



TOWN OF PALM BEACH

Office of the Town Clerk

MINUTES OF THE UNDERGROUND UTILITIES TASK FORCE MEETING HELD ON TUESDAY, SEPTEMBER 1, 2015

1 **I. CALL TO ORDER AND ROLL CALL**

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3 The Underground Utilities Task Force meeting was called to order on Tuesday,
4 September 1, 2015, at 9:02 a.m., in the Town Council Chambers. On roll call, all Task
5 Force Members were found to be present.

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7 **II. PLEDGE OF ALLEGIANCE**

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9 Chair Smith led the Pledge of Allegiance.

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11 **III. APPROVAL OF AGENDA**

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13 Motion was made by Vice Chair Ross, and seconded by Task Force Member
14 Parker, to approve the Agenda. On call for a vote, the motion carried unanimously.

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16 **IV. COMMUNICATIONS FROM CITIZENS (3 Minute Limit, Please) – None**

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18 **V. MINUTES**

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20 A. UUTF Meeting Minutes of August 4, 2015

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22 Motion was made by Vice Chair Ross, and seconded by Task Force Member Dowell,
23 to approve the Minutes of the August 4, 2015, Underground Utilities Task Force
24 meeting. On call for a vote, the motion carried unanimously.

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26 **VI. LESSONS LEARNED – OVERVIEW OF PROJECT BY MASTEC NORTH**
27 **AMERICA INC., A FLORIDA BASED CORPORATION ENGAGED BY**
28 **DOMINION VIRGINIA POWER FOR A STATEWIDE UNDERGROUNDING**
29 **INITIATIVE WITH FOLLOW-UP QUESTIONS FROM TASK FORCE**
30 **MEMBERS** - *Thomas M. Jones, Vice President, MasTec*

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32 Thomas Jones, MasTec Vice President, provided an overview of MasTec, the Dominion
33 Virginia Power Project, and MasTec's experiences with undergrounding projects.

1 Task Force Member Dowell requested that Information Systems personnel be
2 available for future meetings to address any technical issues that may arise.

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4 Discussion ensued regarding the pros and cons of doing other infrastructure projects
5 alongside undergrounding, the EPC project approach, options available when property
6 owners refuse to give up needed easements, main line ducts, and the typical underground
7 pipe cross section.

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9 **VII. UPDATE ON UNDERGROUNDING FINANCING OPTIONS WITH COST**
10 **ANALYSIS OF PROPERTIES OF VARIOUS VALUES COMPARING**
11 **ESTIMATED ANNUAL COST OF DEBT SERVICE FOR GENERAL**
12 **OBLIGATION BONDS TO SPECIAL ASSESSMENT BONDS, NON-AD**
13 **VALOREM BONDS AND COMBINATIONS THEREOF**

14 *Jay Glover, Managing Director, Public Financial Management (PFM)*

15 *Richard "Rick" J. Miller, Esq., Locke Lord, LLP*

16 *Jane Struder, Director of Finance*

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18 Jay Glover, PFM Managing Director, provided an update on financing options and an
19 overview of the cost comparisons.

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21 Discussion ensued regarding utilization of interim financing, financing in phases,
22 taxpayer impacts of the different options, construction versus permitting financing,
23 repayment options, IRS regulations and arbitrage yields, investing long-term bond
24 proceeds, allowable investment options, and needing the scope and duration of the project
25 to be decided before coming to a decision regarding a plan of finance.

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27 Jane Struder, Director of Finance, provided an overview of taxpayer demographics,
28 taxpayer impacts under the different financing options, and timelines for the different
29 options.

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31 Discussion ensued regarding 20-year versus 30-year financing, the distribution
32 methodology used to prepare the special assessment bond impact slide, special
33 assessment mechanisms and their correlation to property value, and finding a defensible
34 assessment methodology.

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36 **VIII. ADOPTION OF UUTF INITIAL RECOMMENDATIONS TO THE TOWN**
37 **COUNCIL**

38 *Thomas G. Bradford, Town Manager*

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40 Town Manager Bradford provided an overview of the Town's historical undergrounding
41 efforts, undergrounding procedures, time constraints, and the Task Force's previous
42 decisions. He then requested direction regarding the questions posed to the Task Force in
43 the agenda backup.

