being provided to manage failure risk of critical pipelines. The methods used to inspect and analyze pipe entails using a free swimming "Pipe Diver" device utilizing Remote Field Transformer Coupling tool technology, visual inspections and performing structural analysis on the distressed pipes. A copy of the "Executive Summary" of the various condition assessments are attached under Appendix C of this report.

1. Wastewater Collection and Transmission Line System

The wastewater collection and transmission system owned and operated by WASD consists of approximately 5,300 miles of gravity sewers, manholes and service laterals (the collection system) and slightly more than 900 miles of force mains (the transmission system).

An increasing number of these sewage pipe failures are the result of deteriorated and failing pipes. Failure modes vary according to pipe material, location and operational conditions. Assessing the condition of buried infrastructure is not an easy or simple task. Traditionally, utilities have relied on operational experience, maintenance records, and individual knowledge to determine if and when sewer force mains need rehabilitation and/or replacement. Recent advances in technology have made it possible to assess the condition of some of these lines while they are in service.

Due to the flat nature of the County's topography, and the high groundwater table common to South Florida, a large percentage of the sewer collection system lies below water. As such, defects in the lines and manholes allow groundwater to enter the system

Ductile iron pipe is susceptible to both internal and external corrosion, the latter particularly so in lines installed in close proximity to saltwater environments. Asbestos cement pipe becomes soft with age and loses its structural integrity. Concrete pipe, in particular, pre-stressed concrete cylinder pipe manufactured by the Interpace Corporation is also a priority item, as these types of pipe failures have taken place the same way they have in the water system. The 72-inch sewer concrete pipe that failed in North Dade in June 2010 causing a sewage spill of more than 20 million gallons into the Biscayne Canal was made of pre-stressed concrete cylinder pipe manufactured by the Interpace Corporation. A photograph of this event is below.



72-inch Pre-Stressed Concrete Cylinder Pipe Break at Biscayne Canal & NW 17 Avenue

The 72-inch pre-stressed concrete cylinder pipe as well other similar large diameter sewer mains in WASD's system have experienced similar catastrophic failures. Results obtained from the condition assessments have revealed conditions that warrant the rehabilitation and/or replacement of these pipelines. However, results from the assessment of roughly 30 miles of large diameter pre-stressed concrete

Most Deteriorated & Vulnerable Sections of the Wastewater System

5

cylinder force mains are still pending. Below is Table 5 which presents the Department's top priority listing of renewals /replacements needed in the wastewater collection and transmission system to avoid more catastrophic sewage pipe failures and regulatory penalties.

The projects have been identified through condition assessments and/or reviews of maintenance and operational records, and have been included because of the condition of the assets or the impact their failure would have on public health, the local economy and the environment. The projects have an estimated total cost of \$195,624,000.

**Table 5
Wastewater Collection and Transmission Line System**

Most Deteriorated & Vulnerable Sections	Estimated Cost	Commission District	*Status
Wastewater Collection System - Dig & Replace Sewer Mainlines, Laterals & Manhole	\$41,400,000	Various	PR/CO
Phase 2 – Government Cut - Replace a portion of the 54-inch pre-stressed concrete cylinder force main from the water shaft in Government Cut to mainland Miami Beach to avert catastrophic failure	\$18,000,000	5	CO
Phase 3 – Government Cut - Replace a portion of the 54-inch pre-stressed concrete cylinder force main from Fisher Island to the Central District Wastewater Treatment Plant at Virginia Key to avert catastrophic failure	\$63,000,000	5 & 7	DES
Rehabilitate remaining 3.5 miles of the 72-inch pre-stressed concrete cylinder sewer pipe that experienced catastrophic failure between NW 17 Avenue and NE 10 Avenue in North Dade along Biscayne Canal	\$19,800,000	1 & 2	PL
Rehabilitate remaining 2.5 miles of 54-inch pre-stressed concrete cylinder sewer pipe which contains damaged pipe segments from SW 112 Avenue and SW 280 Street to SW 107 Avenue and SW 248 Street	\$17,100,000	8 & 9	PL
Replace corroded twin 24-inch force mains crossing the Tamiami Canal at NW 37 Avenue, just south of NW 21 Street	\$ 684,000	5 & 6	DES
Replace 1 mile of corroded 18-inch ductile iron pipe force main located at NW 60 Avenue and NW 138 Street	\$2,160,000	13	PL
Rehabilitate by the cured-in-place liner method approximately 2 miles of deteriorated 54-inch pre-stressed concrete cylinder sewer pipe that has experienced failure on NW 2 Street between NW 67 Avenue and NW 37 Avenue	\$10,080,000	6	PL
Replace asbestos cement pipe to avoid more future pipe failures: 2,634 feet of 4-inch, 9,511 feet of 6-inch, 29,834 feet of 8-inch, 27,450 feet of 10-inch, and 11,385 feet of 12-inch.	\$ 23,400,000	Various	DES
Total :	\$195,624,000		

*Status: PL = Planning, DES = Design, PR = Procurement, CO = Construction

2. Wastewater Pump Station System

The combination of an extensive urban area and the flat topography that characterizes Miami Dade County requires the use of a large number of pump stations to convey sewage from homes and businesses to the three regional wastewater treatment plants that serve this community. With more than 1,000 pump stations, WASD owns and operates one of the largest wastewater pump station systems in the nation. The pump stations in the system range in size from small local stations with two 5 horsepower pumps, to large regional stations with eight 500 horsepower pumps, as well booster stations with four 900 horsepower pumps that handle the flows from multiple other pump stations and serve large regions of the County.

Whenever a pump station fails to function as designed, sanitary sewer overflows and/or sewer backups can occur. The impact that these malfunctions have are directly proportional to the size and type of the station. Because of their complexity, maintenance of the various components that make up a pump station is of utmost importance. Whether mechanical, electrical or structural, defects or deficiencies in any of these component parts can adversely affect the station's operation. WASD has a thorough and rigorous pump station inspection and maintenance program in place that serves to identify problem areas effectively. The available documentation has been used to identify which stations present the greatest risk of failure based on conditions and population served.

Table 6 below lists the most deteriorated and vulnerable pump stations within the County's system. The estimated cost of the projects noted total \$64,260,000.

Table 6
Wastewater Pump Station System

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Cost	Commission District	*Status
Upgrade of Pump Station # 0418, Convert to Booster Station	Needed to relieve pressure in Doral Area.	\$ 21,600,000	12	DES
Upgrade of Pump Station # 0691, Replacement of Pumping & Electrical Equipment	Capacity increase is needed to handle flows from City of Homestead.	\$ 5,400,000	8	PL
Upgrade of Pump Station # 0692, Replacement of Pumping & Electrical Equipment	Capacity increase is needed to handle flows from City of Homestead.	\$ 5,400,000	6	PL
Replacement of Electrical Switchgear in Pump Station # 0414.	Existing equipment is beyond its useful life.	\$ 1,350,000	13	PL
Replacement of Electrical Switchgear and Rehabilitation of Wetwell to Include a Odor Control Unit – Pump Station # 0415	Existing equipment is beyond its useful life – Wetwell structure is deteriorated due to hydrogen sulfide.	\$ 4,320,000	1	PL
Replacement of Switchgear in Pump Station # 0416	Existing equipment is beyond its useful life.	\$ 1,350,000	13	PL
Replacement of Switchgear and Rehabilitation of Wetwell in Pump Station # 0417	Existing equipment is beyond its useful life. Wetwell structure is deteriorated due to hydrogen sulfide.	\$ 2,880,000	8	PL

Most Deteriorated & Vulnerable Sections of the Wastewater System

5

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Cost	Commission District	*Status
Replacement of Electrical and Mechanical Equipment in Pump Station # 0107	Existing equipment is beyond its useful life.	\$ 3,600,000	2	DES
Replacement of Pumping and Electrical Equipment in Pump Station # 0301	Existing equipment is beyond its useful life due to saltwater environment.	\$ 4,140,000	4	PL/PR
Upgrade of Pump Station # 0488	Existing equipment is beyond its useful life.	\$ 2,700,000	2	DES
Installation of 60-inch force main from Kendall Drive to Pump Station # 0536	To reduce pressure and increase flow transfer between Pump Stations # 0559 and Pump Station# 0536.	\$ 5,400,000	8	PL
Replacement of Switchgear at Pump Station # 0187	Existing equipment is beyond its useful life. Parts are not available.	\$ 3,240,000	6	PL
Refurbish emergency generators and controls at Regional Pump Stations	The emergency back-up generators are unreliable due to the age of the controllers and wiring on the engines.	\$ 2,880,000	Various	PL
Total :		\$ 64,260,000		

*Status - PL = Planning, DES = Design, PR = Procurement, CO = Construction

The projects primarily involve electrical and mechanical upgrades that replace the existing components with new ones. In some cases, rehabilitation of the pump station's concrete structure is specified. This results from the corrosive effect of hydrogen sulfide which is a by-product of sanitary sewage that promotes the formation of acids. These acids attack and weaken the concrete structures. The photos below, from the wetwell of a regional pump station currently undergoing structural rehabilitation illustrate this condition.



