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COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: February 25, 2009

SUBJECT: **STATUS REPORT ON THE PALM & HIBISCUS ISLANDS UNDERGROUND UTILITIES PROJECT**

This report provides a further update on the City's on-going activities to underground the Florida Power & Light (FPL) electric, Atlantic Broadband (ABB) cable television, and ATT (formerly BellSouth) telecommunications installations on Palm and Hibiscus Islands.

At this time, the Homeowner Association (HOA) has requested the City assist with activities to lower the total project cost and understands that this exercise may not be completed before the expiration of the 180-day binding estimate from FPL. The HOA is willing to let the estimate expire and pay a fee for obtaining a new one in an attempt to obtain better pricing.

The HOA advised the City that the latest binding estimates from the utilities are much higher than anticipated. As a result, the HOA asked the City to obtain independent quotes for trenching and installing conduit. Two contractors, certified by the utilities, were contacted. A cost estimate of $702,787 was received from one private contractor, reducing the net overall cost by $692,355. The other private contractor abstained from providing an informal quote.

The City forwarded the quote to the HOA for review and scheduled a meeting for the end of February 2009 to discuss it. At that meeting, it is hoped to make a decision either to go forward with the utility companies' contractors and cost estimates or to use the City to contract the trenching and conduit installation.

For additional cost savings, the HOA is also considering maintaining aerial services for AT&T and ABB and only undergrounding the FPL facilities. City legal staff has opined that as long as the benefit is clear, in this case an increased reliability of electric service, there is sufficient reason for the establishment of a special assessment district.

Costs

The combined present estimate from utility companies (including soft costs and fees, but without 25% FPL waiver reduction) as well as the fees associated with the City's JOC contractor, City's private contractor, project management fees, streetlighting, homeowner's administrative fees and financial consultant component, is as follows:

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Date 2-25-09

Description	Cost if Performed by the City	Cost if Performed by FPL
FPL	1,060,126	2,583,997
AT&T	655,897	655,897
ABB	574,375	574,375
JOC Estimate	356,741	356,741
JOC Fees	5,351	5,351
Private Contractor	702,787	0
CEI	118,812	0
Contingency	97,174	97,174
Financial Consultant	19,726	19,726
Street Lighting	615,000	615,000
Const. Management	56,560	46,643
HOA	49,000	49,000
Totals	**$4,311,549**	**$5,003,904**

The above estimate excludes any costs associated with the demolition or refurbishment of the FPL vault and the fees imposed by FPL for providing a new binding estimate.

FPL

On October 27, 2008, FPL submitted via email the binding cost estimate, known as the Contribution in Aid of Construction (CIAC), and drawings for the underground installation of the existing aerial electrical system. The binding estimate amount, without any applicable Engineering Fees and Government Adjustment Factors (GAF) totals $2,583,997 with the cost of Palm Island at $930,831 and Hibiscus Island at $1,653,166. This estimate is for the total customer contribution as specified in Tariff 12.2.3. If all residences convert to the underground system, the binding estimate would be reduced by the 25% CIAC waiver to $1,937,997. The cost breakdown for each island would be $698,123 for Palm Island and $1,239,874 for Hibiscus Island.

The scope of work submitted by FPL includes the installation of a complete underground electrical backbone system utilizing rapid trench construction, providing backfill compaction with no temporary or permanent patching of the roadway and Maintenance of Traffic in accordance with City's Standard Design requirements. This binding cost estimate is valid for 180 days, expiring on April 25, 2009.

ATT

On November 14, 2008, ATT submitted, via email, the binding cost estimate in the amount of $372,570 for Palm Island. Subsequently, on November 24, 2008, ATT submitted, via email, the binding cost estimate for $283,327 for Hibiscus Island. The scope of work submitted by ATT includes the installation of a complete underground communication backbone system utilizing trench construction, providing backfill compaction and restoration of the roadway. Although not stated, there could be additional costs if there are significant changes from the preliminary design to the final design.

These costs do not consider implementation through a joint trench agreement with ABB and maintain the aerial facilities that feed 226, 222, & 220 Palm Island and 228, 224, & 222 South Coconut Lane. After further discussion with AT&T and ABB it was determined that

due to the small portion of trench required for Palm Island it was not cost efficient to perform the work utilizing a common trench.

ABB

On November 25, 2008, ABB submitted, via email, the binding cost estimate for Palm Island is in the amount of $177,619 and for Hibiscus Island in the amount of $396,755. The scope of work submitted by ABB includes the installation of a complete underground cable backbone system utilizing trench construction, backfill compaction, and restoration of the roadway. Although not stated, there could be additional costs if there are significant changes from the preliminary design to the final design.

After further discussion with AT&T and ABB it was determined that due to the small portion of trench required for Palm Island it was not cost efficient to perform the work utilizing a common trench.

City

On January 30, 2009, a private contractor certified by FPL and AT&T, submitted a proposal in the amount of $702,787 to perform trenching, conduit installation and backfilling in accordance to the scope of work and drawings provided by FPL. A cost proposal in the amount of $118,812 was also received by the City on January 23, 2009 from a firm qualified to conduct Construction Engineering and Inspection Services to supervise the work submitted by the private contractor.

On December 11, 2008, a JOC contractor submitted a proposal in the amount of $356,741 with $198,135 for Palm Island and $158,607 for Hibiscus Island. These activities include providing protective bollards, new raised curbs and fill for the transformer pads on Palm Island, removing landscaping encroachments and restoring sod where needed, replacing damaged curb by utility trenching, using roadway cold patch over the trenched areas, and striping within the project limits.

The City also has an estimate for the streetlights that need to be installed on the islands once the existing poles are removed. These cost estimates are $260,000 for Palm Island and $375,000 for Hibiscus Island. The City is evaluating the use of GO Bond money, that was slated for lighting on these islands, to offset these costs.

Burton & Associates, the potential financial consultant, provided the City with a proposal of $19,726 for the Underground Utilities Assessment Study for Palm and Hibiscus Islands. The scope of the proposal includes the development of non-ad valorem assessments for the two subject neighborhoods with the cost divided evenly.

The City's CIP fees, to cover staff costs for coordination and construction management related to the JOC contractor, private contractor and Construction and Engineering Inspection Firm, are 4.8% of the total construction cost. A 1.5% fee is also assessed to cover JOC management which is equal to $5,351. The total cost for the construction management is $56,560. Finally, a 10% contingency is added to cover unforeseen conditions during construction. This amounts to $22,633 on Palm Island and $19,217 on Hibiscus Island for a total of $41,850.

JMG/TM/FHB/JCC/RWS/AC

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