



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

#19-1122

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: December 17, 2019

TITLE: Motion to Approve an Agreement with Palm Beach Aggregates for the Capacity Allocation of Three Million Gallons of Water Per Day from Phase I of the C-51 Reservoir for a Future Capital Cost of \$13,800,000 and a Reoccurring Annual Operating Cost of \$109,654 – **(Commission Districts 1, 2, 3 and 4)**

Recommendation

It is recommended that the City Commission approve an Agreement, in substantially the form attached, between the City of Fort Lauderdale and Palm Beach Aggregates, LLC to purchase Capacity Allocation in Phase I of the C-51 Reservoir (C-51) of three million gallons per day (3 MGD) at a capital cost of \$13,800,000 and a reoccurring annual operating cost of \$109,654 for a period of 46 years.

Background

The C-51 was first conceptualized in the 1992 Everglades Restoration Plan. The Plan was identified to reduce discharges to the Lake Worth Lagoon. Since 2006, Broward County, Palm Beach County and other Lower East Coast area water providers have been collaborating in the development of the C-51 Reservoir to serve as a regional alternative water supply by storing excess wet-season stormwater runoff for later distribution and use during the dry season. The location of this reservoir (Exhibit 1) is adjacent to the South Florida Water Management District's (SFWMD's) existing L-8 Reservoir in Palm Beach County. The project is designed for two phases. Phase I with a capacity of 35 million gallons per day (MGD) has already gone through the design phase, construction planning, and permitting. Since there are no guarantees that Phase II will be constructed, a decision regarding participation in Phase I of this project is essential to secure the allocation before January 2020.

The Regional Water Availability rule enacted in 2007 limits future water supply withdrawals from the Biscayne Aquifer and therefore any future water demands would need to be met through alternative water supplies such as the C-51 and Floridan Aquifer. The two strategies for providing alternative water supply to the City are withdrawals from the Floridan Aquifer (Floridan) and the C-51 Reservoir. The City has an existing allocation of 8.64 MGD of raw water from the Floridan within the existing Water Use Permit (WUP).

In the attached technical memorandum (Exhibit 2), an option for alternative water supply sources were provided by Hazen and Sawyer. Based on Hazen and Sawyer's analysis, it appears that the purchase of C-51 water may be economically and qualitatively advantageous compared to utilization of the Floridan Aquifer at the Dixie Wellfield. By securing an allocation from the C-51, the City will have maximum flexibility to meet water demands into the future through the current planning period of 2045. Another benefit from the C-51 is that Palm Beach Aggregates, LLC has obtained a WUP for an allocation of 35 MGD through December 27, 2065. Traditional WUPs have 20-year terms. This means this water supply is secure and permitted for the next 46 years.

It is important for the City to reserve its allocation by executing this Agreement as potential demand for the C-51 Reservoir Phase I capacity reportedly exceeds the remaining capacity. The City will pursue additional allocations in Phase II if developed, to accommodate future water demands.

Resource Impact

There is a future one-time capital cost of \$13.8M due upon completion and operation of the conveyance system or what is defined in the agreement as the 'Commercial Operation Date.' The expected Commercial Operation Date is approximately 2022.

A reoccurring annual operating cost of \$109,654 will be required as long as terms of the agreement are in effect and shall be budgeted in the Annual Operations Budget for the Water and Sewer Fund starting in FY2022.

This item is contingent upon appropriation of funds in the amount of \$13,800,000 from the Water and Sewer General Capital Projects Fund and will be appropriated from fund balance upon approval of the January 7, 2020 consolidated budget amendment.

<i>Funds available as of December 10, 2019</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	OBJECT CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Object Code)	AVAILABLE BALANCE (Object Code)	PURCHASE AMOUNT
454-P12564.454-6599	C-51 RESERVOIR	CAPITAL OUTLAY/ CONSTRUCTION	\$0	\$0	\$13,800,000
PURCHASE TOTAL ►					\$13,800,000

Strategic Connections:

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: Secure our community's water supply and support water conservation measures.

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

Attachment(s)

Exhibit 1 – C-51 Reservoir Map

Exhibit 2 – Hazen and Sawyer Technical Memorandum

Exhibit 3 – Capacity Allocation Agreement

Prepared by: Todd Hiteshew, Public Works

Department Director: Paul A. Berg, Public Works