



# Springs Connection Special Edition



Fall, 2014

JUST THE FACTS



## FAQs About the New Aquatic Center

*\* indicates support material on the City web site*

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### 1. Q. Why has Council decided at this time to build a new Aquatic Center?

**A.** When engineering and City Building Official recommendations were made\* to fix major structural issues and corrosion in the existing pool, the estimated cost of repairs, \$4,460,880 (as provided by Bermello Ajamil & Partners on June 16, 2014\*) was almost the cost of building a brand-new facility. Council decided to shore up the pool temporarily to keep it safe and in usable condition until a new facility is built.

### 2. Q. Where are we currently with the development of our new Aquatic Center?

**A.** On November 22, 2013 the City issued a Request for Qualifications (RFQ) for *Consulting Services to Develop Plan Components and Specifications for an RFP for a New Design/Build Aquatic Facility and for Construction Supervision* \* and Council chose one of the premium consulting firms, Bermello Ajamil & Partners (B&A).\* B&A is currently developing the "Design Criteria Package" which will be distributed with the Request for Proposal (RFP) packages for a design/build contractor that is expected to be advertised for the bid process in mid-October.

### 3. Q. Where will the new Aquatic Center be located?

**A.** Council has also decided that it will be located at the northern end of the property which is currently the pool parking lot.\*

### 4. Q. What is a "hybrid" pool?

**A.** This is a warmer water, mixed-use pool with varying depths for various activities. Our "hybrid" pool will include features such as: lap lanes for competitive training and exercise, zero/beach style entry, active play area with splash and spray features, slide(s), and a pool area that may be used for water aerobics and swimming lessons with water temperatures that range from 84-86 degrees.

### 5. Q. What will the cost be?

**A.** Council has set a \$5 million cap on this project, with every expectation that the formal bids will come in lower than that. This \$5 million figure was determined by Council, with advisement by B&A, as a reasonable amount that would provide a "hybrid" (mixed use) pool facility that meets the top priorities expressed by the community as a result of the surveys, five public charrettes and seven Council meetings.\*



*At the Heart of it All!*

**6. Q. Why is the amount of the potential loan at \$5.6 million, if the cap is \$5 million?**

A. This figure includes improvements at Stafford Park of re-sodding and a new pavilion, as well as the amount of the B&A consultant contract.

**7. Q. How will this impact the average homeowner?**

A. The millage impact will be .4944 mills representing about a \$79 annual cost to the average homeowner (the average taxable value for a residential home for FY 14-15 is \$157,899) for the first year of the 15 year loan period, assuming that the City borrows the entire \$5.6 million. This will go down if the amount borrowed is less than \$5.6 million.

**8. Q. What are the top priorities from the survey results?**

A. The following is a compilation of the highest ranking or most frequently mentioned items from 309 paper and electronic surveys that were received and more than 250 meeting participants. Complete survey results\* may be viewed on the web site.

**Summary:**

Current pool lacks recreational usage: 25% of respondents state there are no recreational components, 22% use other facilities, 17% state the existing pool does not offer programs (see below) that they desire.

73% of respondents would use the pool area or multipurpose room for birthdays / rentals / meetings / events.

The new facility should have accommodations for a full range of ages

45% of respondents would use a concession stand if available

Many stated they wanted more convenient hours, a combination of a family-friendly recreational and competitive facility, shaded areas and a more "user friendly" & "family oriented" facility.

**Amenities for the new facility ranked by number of responses:**

1) Shade seating such as cabanas, umbrellas, canopies etc. ; 2) Family restrooms; 3) Interactive wet playground ; 4) Separate warm pool: therapy, lessons and other programs; 5) Thrill attractions: water slide, etc.; 6) Multipurpose room; 7) Concession stand; 8) 50 meter competitive pool.

**Requested programs for the new facility ranked by number of responses:**

1) lap swimming; 2) swim lessons; 3) private rentals; 4) water aerobics; 5) Lifeguard / Red Cross training; 6) therapy programs; and 7) competitive programs.

**9. Q. Why not build a competitive pool similar to the one we currently have?**

A. A competitive pool was very low on our list of stated resident priorities from the surveys. A competitive pool is very expensive, and cannot be added to a recreation-type pool within our budget. There will be a minimum of four lap swimming lanes (with a possibility of five) included in our "hybrid" pool design.

**10. Q. Will Miami Springs residents have to pay the same to use Aquatic Center facilities as non-residents?**

A. Unless grant funds or inter-local agreements are received that preclude this, we expect that there will be a separate fee structure for residents and non-residents.

**11. Q. Why is the City doing a bank financing and not a bond?**

A. During January and February of 2014, the City attempted to contact several banks in order to obtain a 20 year, fixed rate financing arrangement for the proposed pool. We could not find any banks willing to go out that long at a fixed rate. We then attempted to determine if a bond would be available for that length of time.

During March 2014, the City contacted the Florida League of Cities in order to obtain information on their municipal bond program for the financing of the proposed aquatic project. They provided us with a preliminary statement\* which showed that the interest rate would be about 4.19% for 20 years with closing costs of \$64,140 based on a loan of \$5 million. They explained that bonds would require the city contract a rating agency to get a credit rating, as well as contracting underwriters and bond counsel. This process is expensive and the proposed rates were not attractive.



**12. Q. Is bank financing more expensive than issuing bonds?**

A. The national trend in recent years is for municipalities to borrow funds for major projects via direct bank financing. This is due to the fact the a GO Bond issuance requires significant formalities, regulatory requirements, time, and cost, and as noted above, the rates are not as attractive as direct bank loan financing. Therefore, the City is negotiating for bank financing since, as noted above, this can be executed at a lower cost to the taxpayers. This financing is being repaid by a designated revenue stream from the City, and is a tax exempt financing.

