#### **RESOLUTION 15-17**

BE IT RESOLVED that the appropriate officers of the City are authorized but not required to execute and deliver on behalf of the City that certain Agreement between the City and Gulf Power Company, relating to the construction and installation of underground electrical distribution facilities in that portion of Front Beach Road designated in the Front Beach Road Segment 2 Improvement Project, in the basic amount of One Million Nine Hundred Eighty Eight Thousand Four Hundred Fourteen Dollars and No Cents (\$1,988,414), in substantially the form attached and presented to the Council today, with such changes, insertions or omissions as may be approved by the City Manager, whose execution of such agreement shall be conclusive evidence of such approval.

THIS RESOLUTION shall be effective immediately upon passage.

PASSED in regular session this 13 day of November, 2014.

CITY OF PANAMA GITY BEACH

Gayle F. Oberst, Mayor

ATTEST:

Holly White, City Clerk

RESOLUTION 15-17

### GULF POWER COMPANY AGREEMENT FOR UNDERGROUND CONVERSION CONSTRUCTION

Panama City Beach W.O. # \_18A1K7\_\_

This AGREEMENT made and entered into this day of,
(Effective Date) by GULF POWER COMPANY, hereinafter called the Utility, and
<u>CITY OF PANAMA CITY BEACH</u> , hereinafter called the Applicant, sets forth
the terms which will apply to the construction and installation of the underground
facilities to be located at: "SEGMENT II, FRONT BEACH ROAD" - FRONT BEACH
ROAD FROM RICHARD JACKSON BLVD EAST TO GULFSIDE DRIVE.

Exhibit "A" hereto, contains a detailed description of the location and facilities that will be constructed or installed by the Utility.

#### WITNESSETH THAT:

WHEREAS, the Utility owns and operates an electric distribution system in <u>BAY</u> County, Florida, in which the Applicant desires to have certain specified existing overhead electric distribution facilities replaced with underground electric facilities; and

WHEREAS, the Utility would normally construct, install and maintain overhead electric facilities at the location described in Exhibit "A"; and

WHEREAS, the Utility can only remove the existing overhead electrical distribution facilities at the above described location and replace them with underground electrical distribution facilities if the costs of the conversion of overhead to underground electrical distribution facilities are paid by the entity requesting the conversion; and

WHEREAS, the Applicant agrees to pay for the costs associated with the conversion of overhead to underground electrical distribution facilities;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter set forth, it is agreed by and between the parties as follows:

- 1. The Utility hereby agrees to remove the existing overhead electrical distribution facilities at the above-described location and replace them with underground electrical distribution facilities provided:
  - (a) the costs of performing this activity are paid by the Applicant according to the terms set forth in Paragraph 2;
  - (b) the Utility shall own and maintain the underground electrical

distribution facilities constructed and installed pursuant to this Agreement and such facilities shall be installed in a manner within the sole discretion of the Utility;

- (c) the Applicant specifically agrees and acknowledges that only the following facilities are to be constructed underground by Utility pursuant to this Agreement:
  - (1) the electrical distribution facilities specifically set forth in Exhibit "A", until the combined load served by the facilities described in Exhibit "A" reaches a line capacity of 900 amps as determined by Utility. Once this line capacity limit is reached, any future upgrades to, or extensions of the facilities described in Exhibit "A" shall be installed in a manner, either overhead or underground, within the sole discretion of the Utility. All electrical distribution service entrances to a customer's premise shall be installed in a manner within the sole discretion of the Utility;
- (d) the Applicant causes to be conveyed to the Utility, without cost, an easement running with the property with rights of ingress and egress necessary or convenient to the Utility or required by it for the purpose of operating, maintaining, and removing said underground electrical distribution lines and other necessary equipment. In the event that no easement is conveyed and regardless of whether the line capacity limit set in paragraph 1(c)(1) has been reached, Applicant acknowledges and agrees that any future relocation of the facilities at the demand or request of any governmental entity shall result in the facilities being relocated and installed overhead unless the utility is fully compensated for the costs associated with the relocation of the facilities underground; and
- (e) the conditions of Section No. IV, Rules and Regulations for Electric Service, Part VI, Paragraph 6.5.1 & 6.5.3 are met.
- 2. In consideration for the utility performing the activities set forth in paragraph 1 above, the Applicant agrees to pay to the Utility \$\\_1,988,414.00\$ which is the difference between the estimated cost of the underground electrical distribution facilities and the estimated cost of equivalent overhead electrical distribution facilities and applicable non-typical charges. This difference shall be paid by the Applicant to the Utility contemporaneously with the execution of this Agreement by the Applicant unless alternate payment terms have been agreed to in writing by a Vice President of the Utility. If applicable, any such alternate payment terms shall be stated in Exhibit "B" hereto. Applicant agrees that construction of the electrical distribution facilities specifically set forth in Exhibit "A" must commence within 30 days of the Effective Date and shall be completed within 180 days of the Effective Date or this Agreement shall terminate. Upon such termination, the Utility shall refund to Applicant the amounts paid to Utility under this Agreement less an amount to cover all costs incurred by Utility in the

performance of the Agreement as of the date of termination.