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45 **Question #16:** Shall we use existing contractors, vendors, and professionals
46 wherever possible to avoid procurement delays?

Discussion ensued regarding opening up the procurement process to companies with experience in large, complex, and specialized projects, getting the right people upfront, and this request being limited to small, miscellaneous items such as having an attorney prepare a temporary construction easement agreement.

Motion was made by Vice Chair Ross, and seconded by Chair Smith, to recommend to the Town Council the use of existing contractors, vendors, and professionals for miscellaneous services in order to avoid procurement delays, provided that Staff believes that they are qualified to perform the requisite work. On call for a vote, the motion carried unanimously.

Question #15: If we go the assessment route, shall any properties be exempted from the assessments?

Discussion ensued regarding the exemption of churches, synagogues, schools, town-owned lands, 501 C 3's, and undeveloped land without utilities.

Motion was made by Task Force Member Bottorff, and seconded by Task Force Member Dowell, to recommend to the Town Council the exemption of any property that is currently tax-exempt from property taxes, and does not pay an applicable utility bill, from the proposed special assessment. On call for a vote, the motion carried unanimously.

Question #14: Shall we pursue a bond validation hearing with a court of law?

Rick Miller, Locke Lord, LLP, provided an overview of when validation proceedings are necessary.

Discussion ensued regarding whether to discuss this matter or the financing plan matter first.

Jay Glover spoke regarding deciding on the mechanism used to secure the bonds now, and deciding on the ultimate plan of finance at a later time.

Motion was made by Vice Chair Ross, and seconded by Task Force Member Gary, to recommend to the Town Council that the Town pursue a bond validation hearing with the appropriate court. On call for a vote, the motion carried unanimously.

Question #1: How will this project be financed?

Discussion ensued regarding the pros and cons of the various financing options and the assumptions used in today's presentations.

Mr. Glover spoke regarding the special assessment methodology evening out what individual property owners would pay.

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Discussion ensued regarding “right-sizing” the highest valued properties.

Mr. Miller spoke regarding the process being complex, but stated that it could be done through the use of special districts.

Mr. Glover spoke regarding the cost differentials between the special assessment and general obligation bond options and possibly reducing that differential by not including a reserve fund in the special assessment option.

Town Manager Bradford provided an overview of Town Council’s historical consideration of underground financing options and why they have not proceeded until this point.

Mr. Glover spoke regarding property owners’ ability to pre-pay their assessments and how that would lower the cost of borrowing.

Discussion ensued regarding special assessments not being tax deductible, how multi-family properties would be assessed compared to single-family properties, differences in the amount of work needed to underground multi-family and single-family properties, dealing with properties that have already undergrounded, allocation methodology philosophies, considering a hybrid option, the allocation report, the “commons” fee assessed towards everyone for enhanced esthetics, reliability, and safety, concerns regarding the complexity of the hybrid option, doing what’s best for the greater good, whether the hybrid method is more susceptible to litigation, and borrowing money before the project starts and having to pay interest on that money.

Mr. Miller spoke regarding the ability to issue general obligation bonds in series.

Motion was made by Task Force Member Parker, and seconded by Task Force Member Dowell, to recommend to the Town Council that the project be financed using special assessment/non-ad valorem bonds. On call for a vote, the motion carried 5-2, with Vice Chair Ross and Task Force Member Gary dissenting.

Question #2: What term shall the financing be?

Discussion ensued regarding the differences in taxpayer impacts between 20-year versus 30-year financing.

Motion was made by Vice Chair Ross, and seconded by Task Force Member Gulbrandsen, to recommend to the Town Council that the project be financed over a 30-year period. On call for a vote, the motion carried 6-1, with Task Force Member Gary dissenting.

Mr. Glover spoke regarding multiple prepayment windows being allowed for special assessment bonds and the flexibility that they provide.

1 Motion was made by Vice Chair Ross, and seconded by Task Force Member Gary,
2 to recommend to the Town Council that the Town offer property owners
3 prepayment options for their assessments. On call for a vote, the motion carried
4 unanimously.

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6 Question #3: Are we going to have a referendum or straw ballot on the efficacy
7 of the project?

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9 Discussion ensued regarding the need for community input, public hearings, and a
10 serious outreach program.