**13. Q. Why did so many financial institutions decline to respond to the request for proposals?**

A. During April, 2014, the City contracted with Dunlap & Associates (D&A) to become the City's financial advisor for the purpose of providing assistance in obtaining financing options for the proposed aquatic facility project. We discussed with D&A the alternatives of bank financing versus bond issuance. D&A confirmed what we had already seen with the Florida League estimates, that a bond is more expensive . \* Thus D&A recommended that the City pursue a bank financing option. Bank financing carries a low interest rate since this is also a tax exempt borrowing just like a municipal bond issuance.

On June 2, 2014, D&A distributed a Request for Proposal (RFP) for this purpose to approx. 14 financial institutions. On July 8, 2014 the City did not receive any proposals in response to the RFP. D&A contacted some of the banks to ascertain why they did not respond.\* The most prevalent reason was that they did not want to go 15-20 years at a fixed rate, or that the project was a recreational one and not infrastructure.

**14. Q. Which institution is providing financing to the City and under what terms?**

A. SunTrust Bank did not respond to the original RFP since the person responsible for relationship was ill. However, on July 14, 2014 SunTrust submitted their proposal for the four options offered by SunTrust that would have required the closing on the loan by August 15, 2014.

After internal discussions with the City Attorney, the Administration determined that it would not be in the City's best interest to close on the loan so early due to the many unanswered questions related to the project, including at that time whether the project would be approved at all, if approved what the total cost of the project would be, and the timing of when the funds would be needed to begin construction. The current timeline from Bermello Ajamil is for the RFP process to commence in mid-September 2014 and responses received during November, 2014.

Based on these factors, the Administration and City Attorney met with representatives from SunTrust Bank in order to discuss solutions to our concerns. On July 30, 2014 SunTrust provided an additional four options that the City could consider to mitigate our concerns and questions addressed above. The Administration has determined that the third option listed "Set Rate three days prior to closing" would be the most appropriate option for the City to accept. Under this option we have the option of setting the rate up to 90 days prior to closing for an additional 0.1% increase in the rate (current rate if locked today is approximately 3.49%). This option would be important since, if the rates begin to increase, we can lock in the rate and close 90 days afterwards. Otherwise we can wait and lock the rate 3 days before closing. Another benefit is that although we are approved for an amount up to \$5,660,000, Council can decide to borrow less than that amount at time of closing.

**15. Q. Why doesn't the City refinance the community center debt along with this new debt in order to save money?**

A. The City is working with Suntrust Bank in order to look into the possibility of refinancing the current community center debt, which is at 3.81% interest, by combining it with the new debt. If the terms of the refinancing result in a cost reduction, we will proceed with the refinancing.

**16. Q. Why did South Miami build their municipal pool for so much less than our new design?**

A. The South Miami pool was built on an empty piece of land. They did not have demolition costs for a building, parking lot and old pool structure. Their pool is also substantially smaller than our new pool, and does not have the associated building space that we will have nor a parking lot. Please refer to the chart on our website. \*

**17. Q. The South Miami pool was financed with grants. Why doesn't Miami Springs pay for the pool with a grant?**

A. The South Miami pool was funded from Community Development Block Grants, federal funding which is largely based on the low-income demographics of the community. Miami Springs is not eligible for Community Development Block Grants based on the much higher income demographics of our community. City staff, however, are pursuing grant and other funding opportunities from other sources to help with the total cost of the new facility.

**18. Q. Is there a business plan for the new Aquatic Center?**

**A.** Once the final design/build plan has been selected and approved, the City will develop revenue / expense projections.



**19. Q. Timeline of the project?**

<b>Project Timeline</b>	
BUILDING OFFICIAL AND STRUCTURAL ENGINEERS RECOMMEND MAJOR REPAIRS FOR POOL	OCTOBER 23, 2013
COUNCIL MAKES DECISION TO SHORE UP POOL AND RESEARCH NEW CONSTRUCTION	OCTOBER 23, 2013
DECISION BY COUNCIL TO BUILD NEW AQUATIC COMPLEX	OCTOBER 23, 2013
POOL STRUCTURE IS TEMPORARILY STABILIZED	DECEMBER 9, 2013
COUNCIL HIRES POOL CONSULTANT FIRM	MARCH 31, 2014
PAPER AND ELECTRONIC SURVEY PERIOD	ENTIRE MONTH OF APRIL 2014
PUBLIC CHARRETTES FOR INPUT	APRIL 25 (2) AND APRIL 26 (1) 2014
5 POOL CONCEPTS PRESENTED AT COUNCIL MEETING	JUNE 16, 2014
COST OF REPAIRS PROVIDED BY CONSULTANT	JUNE 16, 2014
DETERMINATION OF SITE PLAN AT COUNCIL MEETING	JUNE 23, 2014
DETERMINATION OF SITE PLAN AT SPECIAL COUNCIL MEETING	JULY 2, 2014
UPDATED CONCEPTS AND BUILDING ALTERNATIVES AT COUNCIL MEETING	AUGUST 11, 2014
PUBLIC CHARRETTES FOR INPUT	AUGUST 22 (2), 2014
UPDATED CONCEPTS AND COSTS AND AUTHORIZATION TO MOVE FORWARD WITH DESIGN BUILD CRITERIA PACKAGE AT COUNCIL MEETING	AUGUST 25, 2014
DESIGN CRITERIA PACKAGE	SEPTEMBER 2014
BIDDING AND AWARD	OCTOBER - DECEMBER 2014
CONSTRUCTION DOCUMENTS AND PERMITTING	JANUARY - MARCH 2015
CONSTRUCTION	APRIL 2015 – MARCH 2016
GRAND OPENING	APRIL 2016

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