Pump Station 348 - Wetwell Roof



Pump Station 348 Wetwell Walls

3. Wastewater Treatment Plants

WASD's wastewater treatment and disposal system consists of three regional treatment plants including the North District Wastewater Treatment Plant at Interama, the Central District Wastewater Treatment Plant at Virginia Key, and the South District Wastewater Treatment Plant at Black Point.

North District Wastewater Treatment Plant

The North District Wastewater Treatment Plant is a 112.5 million gallons per day facility built in the late 1970's. It is located at 2575 NE 156 Street in North Miami. It provides secondary treatment plus disinfection, the treated effluent is disposed of via an ocean outfall two miles off the coast and four deep injection wells. A portion of the treated flows receive additional treatment and are reused as irrigation water at the adjacent Florida International University Bay Vista campus. Due to the corrosive nature of sanitary sewage, and the proximity of this facility to the marine environment, structures and component parts of the treatment facility require extensive maintenance, and experience a shorter life than other similar facilities. Concrete structures, electrical equipment and pumps and motors are particularly susceptible to corrosion.

The picture below of an Oxygen Mixer at the North District Wastewater Treatment Plant which is evidence of the degree of deterioration that has taken place due to corrosion.



Oxygen Mixer with Broken Off Blades

Most Deteriorated & Vulnerable Sections of the Wastewater System

5

Below, Table 7 shows the most deteriorated and vulnerable sections of the North District Wastewater Treatment Plant which are estimated at \$178,936,000 to rehabilitate or retrofit. The proposed improvements were selected based on condition assessments performed and an in-depth review of the operational and maintenance records.

Table 7
North District Wastewater Treatment Plant – District 4

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Cost	*Status
Headworks Rehabilitation	Replacement of screens and upgrade of headworks will reduce rags problem and improve treatment process	\$ 24,589,000	DES
Plant-wide Electrical Rehabilitation	Loss of electrical controls or wiring could result in plant shutdowns, wastewater overflows and effluent violations.	\$ 22,973,000	DES/PR
Rehabilitate Effluent/Injection Well Pumps	Loss of pumping capacity or wetwell function will result in unpermitted effluent discharges into the surrounding wetlands.	\$ 17,992,000	PL
Oxygen Plant Rehabilitation	Loss of pure oxygen production will affect performance of secondary treatment process and result in effluent limit violations.	\$ 5,256,000	PR
Aeration Tanks Rehabilitation	Loss of aeration tank capacity will result in effluent limit violations.	\$ 14,602,000	PL
Primary Clarifier Rehabilitation and Odor Control Systems	Loss of primary clarifier capacity will increase workload of the secondary treatment process and will result in effluent limit violations. Control odors.	\$39,946,000	PL
Disinfection Retrofit – convert the disinfection system from gas chlorine to liquid hypochlorite	Chlorine gas presents significant health and safety risks which need to be averted.	\$13,503,000	PR
Yard Piping Retrofit – replacement of wastewater piping that interconnects throughout the plant	A rupture in the plant's yard piping system will result in sewage and/or sludge spill that may contaminate nearby surface waters.	\$4,075,000	PL
Secondary Clarifiers Rehabilitation	Loss of the secondary clarifier capacity will overload the remaining clarifiers and result in effluent limit violations.	\$36,000,000	PL
Total :		\$ 178,936,000	

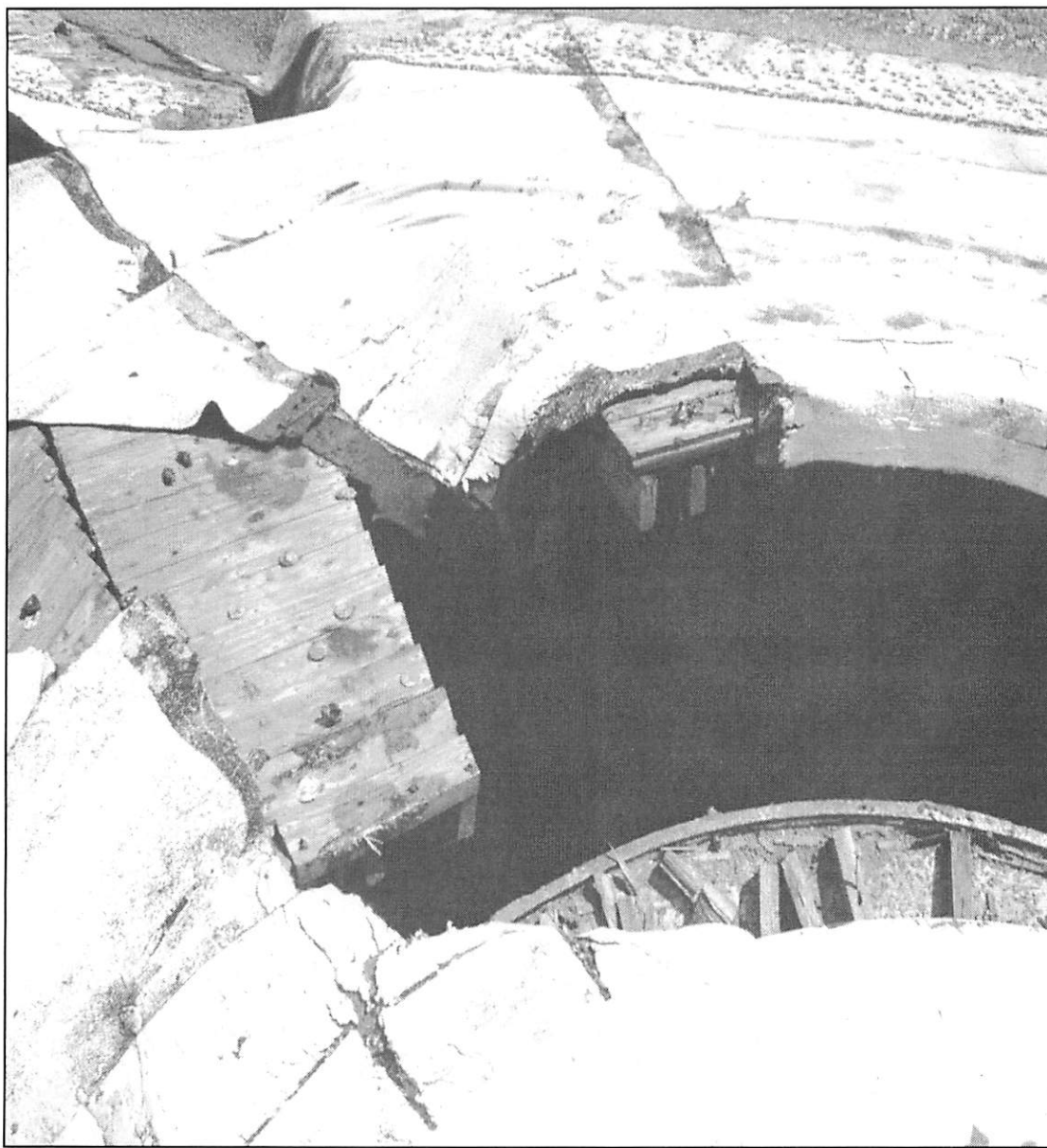
*Status - PL = Planning, DES = Design, PR = Procurement, CO = Construction

Central District Wastewater Treatment Plant

The Central District Wastewater Treatment Plant was built in the early 1950's. It is a 143 million gallons per day facility located at 3989 Rickenbacker Causeway in Virginia Key. The plant is the largest and oldest treatment plant in the County's system and provides secondary treatment plus disinfection. The treated effluent is discharged via an ocean outfall located three miles off the coast. Sludge is produced at this plant in addition to the sludge conveyed from the North District Wastewater Treatment Plant. It undergoes a process which generates methane gas used as fuel in a co-generation facility that produces approximately 40% of the electric power needs of the plant.

