



TOWN OF SURFSIDE
Office of the Town Manager
MUNICIPAL BUILDING
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LETTER TO COMMISSION

No.: 233-2025

To: Mayor Charles W. Burkett, Vice Mayor Tina Paul, and
Members of the Town Commission

From: Mark Blumstein, Town Manager *MB*

Date: July 28, 2025

Subject: **Undergrounding of Utilities Update**

The purpose of this Letter to Commission (LTC) is to update you on the anticipated costs to move the utilities overhead to underground throughout the Town (the "Project").

The Project was broken down into areas and the Town is poised to commence with Area 3 North, which represents the north end of Town from 93 Street to the south, to 96 Street to the north, and from Bay Drive to the west, to Collins Avenue to the east. The estimated cost for Area 3 North of the Project is right around **\$20M**. See attached spreadsheet from Kimley-Horn, the design professionals, at **Exhibit A** to this Memo.

At the request of Commissioner Vildostegui, I asked Kimley-Horn to provide the Town an estimate of cost for the balance of the Project throughout the remaining areas of Town, which are Area 2 Central and Area 1 South. We now have those numbers, which are estimated at right around **\$30M and \$29M**, respectively, inclusive of contingencies and assumed inflation. See **Exhibit A**.

Therefore, the present, estimated **total cost** for the Project is right around **\$79M**. See **Exhibit A**.

On or about 2022, the Town electorate approved a \$40M bond for the Project. Based on the current projections, the voter approved bond will cover about half the cost of the Project. We also now know the cost to the taxpayers to incur \$17M in debt, which represents the first loan to be approved to begin the Project in Area 3 North. To cover the annual principal and interest of said loan, the proposed millage is .2976. What this means to the average taxpayer and real property owner in Town is as follows:

ANNUAL DEBT SERVICE ON \$17M NOTE BASED ON ASSESSED VALUE
(\$1.5M/YR)

Assessed Value	Debt Service Millage	Annual Debt Service
\$500,000.00	0.2976	\$149
\$1,000,000.00	0.2976	\$298
\$10,000,000.00	0.2976	\$2,976.00
\$15,000,000.00	0.2976	\$4,464.00

The table above reflects the cost to a Surfside real property owner based on the assessed value of their real property. Each property owner should look at their property record maintained by the Miami-Dade Property Appraiser's Office (https://www.miamidadepa.gov/pa/property_search.asp) to determine their assessed value and then multiply that value by the millage of .2976 to determine the annual debt service on \$17M Town debt (e.g., \$500,000 x .0002976 = \$149/year).

To cover the foregoing, the Town is proposing to lower its operating millage rate from 4.00 to approximately 3.700 mills, such that the tax burden to residents is as it was last fiscal year.

Clearly, the Town will need to determine a funding mechanism to satisfy the balance due for the total Project. One such funding mechanism is another voter approved bond for another \$40M. Other funding mechanisms to secure further debt include a revenue bond pledging a non-ad valorem source, which is akin to an FPL franchise or utility tax. Yet another funding mechanism is to increase the operating millage rate. Bottom line is that additional funding will be necessary to complete the Project for the Town.

The good news is that the Town is flush with reserves, which at present exceed \$75M. It is recommended to borrow versus using reserves because our investment return exceeds our borrowing costs. Further, the Town's valuation is trending up with very significant multi-family development, including but not limited to The Delmore, Seaway, Hillcrest, Surf House, Ocean House, 303 Surfside, and Surf Row developments, which collectively are expected to add over **\$3B** to our tax base, representing a more than 50% increase to our current taxable value of just under \$5.5B.

Finally, we know that the longer we wait, the more expensive this Project will become, and we do not know if or when FPL will assist the Town with this undertaking and at what cost. One thing we know for sure is that this Project is not cost free to the Town, whether done ourselves or with the assistance of FPL and/or other utility providers.

Please let me know if you have any questions, comments, or concerns. Thank you.