- 3. Electric service provided to the Applicant or any customer through the electrical distribution facilities described in Exhibit "A" will be provided by the Utility under applicable Rate Schedules and its Rules and Regulations as filed with the Florida Public Service Commission.
- 4. In the event that the Applicant requests that the Utility perform work outside the scope of work outlined in Exhibit "A," or in the event that the Utility encounters unforeseen conditions, the existence of which were not, and would not have been discovered by the Utility upon a reasonable inspection of the premises and applicable drawings and specifications, the Utility shall require that the Applicant execute a Change Order substantially in the form attached hereto as Exhibit "C." The Utility may, at its discretion, discontinue all work on the project until a satisfactory Change Order is executed. In the event that a satisfactory Change Order is not executed within sixty (60) days of being presented to the Applicant, the Utility may terminate this Agreement. Upon such termination, the Utility shall refund to Applicant the amounts paid to Utility under this Agreement less an amount to cover all costs incurred by Utility in the performance of the Agreement as of the date of termination.
- 5. If at any time, the Utility is unable to perform its obligations hereunder due to an event of Force Majeure (including, but not limited to Acts of God, national emergencies, strikes, or any other events beyond the reasonable control of the Utility) the Utility's obligations hereunder shall be suspended for the duration of the Force Majeure event. The disabling effects of such Force Majeure event shall be eliminated as soon as reasonably possible and to the extent reasonably possible. However, in the event that the Force Majeure event is not eliminated within ninety (90) days of its first occurring, either party may terminate this Agreement. Upon such termination, the Utility shall refund to Applicant the amounts paid to Utility under this Agreement less an amount to cover all costs incurred by Utility in the performance of the Agreement as of the date of termination.
- 6. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Utility but shall not be assignable by the Applicant except with the written consent of the Utility first had and obtained. Any attempt to assign this Agreement in violation of this provision shall be void and without effect.
- 7. The Utility, through the signature of one of its Vice-Presidents, and the Applicant, through the signature of one of its officers below, and in witness whereof, acknowledges this agreement set forth above as properly executable:
- 8. This Agreement may be executed simultaneously in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be properly executed in four counterparts as of the day and year first above written.

APPLICANT:		GULF POWER COMPANY:		
Ву: (	)	By: Vice President		
ATTEST:		ATTEST:		
Date:		Date:		
		2 4.01		

Correspondence with the Applicant should be addressed to:

NAME: Mario Gisbert, City Manager

FIRM: City of Panama City Beach

ADDRESS: 110 South Arnold Road

CITY: Panama City Beach STATE: FL ZIP CODE: 32413

## Exhibit "A" Front Beach Road – Segment 2 Underground Agreement

Gulf Power will replace existing overhead electrical service with underground electrical service along:

 435' north and 624' west from the intersection of Front Beach Road and Richard Jackson Blvd: from the same intersection 4,900' east to the intersection of Front Beach Road and Gulfside Drive; for a total of 5,959'. Remove existing overhead facilities and replace with underground duct bank that will be installed along portions of Richard Jackson Blvd and Front Beach Road.

Specifically, Gulf Power will provide and install all required electrical equipment and cable in electrical vaults, manholes, and conduit provided by the Community Redevelopment Agency funded roadway reconstruction contract. All Gulf Power work will be in accordance with Gulf Power "Overhead to Underground Conversion" Front Beach Road Segment II drawings, sheets 1-13, dated September 9, 2013; Roadway Improvements to Front Beach Road and Richard Jackson Blvd.

## Exhibit "B" Front Beach Road - Segment 2 Alternate Payment Terms

In Lieu of total up-front payment of \$1,988,414.00 by the City of Panama City Beach to Gulf Power Company, it is heretofore agreeable for the City of Panama City Beach to execute a "Purchase Order Agreement' to Gulf Power Company in said amount.

