



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#23-0196

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Greg Chavarria, City Manager

DATE: February 7, 2023

TITLE: Resolution Approving and Authorizing the Appropriate City Officials to Execute a Comprehensive Agreement Among the City, Prospect Lake Water, L.P., Prospect Lake Holdings, L.P. and IDE PLCWC, INC., and a Labor Services Agreement Between the City and PLCWC O&M, LLC, for the Development, Construction and Operation of the Prospect Lake Clean Water Center (Water Treatment Plant) - \$1,444,273,410 - **(Commission Districts 1, 2, 3 and 4)**

Recommendation

Staff recommends the City Commission adopt a resolution authorizing the execution of Comprehensive Agreement, in substantially the forms attached, among the City, Prospect Lake Water, L.P., Prospect Lake Holdings, L.P. and IDE PLCWC, INC., and a Labor Services Agreement Between the City and PLCWC O&M, LLC, for the development, construction, and operation of the Prospect Lake Clean Water Center (Water Treatment Plant), which, upon compliance with conditions set forth therein, would result in the issuance by the City in a subsequent fiscal year of subordinate indebtedness the cumulative debt service for which over a thirty-year period would be in the amount of \$1,444,273,410.

Background

On December 21, 2020, the City received an unsolicited proposal, followed by a second unsolicited proposal on May 17, 2021, both pursuant to Section 255.065, Florida Statutes, to design, construct, operate, and maintain one or more new water treatment plants and associated systems for the City's water utility.

On June 1, 2021, the City Commission approved Resolution 21-108, providing notice of intent to enter into a Comprehensive Agreement for a qualifying project submitted as an unsolicited proposal to design, construct, operate, and maintain one or more new water treatment plants and associated systems for the City's water utility, and notice of intent to accept other proposals for the same project. The period to accept other proposals ran for 90 days from the initial date of publication of June 9, 2021 to September 7, 2021. During that time, two additional proposals were received.

On January 18, 2022, at the Conference Meeting, City staff and Ernst & Young Infrastructure Advisors, LLC presented results of a technical and financial analysis, followed by presentations by the four proposers at the March 1, 2022 Conference Meeting. On March 1, 2022, the City Commission approved Resolution 22-57, providing notice of the decision to proceed with the unsolicited proposal submitted by Ridgewood Infrastructure and IDE Technologies, with Kiewit Water Facilities Florida Co. (KIEWIT) as its design-build partner, and authorizing negotiations of a proposed interim agreement or comprehensive agreement or both in accordance with Section 255.065 Florida Statutes.

On April 27, 2022, the City Commission approved an Interim Agreement with RI Flamingo Holdings, LLC, (“RIDGEWOOD”), and IDE Americas, Inc. (“IDE”). for placing of a pilot plant at the Fiveash Water Treatment Plant and investigation, discovery, inspection, and testing of the Prospect Wellfields Property, including soil testing and boring, environmental studies, water quality studies, surveying, and associated work to facilitate development of a comprehensive agreement.

The Comprehensive Agreement, together with Annexes and the Labor Services Agreement, provides overarching terms and conditions for financing, design, construction, operation, and maintenance of a Water Treatment Plant capable of producing 50 Million Gallons per Day (MGD) at the Prospect Lake Wellfield site (the Project), generally located north of Prospect Road and between US 441 and NW 31st Ave. The Project Company, formed by RIDGEWOOD and IDE, Prospect Lake Water L.P., utilizing KIEWIT as design-builder and an IDE Americas, Inc. affiliate as the Operations and Maintenance (O&M) services provider, will collectively deliver the Project to the City in a 42-month construction period followed by 30-year operational period. The City will retain legal ownership of the site and the Project throughout the term of the agreement.

The Project has an aggregate, fixed project cost of \$485 Million, which provides for construction of a treatment facility utilizing a combination of nanofiltration membrane and ion exchange technologies capable of producing 50 MGD of treated water, connections to both the existing raw groundwater wellhead network pipe and production water delivery pipe, chemical storage tanks, one deep injection well, backup generators, control room, laboratory, and administrative and warehouse space. Connecting the Project into the City's existing water system requires the City to make an additional investment of approximately \$181 Million for infrastructure elements and improvements beyond what is in the proposal, referred to as the Project Enabling Works.

The City will provide 75% of the \$485M initial Capital Expense (CapEx) with the Project Team providing 25% of CapEx for construction of the Project. The City will also provide 100% of funding for the \$181M Project Enabling Works. The City expects to issue bonds totaling \$544.75 Million (75% of \$485 Million plus 100% of \$181 Million) within six months of execution of the Comprehensive Agreement. At that time, a revised water rate ordinance will be presented to the City Commission that will be required to support the thirty (30) debt service on the bonds.

Upon plant commissioning (expected in 42 months), the City will issue a subordinate bond to the Project Company representing their \$121.25 Million Capex and a subordinate note totaling \$1,179,649,650 representing total availability payment less subordinate bond payments. Payments begin making monthly availability payments on Plant commissioning (expected 42 months). The availability payment totals \$2,450,219 per month for the first twelve months and includes debt service on the subordinate bond as well as payment for operations and maintenance of the Plant. This payment will increase by 5% per year for the first five years of the agreement and 2.5% per year thereafter.

Over the term of the agreement total payments will be as follows commencing on plant commissioning (expected in 42 months):

Total Availability Payments (30 years)	Less: Subordinate Bond Payments (30 years)	Net Payments – Subordinate Note (30 years)
\$1,444,273,410	\$264,623,760	\$1,179,649,650

The Labor Services Agreement provides terms for City employees to work at the Project under the operational control of the Project Team. The Project Team will provide upper management and supervisory positions while approximately 40 City employees will staff the facility to provide for daily operations and maintenance requirements. A City appointed onsite liaison will serve as single point of contact (POC) for labor issues, with the City retaining authority for salaries and benefits, hiring and promotion decisions, disciplinary actions, and any actions related to the respective Union Collective Bargaining Agreements. The Project Team shall be responsible for providing training for the employees, and the City shall agree to maintain stability in employees assigned to the Project to the extent possible.

Resource Impact

The \$666 Million capital expense will be reflected on future CAM’s when the City issues it’s \$544.75 Million bond later in 2023 and upon issuance of the subordinate bond when the Plant is commissioned (expected in 42 months).

Strategic Connections

This item is a *2022 Top Commission Priority*, advancing the Infrastructure and Resilience initiative.

This item supports the *Press Play Fort Lauderdale 2024 Strategic Plan*, specifically advancing:

- The Infrastructure Focus Area
- Goal 1: Build a sustainable and resilient community.
- Objective: Proactively maintain our water, wastewater, stormwater, road and bridge infrastructure

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are Ready*.

This item supports the *Advance Fort Lauderdale 2040 Comprehensive Plan* specifically advancing:

- The Infrastructure Focus Area
- The Sanitary Sewer, Water & Stormwater Element
- Goal 3: Develop and maintain an adequate water supply, treatment and distribution system, which meets the existing and projected needs of the service area in an efficient, economical, and environmentally sensitive manner.

Attachments

Exhibit 1 – Resolution 21-108

Exhibit 2 – Resolution 22-57

Exhibit 3 – City Manager Memorandum 23-001 Prospect Lake Water Treatment Plant

Exhibit 4 – Comprehensive Agreement

Exhibit 5 – Resolution

Exhibit 6 – Labor Services Agreement

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