Town of Surfside
Surfside Undergrounding
Opinion of Probable Construction Cost

Description	Area 3 - North	Area 2 - Central	Area 1 - South
Construction Costs			
Construction Management	\$ 2,478,981	\$ 3,490,200	\$ 3,262,400
General Requirements	\$ 143,664	\$ 144,000	\$ 144,000
FPL	\$ 4,222,343	\$ 5,507,757	\$ 5,150,159
ATT	\$ 1,771,621	\$ 2,694,560	\$ 2,504,340
Breezeline	\$ 1,509,214	\$ 2,292,809	\$ 2,134,518
Comcast - Partial	\$ 95,710	\$ -	\$ -
Verizon	\$ 72,676	\$ 52,056	\$ 76,255
Miscellaneous Items	\$ 3,000,484	\$ 4,536,076	\$ 4,223,764
Contingency (5% Area 3 - North, 10% Area 2 - Central, 10% Area 1 - South)	\$ 664,735	\$ 1,871,746	\$ 1,749,544
Inflation (4% for 1 year Area 2 - Central, 4% for 2 years Area 1 - South)	\$ -	\$ 823,568	\$ 1,570,390
Subtotal	\$ 13,960,000	\$ 21,413,000	\$ 20,816,000
FPL Costs			
FPL Direct Costs	\$ 2,056,593	\$ 3,125,391	\$ 2,909,436
Contingency (5% Area 3 - North, 10% Area 2 - Central, 10% Area 1 - South)	\$ 102,830	\$ 312,539	\$ 290,944
Inflation (4% for 1 year Area 2 - Central, 4% for 2 years Area 1 - South)	\$ -	\$ 125,016	\$ 237,410
Subtotal	\$ 2,160,000	\$ 3,563,000	\$ 3,438,000
ATT Costs			
ATT Direct Costs	\$ 1,431,609	\$ 2,175,607	\$ 2,025,279
Contingency (5% Area 3 - North, 10% Area 2 - Central, 10% Area 1 - South)	\$ 71,580	\$ 217,561	\$ 202,528
Inflation (4% for 1 year Area 2 - Central, 4% for 2 years Area 1 - South)	\$ -	\$ 87,024	\$ 165,263
Subtotal	\$ 1,504,000	\$ 2,481,000	\$ 2,394,000
Breezeline Costs			
Breezeline Direct Costs	\$ 634,000	\$ 963,486	\$ 896,912
Contingency (5% Area 3 - North, 10% Area 2 - Central, 10% Area 1 - South)	\$ 31,700	\$ 96,349	\$ 89,691
Inflation (4% for 1 year Area 2 - Central, 4% for 2 years Area 1 - South)	\$ -	\$ 38,539	\$ 73,188
Subtotal	\$ 666,000	\$ 1,099,000	\$ 1,060,000
Verizon Costs			
Verizon Direct Costs	\$ 100,000	\$ 71,627	\$ 104,925
Contingency (5% Area 3 - North, 10% Area 2 - Central, 10% Area 1 - South)	\$ 5,000	\$ 7,163	\$ 10,493
Inflation (4% for 1 year Area 2 - Central, 4% for 2 years Area 1 - South)	\$ -	\$ 2,865	\$ 8,562
Subtotal	\$ 105,000	\$ 82,000	\$ 124,000
Comcast Costs			
Construction Costs	\$ 803,363	\$ 1,336,223	\$ 1,244,030
Comcast Direct Costs	\$ 1,100,000	\$ 1,671,663	\$ 1,556,156
Comcast Contribution (100% of direct costs, 50% of construction costs) ¹	\$ (1,147,855)	\$ (2,339,774)	\$ (2,178,171)
Contingency (5% Area 3 - North, 10% Area 2 - Central, 10% Area 1 - South)	\$ 37,775	\$ 66,811	\$ 62,202
Inflation (4% for 1 year Area 2 - Central, 4% for 2 years Area 1 - South)	\$ -	\$ 26,724	\$ 50,756
Subtotal	\$ 794,000	\$ 762,000	\$ 735,000
Street Lighting Costs			
Photometric Analysis	\$ 115,550	\$ -	\$ -
FPL LED Lighting Program - CIAC Cost	\$ 56,550	\$ 86,275	\$ 79,750
Contingency (5% Area 3 - North, 10% Area 2 - Central, 10% Area 1 - South)	\$ 8,605	\$ 8,628	\$ 7,975
Inflation (4% for 1 year Area 2 - Central, 4% for 2 years Area 1 - South)	\$ -	\$ 3,451	\$ 6,508
Subtotal	\$ 181,000	\$ 99,000	\$ 95,000
Engineering Costs			
Construction Phase Services	\$ 478,600	\$ 478,600	\$ 478,600
Inflation (4% for 1 year Area 2 - Central, 4% for 2 years Area 1 - South)	\$ -	\$ 19,144	\$ 39,054
Subtotal	\$ 479,000	\$ 498,000	\$ 518,000
Total	\$19,849,000	\$29,997,000	\$ 29,180,000
		GRAND TOTAL	\$ 79,026,000

The Engineer has no control over the cost of labor, materials, equipment, or over the Contractor's methods of determining prices or over competitive bidding or market conditions. Opinions of probable costs provided herein are based on the information known to Engineer at this time and represent only the Engineer's judgment as a design professional familiar with the construction industry. The Engineer cannot and does not guarantee that proposals, bids, or actual construction costs will not vary from its opinions of probable costs.

Legend

Green highlighted costs have been submitted by the respective company and reviewed

Yellow highlighted costs have been submitted by the respective company and are under review

Costs that are not highlighted have not been submitted by the respective company

Footnotes

¹Comcast contribution is being negotiated