The age of the plant, the corrosive nature of sewage, and the impact of additional treatment processes on the facilities, along with the significant flows the plant receives from the Barrier Islands (Miami Beach, Surfside, Bal Harbour, Bay Harbor Islands and Key Biscayne) causes the Central District Wastewater Treatment Plant to have extensive rehabilitation needs.

The photo below is representative of the conditions of one of the anaerobic digesters after its roof structurally collapsed.



Collapsed Roof of Digester Tank 1 at the Central District Wastewater Plant

Most Deteriorated & Vulnerable Sections of the Wastewater System

5

Table 8 shows the most deteriorated and vulnerable sections of the Central District Wastewater Treatment Plant estimated at \$208,046,000. The proposed improvements are on condition assessments performed and a thorough review of operational and maintenance records.

**Table 8
Central District Wastewater Treatment Plant – District 7**

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Cost	*Status
Aeration Process Rehabilitation Plant 1 & 2	Loss of aeration tank capacity will result in effluent limit violations.	\$ 12,620,000	PR
Replacement of Return Activate Sludge Pump Stations Plant 1 & 2 – including Piping and Motor Control Centers	Loss of return sludge pumping capacity will result in effluent limit violations.	\$ 17,965,000	DES
Digester Cluster Rehabilitation Plant 1 & 2 - Roofs, Concrete Structures, Recirculation and Transfer Pumps, Mixers and Electrical Systems	Loss of digestion capacity will result in a decline of bio/gas methane production for power generation and unstable sludge that will require landfill disposal.	\$ 74,140,000	PL/DES/PR
Plant-wide Electrical Rehabilitation	Loss of electrical controls or wiring could result in plant shutdowns, wastewater overflows and effluent violations.	\$ 19,674,000	DES/PR
Structural Rehabilitation of Dewatering Building	Injury to personnel and damage to sludge hauling trucks if hit by falling concrete debris.	\$ 10,600,000	DES
Headworks Rehabilitation and Upgrade	Lack of screens result in accumulation of rags and plastics which lead to treatment process failure and effluent violations.	\$ 31,359,000	PL
Concentrator Cluster Rehabilitation - Plant 1 & 2	Failure of sludge thickening will result in overloading of the secondary treatment and effluent violations.	\$ 9,931,000	PL
Effluent Pump Replacement	Loss of sufficient pumping capacity will result in unpermitted effluent discharge into the surrounding surface waters.	\$ 8,100,000	PL
Oxygen Plant Process Controls Phase 2	Loss of pure oxygen production will affect performance of secondary treatment process and result in effluent limit violations.	\$ 450,000	PR
Replacement of Chlorine Gas Storage, Liquid Chlorination and Dosing System with Hypochlorite Facility	Failure of existing chlorine gas storage system could lead to an unregulated discharge of chlorine gas and exposure to plant personnel and community.	\$ 13,503,000	PL
Replacement of Gas Monitoring and Alarms	Lack of adequate gas monitors could lead to health and safety problems for plant personnel.	\$ 306,000	PL
Ventilation Improvements	Sufficient ventilation in hazardous areas is required to meet National Fire Protection Association 820.	\$ 2,025,000	PL
Replacement of Walkways and Stairways	Personnel could suffer falling injuries from eroding concrete and corroding metal.	\$ 450,000	PR
Odor Control Buildings Motor Control Center Replacement	Lack of properly functioning odor control systems lead to nuisance complaints from visitors and nearby residents.	\$ 6,923,000	DES
Total:		\$208,046,000	

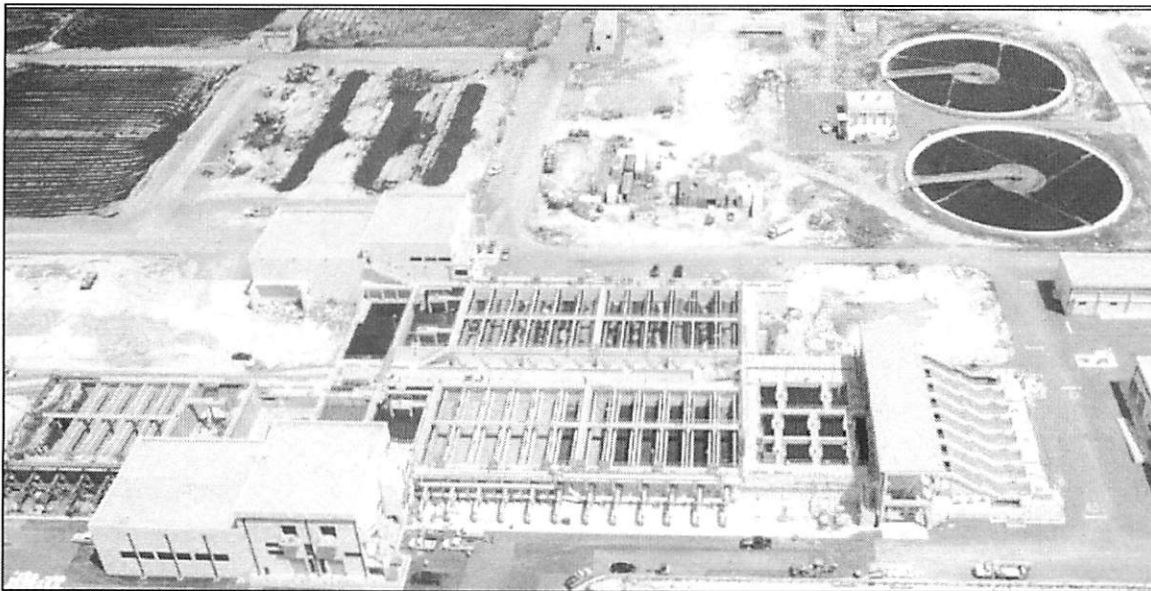
*Status - PL = Planning, DES = Design, PR = Procurement, CO = Construction

South District Wastewater Treatment Plant

The South District Wastewater Treatment Plant located at 8950 SW 232 Street is rated as 112.5 million gallons per day facility. It is the Department's newest wastewater treatment facility which began its operations in the early 1980's. Like the North and Central District Wastewater Treatment Plants, the South District Wastewater Treatment Plant is located along the coast, which makes it more susceptible to deterioration of its component parts.

The plant was designed to provide secondary treatment plus disinfection and discharges its treated effluent via deep injection wells. Like the other wastewater treatment plants, sludge is produced during the treatment process and the methane produced fuels co-generation equipment which supplies approximately 20% of the plant's electric power needs.

Presently, the South District Wastewater Treatment Plant is undergoing a major regulatory-mandated upgrade with an estimated total of over \$600 million known as the High Level Disinfection Upgrade. The upgrade consists of additional secondary treatment facilities, new tertiary filters and a more robust disinfection process that includes the on-site generation of liquid hypochlorite. The picture below illustrates the newly constructed filter system and the clarifiers at the High Level Disinfection Facility.



Construction of a deep bed sand filter system consisting of 30 cells, a width of 15.25 feet each and a length of 88 feet each. The depth of sand is 6 feet. This process is used to remove even more suspended solids after the clarifiers.



The addition of four new clarifiers to the High Level Disinfection Facility, each one is 195 feet in diameter. Also, six existing clarifiers have been rehabilitated. These improvements will improve the secondary process reliability and increase the hydraulic capacity of the plant to 285 million gallons per day. Secondary clarifiers or settling tanks allow the activated sludge (bacteria) and other fine material (suspended solids) to settle out.

Because of the age of the South District Wastewater Treatment Plant, and the extensive scope of work associated with the high level disinfection projects upgrades, this plant's condition is better than the other two. However, there are structures, processes and equipment which have deteriorated and require immediate attention. These are primarily the replacement of electrical equipment, the rehabilitation of some structural components and mechanical systems, and the replacement of the existing "temporary" dewatering facility.

