



THE CITY OF KEY WEST

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MEMORANDUM

EXECUTIVE SUMMARY

TO: Jim Scholl, City Manager
E. David Fernandez, Asst. City Manager – Operations

FROM: Jay Gewin, Utilities Manager

DATE: December 12, 2011

RE: **Approval and Authorization to Execute Modification #1 to Contract No. 12HM-3B-11-54-02-001 with the Florida Division of Emergency Management to Reinstate and Extend the Term of Phase II FEMA Funding for Patricia/Ashby Street Drainage Project to August 31, 2012 and to Increase Federal Funds by \$334,407.00 for a Total of \$1,064,897.00 in Federal Funds and Authorize a Budget Amendment to Increase the Local Share Amount by \$111,469.00 to \$354,965.00.**

ACTION STATEMENT:

This resolution will approve and authorize the execution of Modification #1 to reinstate and extend the term of the Phase II agreement with the Florida Division of Emergency Management (FDEM) for the Patricia/Ashby Street Drainage Project (Contract number 12HM-3B-11-54-02-001) to August 31, 2012 and increase Federal Funds by an additional \$334,407.00. The Federal Share and Local Share remain at 75% and 25%, respectively. As such, the Local Share amount will increase by an additional \$111,469.00, which required the budget amendment that was approved by the City Commission when the construction bid was awarded (Resolution 11-347).

BACKGROUND:

Resolution 11-076 approved and authorized the execution of Contract No. 11HM-3B-11-54-02-002 on March 15, 2011. Resolution 11-076 was subsequently rescinded (incorrect funding amounts were listed in the original contract) and a revised contract that included the correct funding amounts was approved and authorized for execution with Resolution 11-220 on July 19, 2011. Please note that FDEM changed the Contract Number to 12HM-3B-11-

Key to the Caribbean – Average yearly temperature 77° F.

54-02-001 prior to their execution in accordance with an FDEM requirement that the number on the contract reflects the fiscal year of the funding. Per FDEM, the numerical change has no other significance and will not affect the rights or interests of the parties to the contract in any way.

Additional funding was requested from FEMA after it was determined that the low bid for the construction of the project far exceeded the funding provided by FEMA. The funding amounts approved in the original Phase II contract were based on estimates prepared almost 2 years ago when the design (Phase I deliverable) was submitted to FDEM for approval. The table below shows the additional funding approved by FEMA:

Description	Funding Original	Funding with Additional	Change in Funding
Phase II construction	\$ 973,986.00	\$ 973,986.00	\$ 0.00
Phase II construction additional	\$ 0.00	\$ 445,876.00	\$ 445,876.00
Total	\$ 973,986.00	\$ 1,419,862.00	\$ 445,876.00
Federal Share (75%)	\$ 730,490.00	\$ 1,064,897.00	\$ 334,407.00
Local Share (25%)	\$ 243,496.00	\$ 354,965.00	\$ 111,469.00
Total	\$ 973,986.00	\$ 1,419,862.00	\$ 445,876.00

Note: The administrative allowance available to the City was changed from \$13,078.00 to \$19,727.00, an increase of \$6,649.00. Please see grant agreement for more details.

The Patricia/Ashby project is designed to pump water from the existing well pump station to the ocean out-falling at the end of Bertha Street eliminating the need for bypass pumping during hurricane storm surge events. The project also includes a generator platform that will be installed on site so that the pump station can remain operational in the event of an extended power outage.

PURPOSE AND JUSTIFICATION

Bids for this project were opened on July 13, 2011. The low bidder was Lanzo Construction at an amount of \$1,260,580.00 (exclusive of contingency allowance fees which are not eligible for reimbursement with Phase II funding). Construction Engineering expenses for Perez Engineering (\$47,400.00) and CH2M Hill (\$111,698.00) will also be incurred during this project bringing the total of grant eligible expenses to \$1,419,678.00.

As shown in the above table, FEMA has agreed to fund a total of \$1,064,897.00 (\$730,490.00 in the original grant agreement plus an additional \$334,407.00, if Modification #1 is approved) and the City is responsible for 25% of the expenses or \$354,965.00.

The Patricia/Ashby Drainage Project will provide protection against a 25 year rain event for 50 years for approximately 30 homes. The benefit-to-cost ratio is over 2.0 saving the taxpayer an estimated \$4,000,000 for a \$2,000,000 lifecycle cost (including maintenance).

The City of Key West's Stormwater fund is heavily grant-dependent. The fund has been very aggressive and successful at pursuing state and federal grants over time, and many of our improvements would not be possible without grant assistance.

OPTIONS / ADVANTAGES / DISADVANTAGES:

1. The City Commission can accept and authorize the execution of Modification #1. This will allow the grant to be reinstated and extended to August 31, 2012 and the amount of FEMA funding to the City to increase by an additional \$334,407.00 to \$1,064,897.00. A budget amendment will also be approved to increase the City's share by an additional \$111,469.00 to \$354,965.00. Without the grant funding, the proposed project cannot be accomplished with available resources unless other projects are set aside. If Modification #1 is accepted, the Patricia/Ashby Drainage Project can be constructed and approximately 30 homes will be provided protection against flooding.
2. The City Commission can reject Modification #1. With this option, no additional grant funding will be available for this project and no time extension will be approved. In addition, the Patricia/Ashby Drainage project will not be constructed and no protection against flooding provided. There is no reasonable explanation to not approve this modification, particularly when the construction contract has already been awarded.

FINANCIAL IMPACT:

Modification #1, if approved, will increase grant revenue by \$334,407.00 (Stormwater fund revenue account 402-0000-334-36).

The project cost associated with the City's matching share of this grant (25%) is budgeted in expense account 402-3802-538-65/ST0803 and will need to be increased by the amount authorized by the budget amendment included with the City Commission award of the construction bid from Lanzo Construction (Resolution 11-347).

RECOMMENDATION:

Staff recommends that the City Commission select option 1, accepting Modification #1 to extend the grant period and to increase FEMA funding from the Florida Division of Emergency Management.

JG/cds