

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: October 30, 2024

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE AT ITS SEPTEMBER 20, 2024 MEETING, DIRECTING THE ADMINISTRATION TO: (1) ENGAGE A THIRD-PARTY CONSULTANT TO RUN AN ANALYSIS OF THE SUNSET HARBOUR PUMP STATION TO DETERMINE THE SCOPE AND COST OF ANY REQUIRED CAPITAL IMPROVEMENTS AND (2) WORK WITH THE CITY ATTORNEY TO NEGOTIATE THE TRANSFER OF THE SUNSET HARBOUR PUMP STATION TO THE CITY'S CONTROL, WITH THE SUBSEQUENT COST SHARED BETWEEN THE CITY AND THE SUNSET HARBOR COMMUNITY.

BACKGROUND/HISTORY

On April 3, 2024, at the request of Commissioner David Suarez, the Mayor and City Commission (City Commission), approved a referral to the Finance and Economic Resiliency Committee (FERC), Item C4L, to discuss the possibility of having the City assume control and management of the Sunset Harbour Pump Station.

The Sunset Harbour North Tower, Sunset Harbour South Tower, Townhomes in Sunset Harbour, and Yacht Club (collectively, the "Properties") within the Sunset Harbour neighborhood are all serviced by one (1) sanitary sewer Pump Station. The Developer(s) of these properties decided to install a private Pump Station rather than provide the required upgrades to the public infrastructure in this neighborhood in order to service these buildings.

The Pump Station, which provides critical waste infrastructure for the properties, is presently privately owned, operated, and maintained by the associations that represent these properties. However, due to recurring issues surrounding the permitting, operation, and maintenance of the Pump Station, the associations requested that the City take over the management responsibilities of the Pump Station, in exchange for financial compensation to the City.

Sponsoring Commissioner Suarez as part of the discussion, requested that City staff provide an assessment, recommendations, concerns, and the financial impact to the City for potentially taking on this initiative.

ANALYSIS

The Public Works Department completed its assessment and presented its results at the June 28, 2024 FERC meeting, listed below:

- This particular Pump Station has been undergoing upgrades which as of yet, have not been completed. It is recommended that the upgrades be completed and approved before completing any transfer of ownership. It is also recommended that a third-party consultant evaluate the existing conditions, these proposed/ongoing improvements, as well as additional requirements for public utility Pump Stations—which are more stringent than

those for private Pump Stations; and provide recommendation for any applicable additional improvements needed and their cost.

- The transfer will also require regulatory approval.
- Since the Pump Station is on private property, the City would require legal instruments, non-revocable permanent easements or deeding of title to the land occupied by the station and the associated piping so that Public Works can operate and maintain the assets.
- There are numerous private pumps station throughout the City, including at the New World Symphony, the Loews and Fontainebleau hotels, as well as other locations. Should the City decide to take over the Sunset Harbour Pump Station, similar requests from other properties owners may potentially follow.
- The estimated cost for bringing the Sunset Harbour Pump Station up to standards including design, construction, legal costs, permitting, operation and maintenance will be estimated by a third-party consultant. The annual Operations and Maintenance (O&M) costs for the City to maintain the station was estimated by Public Works to be approximately \$60,000.

Due to the reasons mentioned above, the Administration recommended against the City assuming ownership of the Pump Station. At the June 28, 2024 FERC meeting, a motion was made to continue the discussion to the next meeting and to have the Administration conduct a search of documents pertaining to development orders and/or any other relevant documentation related to the Sunset Harbour Pump Station, and bring it back for discussion.

On September 20, 2024, FERC members were presented a signed and sealed set of as-built plans on record, dated 08/21/95, which showed two buildings (The Sunset Harbour North Tower and Sunset Harbour South Tower) located on Purdy Avenue, as being connected. Two additional towers (Proposed Townhouse 1 and Proposed Townhouse 2), located on 20th Street, were proposed to be connected at a future date. The additional two townhouses, once built, would have required that additional plans be submitted for review and approval by the City and Miami-Dade County Department of Environmental Resource Management, to ensure that the station had adequate capacity.

Discussions followed by the Sunset Harbour Community (SHC) representatives and City staff. The SHC continued voicing their concerns about feared consequences from not having the City take over the Sunset Harbour Pump Station they currently manage, including public and environmental issues should the Pump Station overflow into the Biscayne Bay.

Public Works stated that by accepting management responsibilities of the Pump Station, the City would be taking over the financial responsibility of having to hire a consultant to run an analysis of the Pump Station to ensure that the design for the system is sound, and that the pumps currently in place are at the required operating point that was intended for the system. Additionally, the City would be creating a precedence for future requests to take over other existing private Pump Stations.

FERC members agreed that while this would be creating a precedence, this was a singular case where an entire neighborhood of over 2,000 residents are impacted. Also, there was an absence of documents proving a maintenance agreement was in place or formally executed. Discussions continued with regard to the City taking over the operational side of the Pump Station. It was requested that the SHC provide the City with financial documentation and all associated costs for operating the Pump Station. After the City has engaged the consultant for design and cost estimates, the Administration will review the SHC operating costs and negotiate the sharing of the ongoing operating costs.

The discussion concluded with a motion from FERC members to move the item to the City Commission, with a favorable recommendation to: (1) engage a third-party consultant, to run an

analysis of the Sunset Harbour Pump Station to determine any required capital improvements scope and cost, and (2) work with the City Attorney to negotiate the transfer of the Sunset Harbour Pump Station to the City's control, with sharing of cost between the parties after the City has engaged with the consultant to determine the costs.

FISCAL IMPACT STATEMENT

The consulting costs are still under evaluation. However, a budget of one hundred thousand dollars (\$100,000) has been allocated for engineering consulting services within the sewer professional services budget. Should the consultant fees exceed this allocated amount, Public Works will facilitate a budget transfer from the contingency account to the professional services account to secure the necessary funds.

CONCLUSION

The Administration recommends accepting the recommendation of the Finance and Economic Resiliency Committee at its September 20, 2024 meeting, to: (1) engage a third-party consultant, to run an analysis of the Sunset Harbour Pump Station to determine any required capital improvements scope and cost, and (2) work with the City attorney to negotiate the transfer of the Sunset Harbour Pump Station to the City's control, with sharing of cost between the parties after the City has engaged the consultant to determine the costs.

Applicable Area

South Beach

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?

Yes

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Public Works

Sponsor(s)

Commissioner David Suarez

Co-Sponsor(s)

Commissioner Joseph Magazine

Condensed Title

Accept Recom/Negotiate to Assume Control/Manage Sunset Harbour Pump Station.
(Suarez/Magazine) PW