The proposed improvements were selected based on condition assessments performed and a comprehensive review of the plant's operational and maintenance records. The total cost of these proposed projects has been estimated at \$89,220,000, they are noted on the next page in Table 9.

Most Deteriorated & Vulnerable Sections of the Wastewater System

5

Table 9
South District Wastewater Treatment Plant – District 8

Most Deteriorated & Vulnerable Sections	Project Need	Estimated Cost	*Status
Aeration Process Rehabilitation Plant 1 & 2	Loss of aeration tank capacity will result in effluent limit violations.	\$14,040,000	PR
Digester Roof Rehabilitation and Digester Tank Cleaning, Structural Rehabilitation and Coating, Sludge Mixers Improvements	Loss of digestion capacity will result in a decline of bio/gas methane production for power generation and unstable sludge that will require landfill disposal.	\$35,082,000	PL
Plant-wide Electrical Rehabilitation including Wiring	Loss of electrical controls or wiring could result in plant shutdowns, wastewater overflows and effluent violations.	\$ 6,615,000	DES
Oxygen Plant Air Compressor Replacement	Loss of oxygen production will affect performance of secondary treatment process and result in effluent limit violations.	\$ 1,935,000	PR
Dewatering Building Replacement	Improper sludge dewatering results in solids accumulation affecting treatment process which cause effluent violations.	\$13,167,000	PL
Wet Well Chambers 2-4: Effluent Pump Station Rehabilitation	Loss of pumping capacity results in unpermitted effluent discharge into the surrounding waters.	\$ 7,735,000	PL
Upgrade Odor Control System	Lack of properly functioning odor control systems lead to nuisance complaints from visitors and nearby residents.	\$ 6,326,000	PL
Chlorine Contact Chamber Structural Rehabilitation	Structural failure of a chlorine contact chamber would lead to a lack of disinfection contact time which is an effluent violation.	\$ 4,320,000	PL
Total:		\$89,220,000	

*Status - PL = Planning, DES = Design, PR = Procurement, CO = Construction

Most Recent Sewer Pipe Breaks

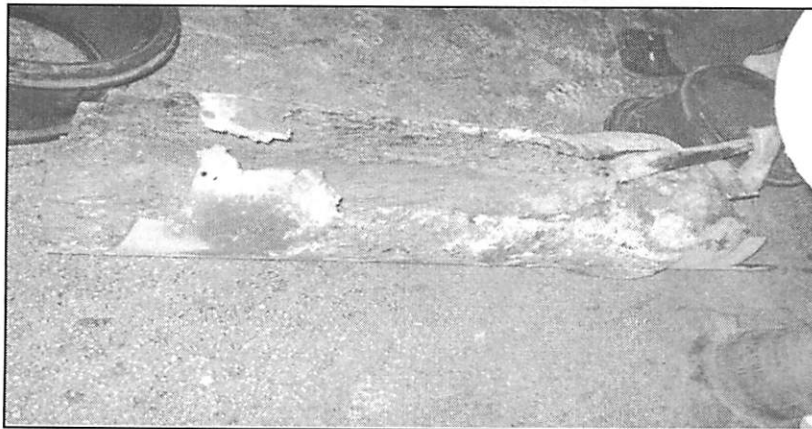
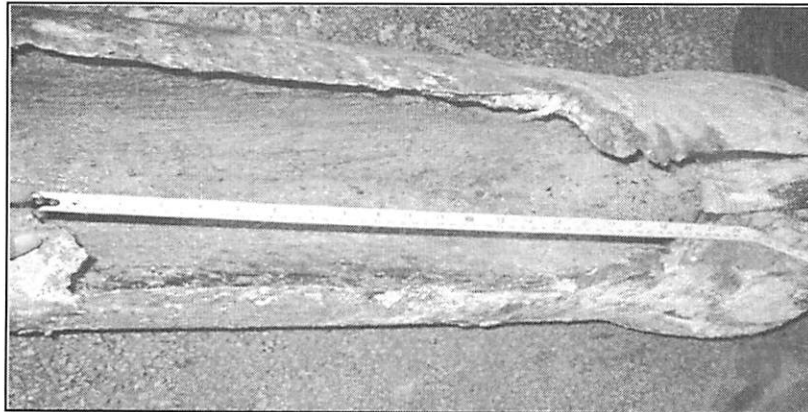
1. June 2010 - 72-inch sewer force main ruptured at NW 18 Avenue and NW 157 Street discharging more than 20 million gallons of raw sewage. The entire pipeline was evaluated, 1 ½ miles were re-lined, and the remaining 3 miles are being evaluated for different rehabilitation options.



2. October 2010 – 12-inch asbestos cement pipe sewer force main at SW 112 Avenue and SW 107 Street ruptured discharging 1,432,770 gallons of sewage. WASD is in the process of identifying all asbestos cement force mains in its system to schedule their replacement.



3. November 2010 – 12-inch sewer force main at SW 87 Avenue and SW 92 Street, discharging 3,243,471 gallons of sewage. An engineering evaluation of rehabilitation alternatives is being conducted.



4. July 2011 – 24-inch sewer force main at NW 37 Avenue & NW 21 Street, a sewage spill of less than 1000 gallons. The significance of this sewer line break has to do with the location of the pipeline. It is located under and within the bridge support structure. An engineering evaluation of rehabilitation alternatives is being conducted.



Funding Sources

In the 1970's when much of the regional wastewater system was constructed following adoption of the Clean Water Act in 1972, substantial federal grants covering 75% of project costs were available to assist local utilities in meeting the requirements of the Clean Water Act. Today, when much of that infrastructure needs rehabilitation or replacement, there are virtually no comparable grants available. For both water and sewer projects there are limited borrowing opportunities through the State Revolving Loan Funds supported by the Environmental Protection Agency with matching State funds administered by the Department of Environmental Protection. Typically annual borrowing for qualified projects is capped at \$10 million per utility, and WASD has been taking advantage of these below-market-rate opportunities. Some utilities utilize a special monthly surcharge (typically with different amounts based upon residential and commercial customers or the volume used by various customer classes) for a specified time period to raise funds for particular projects.

The most common approach to financing utility infrastructure needs is establishment of a "Renewal and Replacement Fund" that is replenished each year from revenues to address the annual "Renewal and Replacement" needs of the utility's capital assets. This type of cash funding is often used in combination with conventional revenue bond borrowing and use of plant expansion funds for large capital projects either to meet new needs or new regulatory requirements or to replace outdated infrastructure.

Plant expansion funds (also known as connection charges) become available when new customers connect to the system and pay their fair share of the treatment and regional transmission capacity. These funds can be used to finance plant expansions and regional transmission and collection system components. Developers normally provide contributed assets to the utility for strictly local collection and transmission improvements that are needed to serve their projects, although sometimes these types of improvements are made with special basin charges.

Private financing to meet short term project construction needs can be done, but usually at higher borrowing costs than those associated with tax exempt bonds.

All types of borrowing require dedicated reserves and revenues sufficient to service debt, operations, maintenance, and asset management at a level sufficient to protect the long term interests of bondholders, as required by the County's master bond ordinance. In addition, the maintenance of non-dedicated reserves (the General Reserve Fund and the Rate Stabilization Fund) at consistent levels is an important factor in bond ratings. If those funds are depleted, long term borrowing costs can increase very substantially.

The projects identified in this report are of the highest priority and are all of equal importance. As such, they are or will be included in WASD's Multi-Year Capital Plan as projects that are either funded from the "Renewal and Replacement" fund, grants, state loans, plant expansion fund, and/or from future bond sales. At some point the sale of future bonds becomes contingent upon revenue adjustments sufficient for

reserve coverages and debt service. These revenue forecasts and assumptions are included each year in the multi-year revenue and rate forecasts that are part of the annual budget process.

For the wastewater projects identified in this report, the schedules and phasing are not yet established because this is a topic of negotiation with the Environmental Protection Agency. The project schedules will determine the revenue flows needed to support design and construction. The WASD budget proposal FY 2012-13, and more particularly the multi-year capital plan associated with that proposal, will reflect the priority projects included in this report and the revenue recommendations needed to support those projects. In the meantime, work will carry on under the present budget to continue the assessment of the critical pipelines, the replacement of the Government Cut pipeline, and the advancement of several other projects described herein.