Gulf Power Company will bill expenditures to the Purchase Order Agreement provided by Panama City Beach as follows:

Total Conversion Costs	\$1,988,414.00
Payment Schedule Below:	
1 <sup>st</sup> Payment (50% of total amount due upon material and equipment order)	\$994,207.00
2 <sup>nd</sup> Payment (50% of remaining balance due at 50% of construction completion)	\$497,103.50
Final Payment (Final 50% of remaining balance due at construction completion)	\$497,103.50
	\$127,103.50

#### Exhibit "C"

## CHANGE ORDER FOR UNDERGROUND CONSTRUCTION AGREEMENT DSO #

WHEREAS, on	, Gulf Power Company		
hereinafter called the Utility, and	hereinafter referred to as the		
Applicant, entered into an Agreement for Under	erground Construction, hereinafter referred to as		
the Agreement (a true and correct copy of which	ch is attached hereto and incorporated herein); and		
WHEREAS, the Applicant has request the scope of the Agreement; and	ted that the Utility perform additional work outside		
WHEREAS, the Utility and the Applic change in scope and corresponding change in p	cant desire to amend the Agreement to reflect the price for the work to be performed;		
	n of the premises and of the mutual agreements the Agreement, it is agreed by and between the ng respects:		
	for DSO# Exhibit "A" to the led scope of work attached to this Change Order.		
2. The price term referenced in pa modified to read ""	ragraph of the Agreement is		
3. All other terms and conditions of in full force and effect.	of the Agreement not amended hereby shall remain		
IN WITNESS WHEREOF, the parties executed in two counterparts as of the day and	s hereto have caused this instrument to be properly lyear last specified below.		
[Insert Applicant Name]	GULF POWER COMPANY		
By:	By:Title:		
ATTEST:	ATTEST:		
Ву:	Assistant Corporate Secretary		
Date:	Date:		

Gardner, Bist, Wiener, GBW Bowden, Bush, Dee, LaVia & Wright, P.A. ATTORNEYS AT LAW

Michael P. Bist Garvin B. Bowden\*\* Benjamin B. Bush David S. Dee Erin W. Duncan Charles R. Gardner John T. LaVia, III

1300 Thomaswood Drive Tallahassee, Florida 32308

www.gbwlegal.com

Bruce I. Wiener\*\* Wendy Russell Wiener Bedford Wilder Robert Scheffel "Schef" Wright

Telephone 850-385-0070

Facsimile 850-385-5416

\*\*Board Certified Real Estate Lawyer

#### MEMORANDUM

September 21, 2014

TO:

JOHN ALAGHEMAND, ASSISTANT CITY MANAGER/CRA MANAGER

CITY OF PANAMA CITY BEACH, FLORIDA

DOUGLAS SALE, ESQUIRE, CITY ATTORNEY CITY OF PANAMA CITY BEACH, FLORIDA

FROM:

ROBERT SCHEFFEL WRIGHT

SUBJECT:

CIAC FOR FRONT BEACH ROAD SEGMENT 2 UNDERGROUNDING

PROJECT

As we previously discussed, on Friday, September 12, I met with Linda Davis, Coordinator of Customer Operations Support for Gulf Power, and Steve Griffin, Gulf's attorney who handles the City's undergrounding ("UG") projects for Gulf. The purpose of my meeting was to review, pursuant to a Non-Disclosure Agreement between my firm and Gulf, Gulf's cost estimates and CIAC calculations for the underground conversion project that begins at the intersection of Front Beach Road and Gulfside Drive and continues west to the intersection of Front Beach Road and Richard Jackson Boulevard in Panama City Beach. This project is commonly referred to by the City and by Gulf Power as the "Front Beach Road Segment 2 Improvement Project."

In summary, I verified the calculations, confirmed that they are consistent with the agreements that Gulf and the City reached with respect to the CIAC for the South Thomas Drive-Front Beach Road undergrounding project in 2011, and confirmed that the contractor selected by Gulf to perform the work on the Front Beach Road Segment 2 Project was, in fact, the low bidder. Accordingly, I would support the City proceeding with the Front Beach Road

Segment 2 Project as proposed by Gulf, at Gulf's proposed CIAC.