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12 Motion was made by Vice Chair Ross, and seconded by Task Force Member Dowell,
13 to recommend to the Town Council that there not be a referendum or straw ballot
14 on the efficacy of the project. On call for a vote, the motion carried 6-1, with Task
15 Force Member Gary dissenting.

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17 Motion was made by Vice Chair Ross, and seconded by Task Force Member Gary,
18 to recommend to the Town Council that the Town hold public workshops to educate
19 the public on the project. On call for a vote, the motion carried unanimously.

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21 Question #4: Shall the Town front the money from its reserves to start the design
22 process?

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24 Discussion ensued regarding fronting the money from reserves to start the design
25 process.

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27 Motion was made by Vice Chair Ross, and seconded by Task Force Member Gary,
28 to recommend to the Town Council that the Town front the money from its reserves
29 to start the design process. On call for a vote, the motion carried unanimously.

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31 Question #5: Shall other costs incurred by the Town strictly to facilitate the
32 underground project be reimbursed, such as for staff time?

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34 Discussion ensued regarding reimbursing other incidental costs, such as Staff
35 time, incurred in the facilitation of the project.

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37 Motion was made by Task Force Member Gary, and seconded by Vice Chair Ross,
38 to recommend to the Town Council that other incidental costs incurred by the Town
39 strictly to facilitate the underground project not be reimbursed to the Town. On
40 call for a vote, the motion carried unanimously.

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42 Question #6: What shall the project management, design, and construction
43 process be?

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45 Town Manager Bradford commented that the Task Force had previously
46 recommended that Staff proceed with a RFP for project consulting services.

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Director of Public Works Brazil provided an update on the RFP, and stated that Staff anticipates having someone onboard within 90 days.

Question #7: How many construction job sites shall there be at one time?

Discussion ensued regarding having as many job sites as possible at one time.

It was the consensus of the Task Force to defer this item to the October 6, 2015, Task Force meeting.

Question #10: Shall we do other civil engineering work for convenience while also doing underground conversion or shall we do civil engineering after underground conversion is completed on an as needed basis?

Discussion ensued regarding combining functions, the need to make this decision on a project-by-project basis, and the need to plan well ahead if projects are combined.

It was the consensus of the Task Force to recommend to the Town Council that Staff and the professionals be allowed to determine where combining projects is feasible, and where it does not slow down the main undergrounding project, and proceed accordingly.

Question #11: Shall we request a waiver to Town paving requirements and only temporarily patch the roads if we decide to do civil engineering after undergrounding conversion to avoid complexity and any associated delay?

Motion was made by Task Force Member Gary, and seconded by Vice Chair Ross, to recommend to the Town Council that a waiver to the Town paving requirements be granted to temporarily patch the roads if the Town decides to do civil engineering after undergrounding conversion and the road will be repaved within a reasonable timeframe thereafter. On call for a vote, the motion carried unanimously.

Question #12: Should we require every property owner that is required to provide an easement to pay for his/her own landscaping to screen the transformer? Shall we establish a maximum landscape allowance cap to minimize restoration costs?

Discussion ensued regarding condemnation issues, other options if easements cannot be granted, and burying the transformers.

John Layer, FP&L, spoke regarding tariffs and transformer standards, future transformer burial, the Town's responsibility for securing easements, alternatives when easements cannot be obtained, and the standard transformer box size.

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1 It was the consensus of the Task Force to defer this item, and all remaining items, to
2 the October 6, 2015, Task Force meeting.

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4 *(Clerk's Note: Question #'s 8, 9, & 17 were answered in previous meetings; and,*
5 *therefore, will not be on the October 6, 2015, Task Force meeting agenda.)*
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7 Task Force Member Bottorff requested that Mr. Glover prepare a cost estimate for
8 the October 6, 2015, Task Force meeting illustrating whether or not \$5 million per
9 year collected up-front will reduce the total debt issued over the term of the project.

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11 IX. ANY OTHER MATTERS – None

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13 X. ADJOURNMENT

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15 There being no further business, the Underground Utilities Task Force Meeting of
16 Tuesday, September 1, 2015, was adjourned at 12:30 p.m.

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19 APPROVED:

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Jeffery Smith
Chair

ATTEST:


Susan A. Owens, MPA, MMC
Town Clerk

5/19/16
Date