Implementation of the proposed capital program is also an important factor in accomplishing the goal. The most successful business model in recent years has been a combined process of staff oversight and contracted services for project planning, design, construction management, and construction typified by the High Level Disinfection project at the South District Wastewater Treatment plant. Taken together, the 14 contracts comprising this highly complex effort are being executed ahead of schedule and under original budget estimates.

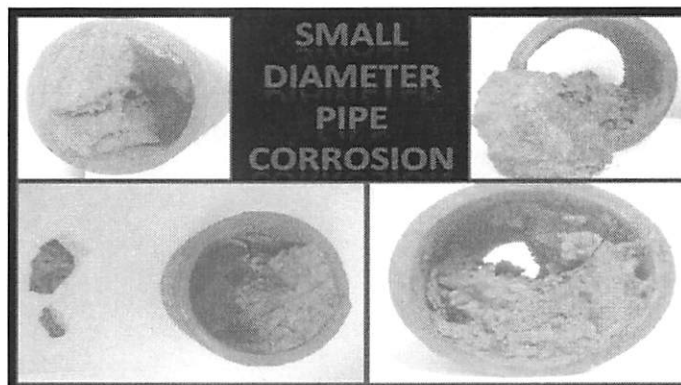
Moving forward with the project needs reflected in this report and the longer term projects such as eliminating the use of the ocean outfalls will require adequate staff oversight resources, contracted resources, and accelerated procurement procedures similar to Ordinance 07-108. In addition, the use of contractor pools to meet the timeframes associated with system replacement needs and regulatory deadlines that already exist or that may become part of a new consent order will facilitate meeting project schedules.

WASD is re-organizing to some extent to focus these capital improvement resources more directly within the water business line and the wastewater business line so that these immediate project needs can be most effectively met with minimum disruption to customers, the economy, and the environment.

Other Critical Capital Projects

As directed, this report highlights the most immediate and critical infrastructure rehabilitation and replacement projects needed to avoid catastrophic failures within the regional water and sewer system. There are many additional capital project needs identified in WASD's Multi-Year Capital Budget over the next 15 years. These projects are driven by regulatory requirements, future capacity needs, and longer term renewal and replacement needs.

Significant water projects in this category include new water treatment facilities at the Northwest Wellfield to replace the Hialeah Water Treatment Plant and to meet the more rigorous surface water treatment requirements, completion of the South Miami Heights Water Treatment Plant, components of which have already been constructed, to replace several small systems and meet present and future needs in the southern service area, and replacement of more than 600 miles of water distribution lines that are less than 4-inches in diameter and are not capable of providing adequate service, as illustrated by the accompanying photograph of a corroded small diameter water line. Just these few important water projects are estimated to have a present cost of approximately \$2 billion.



On the wastewater side, the facilities that will be required to cease using the ocean outfalls for treated wastewater disposal on a routine basis are not included in this report. The combination of treatment plant additions and modifications with changes that are likely to be required in the collection system will be in the billions of dollars by the 2025 compliance date. A plan outlining these needs is due to the Florida Department of Environmental Protection by July of 2013. Projects included in this report have been identified with consideration of these longer term requirements to avoid as much as possible any investments that will not also serve the longer range needs of the system. This coordination is also part of the on-going discussion with the Environmental Protection Agency in terms of the infrastructure rehabilitation projects that are likely to be part of a new consent agreement. All of these needs will continue to be included in WASD's multi-year capital plan that is updated annually as part of the budget process.

ATTACHMENT

“13b”

LOCAL & STATE

B

The Miami Herald



WEDNESDAY, JULY 25, 2012 | EDITOR: JAY DUCASSI | jducassi@miamiherald.com | 305-376-3557

H1*

IN MY OPINION

Fabiola
Santiago

fsantiago@miamiherald.com



*Another voice
for free Cuba
is silenced*

When Oswaldo Payá Sardiñas left the bayfront conference room at The Miami Herald on that clear winter day in January of 2003, many of the journalists who gathered to meet him felt we had been in the presence of someone special — a human-rights stalwart with resolute ideas and the potential to lead Cuba into a peaceful, prosperous future.

I remember thinking that, after four-plus decades of dictatorship, this was the kind of leader Cubans deserved — an eloquent yet level-headed man whose force was not loud rhetoric or pandering, but an unflinching determination to make the powerful listen to the

MIAMI-DADE COUNTY

County faces \$1.1B water bill

■ A study by the Water and Sewer Department says deteriorated water and sewage treatment plants, along with aging pipes, require immediate and extensive repairs.

BY CHARLES RABIN

crabin@miamiherald.com

Miami-Dade County's three main water treatment plants and nearly 14,000 miles of pipelines are so outdated it would take more than \$1.1 billion just to replace the "most deteriorated, vulnerable sections" of the system, a newly re-

leased internal study shows.

Corrosion is so pervasive in the county's water and sewage treatment plants, and in the pipes that move water and sewage, that initial repairs could take from three to eight years, the five-month study found.

Each day 300 million gallons of

waste and 459 million gallons of drinking water pass through the county's system — the 10th largest water-and-sewer utility in the nation.

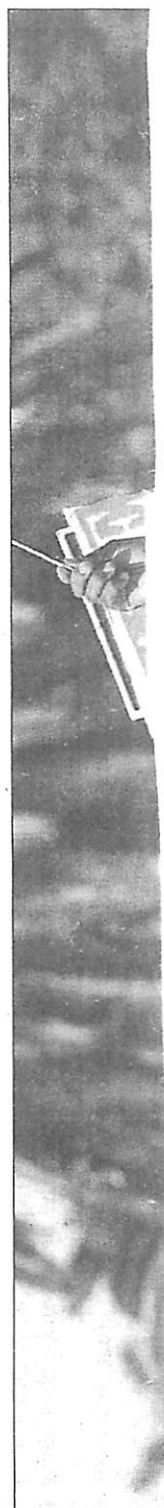
"The infrastructure we have out there is aged," said John Renfrow, director of the water and sewer department. "Many of the pipes with leaks out there were built at the same time. It reminds me of an apartment where all the lights are put in at the same time, and you

know how all the lights go out at the same time."

Federal regulators told, the county two months ago that it must perform repairs and upgrades. The U.S. Environmental Protection Agency and Department of Justice, along with the state Department of Environmental Protection, are expected to take an additional four months discuss-

• TURN TO WATER, 2B

A PUSH TO PUSH UP WAGES



FLA. LOTTERY RESULTS

SELECTED TUESDAY, JULY 24		
Midday Cash 3	1-2-6	
Midday Play 4	9-3-5-7	
Night Cash 3	0-3-5	
Night Play 4	9-7-9-5	
Mega Money	11-20-21-43 +1	
Fantasy 5	1-6-14-28-33	

MONDAY, JULY 23		
FANTASY 5: 6-14-21-29-36		
CORRECT	PAYOFF	WINNERS
5 of 5	\$197,823.09	1
4 of 5	\$113	282
3 of 5	\$10.50	8,426

SUNDAY, JULY 22		
FANTASY 5: 2-10-11-14-18		
CORRECT	PAYOFF	WINNERS
5 of 5	\$57,429.67	3
4 of 5	\$89	312
3 of 5	\$8.50	8,961

SATURDAY, JULY 21		
FANTASY 5: 8-10-11-22-27		
CORRECT	PAYOFF	WINNERS
5 of 5	\$263,733.74	1
4 of 5	\$90.50	470

LOTTO: 10-14-15-31-34-50 (Xtra: x5)		
CORRECT	PAYOFF	WINNERS
6 of 6	Rollover	0
5 of 6	\$6,402.50	25
4 of 6	\$85.50	1,621
Wednesday's jackpot: \$8 million		

CONTACT US

SUBSCRIBER SERVICE
1-800-843-4372
www.MiamiHerald.com/service

Is your paper missing? If your paper is not delivered by 6 a.m. (7:30 a.m. weekends and holidays) in Miami-Dade or Broward, call 1-800-843-4372 to have a replacement delivered the next day or to request a credit.

Customer service hours:
Monday-Thursday: 7 a.m.-6:30 p.m.
Friday: 7 a.m.-3:30 p.m.
Weekends and holidays: 7-11 a.m.

MIAMI-DADE COUNTY

Water-sewer repair tab: \$1.1B

• WATER, FROM 1B

ing with Miami-Dade officials how to fix and pay for a system that Renfrow said is "being held together by chewing gum."