The Front Beach Road Segment 2 Improvement Project covers 5,610 linear feet, or approximately 1.06 linear miles, and includes 16,830 feet of conductor (wire). Among other things, in my review:

- 1. I reviewed Gulf's CIAC calculation sheet for the Front Beach Road Segment 2 Project; a copy is attached. In my review, I confirmed that Gulf correctly applied the formula (including the agreements regarding the formula that we reached with Gulf in 2011) for computing the CIAC for UG conversion projects. Also, considering the age of the overhead ("OH") distribution facilities being removed (average installation date is 1992), I believe that both the "Estimated Net Book Value of Existing Facilities" (i.e., the facilities being removed) is reasonable, and also that the Salvage value is reasonable. Also, considering the running length of the project, the Cost of Removal appears reasonable to me, relative to the corresponding removal cost for the South Thomas Drive Project, the Powell Adams Road Project, and other UG projects that I have been involved with.
- 2. I verified that the operating and maintenance ("O&M") cost per conductor foot for UG facilities, \$6.41737 per foot, is less than the corresponding charge for OH facilities, which is \$7.28062 per foot. These are the same values that Gulf applied for the Powell Adams Road Project in 2012, and in light of the fact that they have not increased in the intervening 2 years as well as the fact that I believed that the values were reasonable in 2012, I continue to be of the opinion that they are reasonable.
- 3. I confirmed that, consistent with the agreement that Gulf and the City reached on the South Thomas Drive UG project, Gulf correctly applied the 30 percent charge for Engineering & Supervision costs (accounting overhead charges for common costs) to the UG side of the job, and also that Gulf applied a 50 percent E&S charge to the OH side of the calculations (which is a benefit to the City). The E&S charges for the Lighting component of the Front Beach Road Segment 2 Project was based on actual costs, which I believe is reasonable as a methodological approach; additionally, at 32.4 percent of the

Labor and Materials Cost for the Lighting work, these charges appear objectively reasonable to me.

- 4. I examined Gulf's summary bid sheet for the two bidders who submitted responsive bids for the job and confirmed that the selected contractor, MasTec, offered a bid that is significantly less than that offered by the other bidder.
- 5. I reviewed the materials list for the project. While I am not an engineer, I've looked at a number of these in my UG work and the list appears reasonable and appropriate to me.

Finally, Gulf has begun separately accounting for certain post-project costs, which they identify under the accounting entry "Blanket." This item covers the projected actual costs for a pole removal truck and labor necessary to finally remove certain poles that remain after the original underground conversion project is completed. Such "remaining" poles are those that, after the electric facilities have been undergrounded, remain in place because they still have telecommunications and cable television facilities on them.

In summary, all aspects of the CIAC calculations for the Front Beach Road Segment 2 Project appear to be consistent with the City's and Gulf's agreements regarding CIAC calculation methodologies for other UG projects, and other aspects of the proposal also appear reasonable to me. Again, the contractor selected by Gulf to perform the work offered a price significantly less than the other responsive bidder.

Thank you again for the opportunity to be of service to the City and the citizens of Panama City Beach with this Project. If you have any questions, please call me any time.

#### Attachment



# Gulf Power Company Panama City Beach CIAC Calculation 2014

Description		Amount
Underground Construction		·
Labor & Materials	1,640,125	
Engineering & Supervision Overhead	492,037	
Operating Cost (conductor foot)	108,004	
Transformers	150,448	
Original Underground Construction Estimate	2,390,614	
Lighting		:
Labor & Materials	34,426	
Engineering & Supervision Overhead	11,145	
Lighting	45,571	
Underground Construction Estimate with Lighting		2,436,185
	······································	
Existing Facilities		
Estimated Net Book Value of Existing Facilities	115,215	
Cost of Removal	134,697	
Salvage	(105,451)	
Costs & Credits Associated with Existing Facilities		144,461
Overhead Construction Credit		
Labor & Materials	(375,184)	
Engineering & Supervision Overhead	(175,940)	
Operating Cost (conductor foot)	(122,533)	
Transformers	(87,820)	
Overhead Construction Credit		(761,477)
Total CIAC		4 646 466
Total CIAC		1,819,169
Paid Binding Estimate Deposit		(2,416)
Blanket		63,497
Inspection Costs		108,164
CIAC Balance Due		1,988,414

# GENERAL NOTES:

I, THE DUCT BANK SYSTEM FROM THE AND FULL BOXES TO THE CHIZ WALL TO BE PROVIDED AND RESTRUCTOR FOR CUSTOMER, DUCT BANK SYSTEM AND LINES, DUCK, DOSCO, LUCK, DOCULTOR SYNCHER, AND DUCT BANK CONSTRUCTION METERALS, CUSTOMER SHALL PROVIDE AND RESTALL ALL 27 FAM 67 DUCT.

