



400 South Federal Hwy
Hallandale Beach, FL 33009

City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:	May 3, 2017		Item Type: <i>(Enter X in box)</i>	Resolution X	Ordinance	Other	
Fiscal Impact: <i>(Enter X in box)</i>	Yes	No	Ordinance Reading: <i>(Enter X in box)</i>	1 st Reading		2 nd Reading	
	X			Public Hearing: <i>(Enter X in box)</i>	Yes	No	Yes
Funding Source:			Advertising Requirement: <i>(Enter X in box)</i>	Yes		No	
						X	
Account Balance:			Quasi Judicial: <i>(Enter X in box)</i>	Yes		No	
						X	
Project Number :	N/A		RFP/RFQ/Bid Number:	N/A			
Contract/P.O. Required: <i>(Enter X in box)</i>	Yes	No	Strategic Plan Priority Area: <i>(Enter X in box)</i>				
	X		Safety <input checked="" type="checkbox"/>				
			Quality <input checked="" type="checkbox"/>				
			Vibrant Appeal <input checked="" type="checkbox"/>				
Sponsor Name:	Roger M. Carlton, City Manager		Department: City Manager		Roger Carlton, City Manager		

Short Title:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, DECLARING UNIQUE CIRCUMSTANCES PURSUANT TO SECTION 23-8(5) OF THE HALLANDALE BEACH CODE OF ORDINANCES, AUTHORIZING THE CITY MANAGER TO NEGOTIATE SERVICES FOR A UTILITY RATE STUDY; WAIVING THE CONE OF SILENCE PURSUANT TO SECTION 23-14 TO PERMIT EXPANSION OF ADVERTISED SCOPE TO INCLUDE THE UTILITY RATE STUDY; AND PROVIDING AN EFFECTIVE DATE.

Staff Summary:

The City's water and sewer financing includes rate covenants that currently require our water, wastewater and storm drainage (WWS) rates to be set at an amount sufficient to pay 115% of the annual debt service on all senior debt. The City is also considering rates that would meet coverage requirements recommended by the bond rating agencies. A review of our bonds and financing agreements revealed that the City is currently in default of the rate covenants due to historically inadequate rates. Once the debt service covenant is not met, the City is required to conduct a study of the rates in order to cure the technical default created by not setting adequate rates in the past. This study is mandatory and must be conducted quickly to resolve the concerns of loan trustees.

The scope of the study would include assistance in water, wastewater, and other rate advisory financial services. The work will assist in budgeting and forecasting, rate making, management accounting assistance, financing activities assistance, and financial analysis of systems. This will insure that all rates proposed are sufficient to meet the City's rate covenants. Some preliminary research indicated that the cost of the necessary study may exceed the City Manager's delegated spending authority.

On August 10, 2016, the City issued a Request for Proposals (RFP) for complete Development Impact Fee Calculation Reports (DIFCR) in accordance with State, County and local regulations. The RFP's scope of work is to independently assess and evaluate the City's Development Impact Fee (DIF) Calculation Schedule, provide updated plans, where applicable, establish a nexus and recommendations for new fees, and propose a fair and reasonable fee structure that shall adequately fund each identified component for Developer's share of capital costs of necessary community assets.

The City's sole proposal received was from Tindale Oliver Design. Although the contract has not been awarded, there is an opportunity to potentially negotiate the utility rate study as an expansion of the solicited scope which will potentially result in a savings to the City as the studies are interrelated to a degree.

The City Commission should rest assured that we have the funds necessary to pay the debt and that the default is created by an arithmetic calculation and not by non-payment of the debt.

Why Action is Necessary:

Pursuant to the Procurement Code Section 23-8(5), the City Commission may declare a finding of unique circumstances where competitive bidding may not be in the best interest of the City. Due to the time constraints of the situation described above and the need to assuage any concerns of the loan trustees, the City Manager is requesting a finding of unique circumstances for the procurement of the rate study services.

Further, although the City Administration expects to obtain the best available pricing by comparing options, an opportunity to expand the scope of the Impact Study RFP prior to award

may offer the City some potential savings. The City Administration requests a waiver of Section 23-14, Cone of Silence to permit the City Manager to engage in negotiations with the sole proposer in RFP 20152016-022. This approval will provide comfort to the bond trustees that we are moving forward to cure the default.

Proposed Action:

City Administration recommends finding unique circumstances in the best interest of the City to exempt the instant procurement from the Procurement Code pursuant to Chapter 23-8(5), and authorization to the City Manager to negotiate and procure the necessary rate study services in an amount exceeding fifty thousand (\$50,000) dollars, subject to approval of a formal written contract by the City Commission.

Further, although pursuant to Section 23-14(c), the cone of silence does not apply to communications relating to purchases exempted pursuant to Section 23-8, the City Administration recommends the City Commission additionally waive the cone of silence with respect to any ongoing procurements which may be expanded to include the utility rate study scope discussed herein.

Attachment(s):

Exhibit 1 – Resolution

Prepared by:
Andrea Lues, Procurement Director