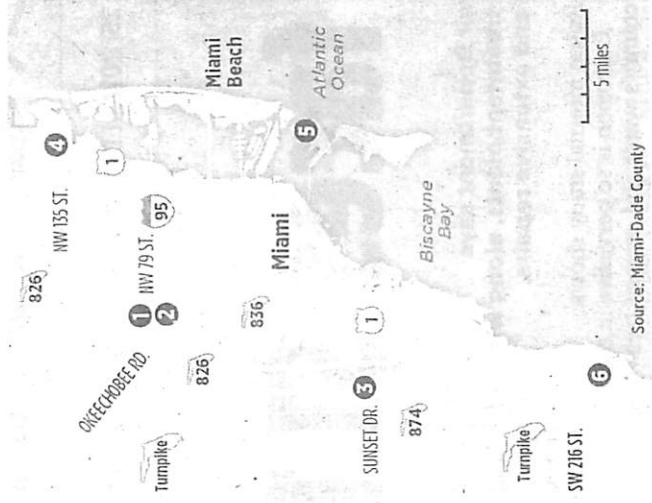
The study, requested by Commissioner Barbara Jordan, shows the majority of the initial fixes — about \$736 million of immediate work — is needed for sewer lines. Water lines would take an additional \$364 million to repair.

The county's main water treatment in Hialeah, and two sewage plants, on Virginia Key and in South Miami-Dade, are 56, 45 and 87 years old, respectively.

Fixing wire and concrete erosion in pipes would cost about \$10 million, and fixing water mains, tanks and pumps would cost \$129.4 million, the study estimated.

Using Hialeah's John E. Preston water treatment plant as a typical example, the report noted that it "has numerous mechanical, electrical and process components which have exceeded the end of their useful economic service lives, which is usually 20 years." A picture in the report shows a collapsed interior wall in the

- sewer coffers this year is a



Miami-Dade's aging water and sewer system

Water Treatment Plants / Repair costs

- 1 Hialeah, 700 W. Second Ave. \$37 million
- 2 John E. Preston, 1100 W. Second Ave., Hialeah, \$76.2 million
- 3 Alexander Orr Jr., 6800 SW 87th Ave. \$111.3 million

Sewage Treatment Plants / Repair costs

- 4 North District, 2575 NE 156th St. \$78.9 million
- 5 Central District, Virginia Key \$208 million
- 6 South District, 8950 SW 232nd St. \$89.2 million.

M. RUIZ, MIAMI HERALD

main gave way in Little Haiti, leaving several families distraught and in search of a place to stay until their homes dry out.

Renfrow said his department would pay for home repairs.

"The funny thing is, we checked the Little Haiti pipes in June for leaks. We didn't miss anything," he said. "The material is just old. It's just going to break."

Similar main breaks were the focus of warning letters sent by federal authorities to the county from 2010 through May, when they finally came calling. The let- ters warned of possible civil penalties of up to \$10,000 a day.

Talks between the county and the feds are expected to lead to an agreement over repairs and upgrades, as well as the funding mechanism.

"How it will be paid for will be figured out by us," Gimenez said.

The report notes that the funding methods are not likely to be similar to the early 1970s, when Congress passed the Clean Water Act and grants were available for about 75 percent of re- pairs.

good start. That money, if left untouched each year un-

The county's aging sys- tem — not unlike similar systems in most major cities throughout the United States — is in such disrepair that it has ruptured at least 65 times over the past two years, spilling more than 47 million gallons of untreated human waste into water- ways and streets from one end of the county to the oth- er.

Just this week a 36-inch

plant, which has been in op- eration since 1966.

County Mayor Carlos Gi- menez said that not much in the report surprised him.

Gimenez, Renfrow and several commissioners agree it will take a combina- tion of rate hikes, grants and revenue bonds to bring the system up to date.

They said a budget deci- sion to forgo borrowing \$25 million from the water and - sewer coffers this year is a

ATTACHMENT

“13c”

OPINION

JOHN S. KNIGHT (1994-1998)

DAVID LANDSBERG, PUBLISHER | AMANDA MARQUES GONZALEZ, EXECUTIVE EDITOR | MYRIAM MARQUEZ, EDITORIAL PAGE EDITOR

JAMES L. KNIGHT (1909-1999)

THE MIAMI HERALD | EDITORIAL

Fix this stinky mess

OUR OPINION: Water and sewer fixes demand action — and a fee hike

A broken water line in Little Haiti floods homes and some streets waist-high. The aging wastewater treatment plant on Virginia Key spills 19 million gallons of untreated waste into the ocean. A water main break in Hialeah creates a sinkhole. A burst pipe pours untreated sewage straight into Biscayne Bay.

Over the past two years broken sewer pipes have spewed 47 million gallons of stinky waste onto roads and homes and into Miami-Dade waterways all the way from farmlands in the southern tip of the county to the northern border with Broward, which also is facing major sewer system breakdowns.

With 7,500 miles of sewer lines built into Miami-Dade County's antiquated system, which is a half-

century old in some sections, and with 15 municipal water and/or sewer utilities and the county's Water and Sewer Department responsible for the upgrades, there has been a lot of finger-pointing but little action to tackle this billion-dollar mess. Indeed, 20 years ago a Miami-Dade grand jury warned that "the Miami River and Biscayne Bay would experience the worst environmental catastrophes in modern history" if nothing got done.

Now, the Environmental Protection Agency is demanding action and the county is in negotiations with federal authorities to come up with a solid plan to fix the treatment plants and faulty pipes.

The last time EPA stepped in because of the county's neglect

was in 1996 when stormwater drainage problems were harming the Miami River and Biscayne Bay. The county has spent \$600 million over that time, saving about 100 million gallons of water a day.

Yet the sewer part of the job keeps getting put off — at residents' peril and with great economic risk to the area's vibrant tourism industry. Instead of having a pro-active program that repairs aging pipes and upgrades wastewater stations, the county for years used excess money from the residents' sewer fees to balance the county's overall budget.

It's time to increase fees and target that money directly to the repairs that are needed. As it is, the fees county water users pay are among the lowest of any compara-

ble-sized area.

Whether Miami-Dade Mayor Carlos Gimenez is re-elected or Commission Chairman Joe Martinez gets the voters' nod, the most important issue affecting the health, safety and economic well-being of the county's residents is the antiquated water and sewer system.

Last year, Mr. Gimenez offered a budget that took \$25 million from the sewer funds as a "loan" to balance the county's books — an effort aimed at not having to lay off more county workers or reduce crucial services to residents. This year's budget proposal does not dip into the sewer funds and the loan will start getting repaid in 2014. That's the right thing to do.

Complicating the problem are

about 100 miles of substandard piping laid out by a now-defunct company, including the sewer main running under Government Cut to Virginia Key — a potential catastrophe for this area's tourism.

Mr. Gimenez and Mr. Martinez have pledged to work on a solution, and Mr. Gimenez's proposed budget includes fee increases that would be staggered over several years to help pay for the upgrades. The mayor also says the county can bond about \$300 million and is working with the EPA to come up with a plan to meet federal clean water requirements. Good.

True, this is an inherited mess. Past administrations delayed the inevitable. But no more excuses. Let's fix this economic disaster in the making. It's past time.

ATTACHMENT

“14”

RESOLUTION NO. 12- 2086

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA APPROVING WORK AUTHORIZATION NO. 53; A TWO PHASE WORK AUTHORIZATION TO INCLUDE TRAFFIC CALMING AND SEAWALL INSPECTION; AUTHORIZING THE TOWN MANAGER TO TAKE ANY NECESSARY ACTION AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town of Surfside wishes to improve traffic flow within the Town limits and to determine the status of Town owned seawalls to avoid failure due to long term neglect; and

WHEREAS, as part of a TWO phase Work Authorization No. 53 (attached as "Exhibit A") Calvin, Giordano and Associates, Inc. will analyze data collected from the traffic analysis, and perform plan review and on-site inspections of the Town owned seawalls; and

WHEREAS, it is in the best interest of the Town to approve Work Authorization No. 53.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA:

Section 1. Recitals. The above recitals are true and correct and incorporated into this Resolution by this reference.

Section 2. Approval. That the Commission approves and authorizes Work Order No. 53 attached as "Exhibit A" without No. III.