CUSTOMER SHALL CONSTRUCT ALL 3-PAUSE TRANSPORMER PAUS FER GPCO SPECIFICIANS.

MIL DUCT CROSSING UNDER POINTS SHALL BE MINIMAN OF 3-MANS.
MALESD DUCTS SHALL BE CAPPED FOR FUTURE USE.

PROJUMENTORS SHALL INSTALL ALL DUCT FROM RESENS TO FIRST
SHITCH CARNELTS.

UZZ-14 CONCRETE DUCT BANK
UZZ-2 OUCT MEDILLATION HOTES

OUF-4 6712\* WALLT

4725\* PALL BOX

##-A.3 VIT-9 LID FOR 9712' VALUI'

2-4 SWITCH LEXT EXCONO

2-5 SWITCH CARRET COROUT LAYOUT

2-10 RESET COROUT CEVAL

2-10 CASEL COROUT CEVAL

2-1 CASEL COROUT CEVAL

2-3 J PHASE UND CHEEL WHONG

2-3 J PHASE UND CHEEL WHONG

2-3 LORGAN BEST ECHAL

2-5 J COROUT BEST ECHAL

2-6 LORGAN ENT DAGGAN

2-7 LORGAN CHEEN COMPRETE PHO DETALS

2-8 DEED BEST, DAGGAN

2-9 DEED BE

UCZ-8 OPEN DELIX DUGRAM

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3. 1-1/0 ANN UNDENGROUND CARLE PER 2 INCH DUCT INSTALLED AS SHOWN.

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QUE POMER CONSTRUCTION COORDINATOR TO APPROVE ALL
LILLY/TREDICY/DUCT WORK PROOK TO ANY BACK-PIL.
CONSTINUETS COREINAL CONTINUETOR SAML CONTINUET GALF POWER
RESIDENTIAL COORDINATION PRIOR TO ANY DISCORD WITHEN 8' OF
BERNINGTHAN GOORDINATION PRIOR TO ANY DISCORD WITHEN 8' OF

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O. ALL SHRIJBERRY TO BE MANTANED A MINIMUM OF ST FROM MY SIDE AND 10" IN FRONT OF ANY GULF POWER TRANSFORMER OR DICLOSURE.

MICHAEL WIT THE CHRISTISH OF CHICAGON CHICAGON CHICAGON CONTROLL WAS BEEN CHICAGON C

12. GPOU'S CONTRACTOR SHALL YEARY THAT SPAKE DUST WITHIN CONCINETE QUST BANK IS VOID OF ANY CHANGE BY PALLING CHASE (RAMBIT) DEVICE THEM EACH SHAPE DUST, CESTOMERS CONTRACTOR TO MAKE REPAIRS TO ANY FAIL TESTED DUST.

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15. ALL DRIVEN GROUNDS, POLE REMOVALS, AND CONCRETE RISER BASE SHALL BE PERFORMED BY EXISTING GLUF POWER CONTRACTION AGREEMENTS.

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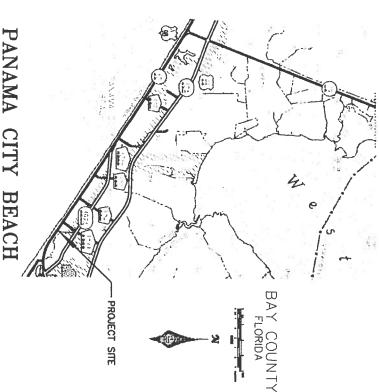
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# FRONT BEACH ROAD SEGMENT II

OVERHEAD TO UNDERGROUND ELECTRICAL UTILITY CONVERSION



PROJECT LOCATIO

ACKSOMMILE

A SOUTHERN COMPANY
ONE ENERGY PLACE
PENRACOLA, PLORIDA 23220
PANAMA CITY OFFICE
1230 EAST 15TH BTREET
PANAMA CITY, PLORIDA 32405

GULF

POWER

PROJECT CONTACT INFORMATION
CONSTRUCTION: DOUG MASHBURN
850-872-328
EMOINEERING: TOM BRANY
850-872-3231

target

沿国沿

Every day, every job, safely

# INDEX OF PLANS

BAY COUNTY, FLORIDA

SHET, NO.

SHET DESCRIPTION

SHT-1 KEY SHEET

SHT-2 SOOPE OF PROJECT

SHTS 3-5 GULF POWER CASILE LABEL DAGRAM

SHTS 6-10 UNDERGROUND CONSTRUCTION DETAILS

SHIS 11-13

OVERHEAD FACILITIES REMOVAL DETAILS