Section 3. Authorization of Town Officials. The Town Manager is hereby authorized to take all steps necessary to complete the execution of the terms of this Resolution.

Section 4. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 8th day of May 2012.

Motion by Commissioner Lisbon, Second by ^{Vice Mayor} Commissioner Karukin.

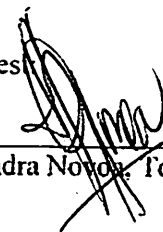
FINAL VOTE ON ADOPTION

Commissioner Michelle Kligman	<u>NO</u>
Commissioner Sheldon Lisbon	<u>YES</u>
Commissioner Marta Olchyk	<u>Absent</u>
Vice Mayor Michael Karukin	<u>YES</u>
Mayor Daniel Dietch	<u>YES</u>




Daniel Dietch, Mayor

Attest



Sandra Novak, Town Clerk

**Approved as to form and legal sufficiency
For the Town of Surfside only:**



Lynn M. Dannheisser
Town Attorney



Town of Surfside Commission Communication

Agenda Item #: 5G

Agenda Date: May 8, 2012

Subject: Three Phase Work Authorization to include Traffic Calming, Seawall Inspection and Landscape Architecture

Objective: To improve local traffic flow within the Town limits, improve the aesthetic appearance of street ends and traffic circles and, to determine the status of Town owned seawalls to avoid failure due to long term neglect.

Background:

Phase I: Calvin, Giordano & Associates, Inc. (CGA) has provided conceptual designs for traffic calming devices to replace the existing curb median on 88th Street. After review and discussion with CGA it has been determined that traffic calming Town-wide could be improved by analyzing data collected from traffic analysis to perform the following tasks:

1. Speed Table Analysis
2. Traffic Circle Analysis
3. Signal Timing Analysis
4. Left-Turn Bay Analysis
5. Traffic Analysis

From the data collected during the traffic counts, CGA will compile a Final Report which will include the data, all reports/analysis and suggested recommendations for improving traffic flow and movement. A traffic model for the entire Town will be developed that can be used to support analysis of new major developments in the future, most importantly, this study will provide the tools necessary to enter negotiations with Bal Harbour Shops expansion subject

Phase II: CGA will perform plan review and on-site inspections to determine the status of the structural and aesthetic portions of the Town owned seawalls which are located at mostly street ends on the south and west sides of Town. These inspections shall include:

1. Landside visual inspections of existing wall and cap face.
2. In-water (snorkel gear) inspections to evaluate sheet pile condition in the intertidal zone.

3. Subsurface inspection of three tie rods behind the seawall.

CGA will prepare a full report with plans, sketches and photographs documenting the condition of each wall and provide recommendation for maintenance/repairs, if needed, to avoid larger deferred maintenance costs. It is important to note that a permit to repair a seawall is much easier to obtain as well as much less expensive to construct than a complete seawall demolition and replacement. Also, a comprehensive program greatly lowers the per foot repair cost since mobilization is also absorbed across a broad spectrum of repairs.

Phase III: CGA's Landscape Architect (LA) will perform on-site inspections of existing conditions of the street ends and traffic circles to document existing conditions and surrounding vegetation. The LA will work closely with the Traffic Engineers to ensure all plantings meet clear zone and site line traffic guidelines. The LA will present conceptual designs to the Town to include paving treatments, planting concepts and other design enhancements. Having the work ready to bid will help accelerate the aesthetic recovery of the Town once the water/sewer/storm drainage project is complete. It will also give us cost estimates to use in our negotiations with the Bal Harbour Shops as mitigation for their impacts on the north side of the Town.

Analysis: Phase I of the work being proposed will improve the quality of life throughout Town by slowing traffic to reduce the probability of non-residents using streets in the single family neighborhood.

Phase II of the work is being proposed to ensure that the Town performs all required maintenance when needed. If items like the seawalls are ignored, the deferred maintenance can end up costing the Town much more in the long run. The exact age of these seawalls and the subsurface condition is unknown at this time, however, there is substantial deterioration from a visual landside observation.

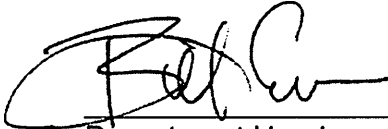
Phase III of the work is being proposed to enhance the aesthetics of the Town. The conceptual designs will be presented and discussed at future Town Commission meetings to provide direction and guidance to staff. Contiguous neighbors will be much involved in the design as they were in the 88th Street/Byron and Carlyle design. The enhanced street ends will not only be more aesthetically pleasing, they will also be brought up to Miami Dade Traffic Codes.

Budget Impact: The total impact to the budget will be a not to exceed \$90,640. The funds are available in the contingency for the water/sewer/storm drainage project. It should be clear that this is preparatory work and that the determination to build will not be made until the water/sewer/storm drainage project is complete.


Growth Impact: N/A

Staff Impact: The project team will report to Bill Evans, Public Works Director and Roger M. Carlton, Town Manager.

Recommendation: It is recommended that the Town Commission approve the execution of the work authorization for a not to exceed amount of \$90,640 to provide engineering services for the design of street ends, study of traffic calming and analysis of all Town owned sea walls.

A handwritten signature in black ink, appearing to be "Ed C.", written over a horizontal line.

Department Head

A handwritten signature in black ink, appearing to be "Mike Ant", written over a horizontal line.

Town Manager



Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS

Date: May 1, 2012

Mr. Roger M. Carlton
Town Manager
TOWN OF SURFSIDE
9293 Harding Avenue
Surfside, FL 33154

RE: Work Authorization No. 53
Town Wide Traffic Study & Analysis (3 Phases)
CGA Proposal No. 12-4952

Dear Mr. Carlton,

Enclosed for your review and approval is Work Authorization No. 53 for Town Wide Traffic Study & Analysis (3 Phases). The scope of the project includes Town Wide Traffic Study & Analysis (3 Phases).

The Scope of Services to be furnished under this Work Authorization includes Government Consulting, Landscape Architecture and Traffic Engineering as shown on the attached Work Authorization.

The Basis of Compensation is hourly based upon the established rates pursuant to the Professional Services Agreement between the Town and CGA, plus reimbursables, for a total not to exceed \$90,640.20.

Sincerely,

CALVIN, GIORDANO & ASSOCIATES, INC.

Shelley Eichner, AICP
Senior Vice President

Building Code Services
Code Enforcement
Construction Engineering & Inspection
Construction Services
Contract Government
Data Technologies & Development
Emergency Management Services
Engineering
Governmental Services
Indoor Air Quality
Landscape Architecture & Environmental Services
Municipal Engineering
Planning
Public Administration
Redevelopment & Urban Design
Surveying & Mapping
Transportation Planning & Traffic Engineering
Utility & Community Maintenance Services

1800 Eller Drive, Suite 600
Fort Lauderdale, FL 33316
Phone: 954.921.7781
Fax: 954.921.8807

www.calvin-giordano.com

Fort Lauderdale

West Palm Beach

Port St. Lucie

Homestead

Clearwater

Jacksonville

Atlanta

TOWN OF SURFSIDE

Town Wide Traffic Study & Analysis (3 Phases)

PROJECT DESCRIPTION

1. SCOPE OF SERVICES

Calvin, Giordano & Associates, Inc. will perform the following services based on our understanding of the project requirements:

I. Professional Engineering Services

A. Traffic Engineering

- 1. CGA will conduct a town-wide traffic analysis to determine appropriate applications for traffic calming and traffic control measures. The analysis will include the below listed tasks.**
 - **Data Collection:** CGA will conduct morning and evening peak-hour turning movement counts at up to fifteen (15) primary intersections throughout the Town. CGA will also conduct 24-hour traffic volume counts with speed data at up to ten (10) locations throughout the Town. In addition, CGA will compile relevant, available existing traffic count data conducted in association with various studies and projects previously submitted to the Town or conducted on behalf of the Town.
 - **Speed Table Analysis:** Based on results obtained during the data collection phase, CGA will determine if speed tables are warranted along primary corridors throughout the Town based upon prevailing traffic calming warrants established by Miami-Dade County.
 - **Traffic Circle Analysis:** CGA will conduct a traffic engineering analysis to determine if traffic circles are appropriate at up to eight (8) intersection locations throughout the Town. If appropriate, CGA will develop conceptual renderings of the traffic circles.

- **Signal Timing Analysis:** CGA will examine existing morning and evening peak-hour traffic signal timing at the intersections of 96th Street with Byron Avenue and the Bal Harbour Shops to determine if timing modifications would improve intersection operations. The existing lane configuration on Byron Avenue will also be considered to determine if modifications are appropriate. In addition, CGA will examine existing morning and evening peak-hour traffic signal timing at the intersections of 96th Street with Collins Avenue and Harding Avenue.
- **Left-turn Bay Analysis:** CGA will conduct an alternatives analysis for the inclusion of an east bound and/or west bound left-turn deceleration lane on 95th Street between Collins Avenue and Harding Avenue. Existing parking conditions will be considered within the assumptions. CGA will also examine 94th Street between Collins Avenue and Harding Avenue to determine if operational changes are warranted.
- **Traffic Analysis:** CGA will analyze existing traffic conditions as well as traffic conditions resulting from proposed roadway and intersection modifications to determine capacity issues. Where capacity issues arise, CGA will propose appropriate mitigation measures. CGA will utilize traffic modeling software, such as VISSIM or SYNCHRO to identify and illustrate existing and proposed traffic levels of service, as appropriate.
- **Final Report:** CGA will develop a final report detailing the findings of the traffic analysis and recommendations for intersection and roadway modifications. Proposed improvements will incorporate Town of Surfside Gateway Signage features and graphics, where appropriate.

2. Phase I Traffic Engineering Fees = \$49,550.80

II. Professional Government Consulting Services.

- A. Manage and coordinate efforts of all Phases of this proposal with both internal and sub consultant staff.
- B. Attend Public Meetings to discuss findings and recommendations for each Phase.
- C. Provide progress updates and milestones to Town Staff.

D. Seawall Inspections & Report of Findings

1. Coordinate with the City in an effort to locate copies of the construction plans for the bulkheads
2. Assuming no plans are located, prepare sketches of a typical street end and park wall sections to be used to report inspection observations. If plans are located, reproduce them for use with the inspection report base drawing(s).
3. Perform landside visual inspection of existing wall and cap face. Report any existing or potential problem areas such as spalling, openings between sheets, failure or weakening of tie back system and the condition of existing wall penetrations, walers, etc. Document observations with photographs and annotate plans or sketches.
4. Perform in water inspection (snorkel gear only) if needed to more closely evaluate sheet pile condition in the intertidal zone, wash-outs, waler condition, sheet pile displacement, and/or sheetpile corrosion.
5. Excavate up to three tie rods behind the wall to assess condition and approximate useful life of tie back system. Because of the buried nature of the tie back system, it is important to note that guarantees on the overall tie back system will be based on limited observations.
6. Prepare report with findings and recommendations

E. Phase II Seawall Inspection Fees = \$14,798.23

III. Professional Landscape Architecture Services

- A. Landscape beautification concepts for Street Ends. Up to ten locations are included in this scope.
- B. Graphics for "Typicals" where appropriate which shall include before and after images.
- C. Traffic circle beautification which shall include paving treatments, planting concepts or other design enhancements. Up to eight locations are included in this scope.

D. Note construction documentation and construction administration is not included in this scope, but can be included as an additional service to this contract upon request.

E. Landscape Beautification Phase: \$21,938.80

2. BASIS OF COMPENSATION:

Hourly rates with an estimated fee of \$86,324.00 plus reimbursables at \$4,316.20 with a total not to exceed amount of \$90,640.20. Payments to be made monthly.

3. SUBMITTED

Submitted by: _____ Date: _____
Shelley Eichner, AICP

4. APPROVAL

Approved by: _____ Date: _____
Roger M. Carlton, Town Manager

**TOWN OF SURFSIDE
WORK AUTHORIZATION ESTIMATE DATE**

WORK AUTHORIZATION NO. 53
PROJECT NAME Town Wide Traffic Study & Analysis (3 Phases)
 CGA Proposal No. 12-4952
DESCRIPTION Town Wide Traffic Study & Analysis (3 Phases)

TITLE	RATE	HOURS/UNITS	COST
Associate Construction	\$159.14	12	\$1,909.68
Associate Engineering VI	\$185.66	60	\$11,139.60
Consultant	\$153.00	40	\$6,120.00
Director Engineering V	\$159.14	0	\$0.00
Eng CADD Technician	\$84.87	37	\$3,140.19
Jr. Engineer I	\$90.18	342	\$30,841.56
Landscape CADD Technician	\$84.87	39	\$3,309.93
Project Manager IV	\$137.92	25	\$3,448.00
Sr Landscape Architect	\$122.00	153	\$18,666.00
			\$78,574.96

SUB-CONSULTANTS	COST
Traffic Count Consultant	\$7,750.00
	\$7,750.00

LABOR SUBTOTAL	\$86,324.96
REIMBURSABLE SUBTOTAL	\$4,316.25
TOTAL	\$90,641.21

Reviewed by: _____
 Roger M. Carlton, Town Manager



Calvin, Giordano & Associates, Inc.
EXCEPTIONAL SOLUTIONS

**TOWN OF SURFSIDE
PROFESSIONAL FEE SCHEDULE**

Principal	212.18
Executive Assistant	74.26

ENGINEERING

Associate, Engineering	185.66
Director, Engineering	159.14
Project Manager	137.92
Resident Inspector	127.31
Project Engineer	127.31
Engineer	106.09
Jr. Engineer	90.18
Senior CADD Technician	106.09
CADD Technician	84.87
Traffic Technician	79.57
Permit Administrator	79.57
Clerical	74.26

DATA TECH DEVELOPMENT

Associate, Data Tech Dev.	159.14
GIS Coordinator	137.92
GIS Specialist	116.70
Multi-Media 3D Developer	95.48
GIS Technician	84.87
Sr. Applications Developer	169.74
Applications Developer	127.31
Network Administration	137.92
System Support Specialist	116.70
IT Support Specialist	84.87

CONSTRUCTION

Associate, Construction	159.14
Construction Management Dir.	127.31
Senior Inspector	95.48

EMERGENCY MANAGEMENT

Director	137.92
Planner	95.48
Jr. Planner	79.57

PLANNING

Associate, Planning	159.14
Director of Planning	137.92
Planning Administrator	127.31
Assistant Director	116.70
Planner	95.48
Jr. Planner	79.57

EXPERT WITNESS

Principal/Associate	318.27
Registered Engineer/Surveyor	265.23
Project Engineer	212.18

LANDSCAPE ARCHITECT

Associate, Landscape	159.14
Senior Landscape Architect	122.00
Environmental Administrator	116.70
Landscape Architect	106.09
Environmental Specialist	95.48
Landscape CADD Technician	84.87
Environmental Assistant	74.26

SURVEYING

Associate, Surveying	169.74
Hydrographic Survey Crew	344.79
G.P.S. Survey Crew	148.53
Survey Crew	132.61
Senior Registered Surveyor	137.92
Survey Coordinator	90.18
CADD Technician	84.87
Submeter G.P.S	68.96

**MICROBIAL/INDOOR AIR
QUALITY SERVICES**

Sr. Environmental Scientist	106.09
Environmental Scientist	90.18

In addition to the hourly rates listed above, charges will include direct out-of-pocket expenses such as reproduction, overnight mail, and other reimbursables billed at a multiplier of 1.25.

Building Code Services
Code Enforcement
Construction Engineering & Inspection
Construction Services
Contract Government
Data Technologies & Development
Emergency Management Services
Engineering
Governmental Services
Indoor Air Quality
Landscape Architecture & Environmental Services
Municipal Engineering
Planning
Public Administration
Redevelopment & Urban Design
Surveying & Mapping
Transportation Planning & Traffic Engineering
Utility & Community Maintenance Services

1800 Eller Drive, Suite 600
Fort Lauderdale, FL 33316
Phone: 954.921.7781
Fax: 954.921.8807

www.calvin-giordano.com

http://firenet.calvin-giordano.com/Libraries/COA_-_Documents/Professional_Fee_Schedule_-_Surfside.sfb.esbx

Effective December 1, 2009

Fort Lauderdale

West Palm Beach

Port St. Lucie

Homestead

Clearwater

Jacksonville

Atlanta