

**RESOLUTION 16-135**

**A RESOLUTION OF THE CITY OF PANAMA CITY BEACH,  
FLORIDA, APPROVING AND AUTHORIZING EXECUTION  
OF AN UTILITY UNDERGROUNDING AGREEMENT WITH  
GULF POWER COMPANY IN THE AMOUNT OF \$2,220,955.**

**BE IT RESOLVED** that the appropriate officers of the City are authorized but not required to accept and deliver on behalf of the City that certain Utility Undergrounding Agreement between the City and Gulf Power Company, relating to Gulf Power Company's installation of underground electrical distribution facilities in connection with the Front Beach Road Segment II ROW Project, in the basic amount of Two Million Two Hundred Twenty Thousand, Nine Hundred Fifty Five Dollars (\$2,220,955.00), 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 and whose execution shall be conclusive evidence of such approval.

**THIS RESOLUTION** shall be effective immediately upon passage.

**PASSED** in regular session this 22<sup>nd</sup> day of September, 2016.

**CITY OF PANAMA CITY BEACH**

By: Mike Thomas  
Mike Thomas, Mayor

**ATTEST:**

Diane B. Fowler  
Diane Fowler, City Clerk



# CITY OF PANAMA CITY BEACH AGENDA ITEM SUMMARY

1. DEPARTMENT MAKING REQUEST/NAME:

CRA/KELLY JENKINS

2. MEETING DATE:

SEPTEMBER 22, 2016

3. REQUESTED MOTION/ACTION:

APPROVE AGREEMENT WITH GULF POWER COMPANY FOR THE UNDERGROUNDING ELECTRICAL FACILITIES ON FRONT BEACH ROAD SEGMENT 2 FOR \$2,220,955

4. AGENDA

PRESENTATION   
PUBLIC HEARING   
CONSENT   
REGULAR

5. IS THIS ITEM BUDGETED (IF APPLICABLE)? YES  NO  N/A   
BUDGET AMENDMENT OR N/A

DETAILED BUDGET AMENDMENT ATTACHED YES  NO  N/A

6. BACKGROUND: (WHY IS THE ACTION NECESSARY, WHAT GOAL WILL BE ACHIEVED)

One of the essential elements of the City's CRA ROW improvement projects is the underground conversion of existing overhead electrical facilities. Gulf Power's proposed fee for this effort for the Front Beach Road Segment II project is \$2,220,955, which is the difference between the estimated cost of the underground electrical distribution facilities and the estimated cost of equivalent overhead electrical distribution facilities.

As for past projects, the City engaged attorney Schef Wright to review Gulf Power's proposed fee for the underground conversion. Mr. Wright confirms that Gulf Power's calculations appear consistent with the calculation methodologies agreed to between the City and Gulf for past projects. His memo and conclusions are included in the attached memo.

The City approved a substantially similar agreement with Gulf Power in November 2014 for the Front Beach Road Segment II Project, but that agreement terminated on its own terms when the City's construction of Segment II subsequently stalled. Because recent bids for the Front Beach Road Segment II have been received which are within budget, Staff anticipates no similar impediment to this updated Agreement moving forward, and recommends approval.

**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 CITY OF PANAMA CITY BEACH, 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. This agreement replaces and supersedes the previous agreement for “Segment II, Front Beach Road” executed by the Applicant on November 20, 2014 and by the Utility on January 10, 2015.

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 BAY 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 **850** 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 as found in Gulf Power's Tariff for Retail Electric Service on file with the Florida Public Service Commission

2. In consideration for the utility performing the activities set forth in paragraph 1 above, the Applicant agrees to pay to the Utility \$ **2,220,955.00** 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 120 days of the Effective Date and shall be completed within 900 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. Following the completion of construction in accordance with this Agreement, Applicant and the Utility will execute an agreement substantially in the form attached hereto as Exhibit "C" and the Applicant will thereafter work with affected Lighting Customers (as defined in Exhibit "C") to obtain their written consent to the assignment of future rights and obligations concerning the Lighting Facilities (as defined in Exhibit "C"). In the absence of such an assignment, the Applicant will retain rights and obligations with respect to the Lighting Facilities as such rights and obligations appear in the Utility's Tariff for Retail Electric Service.

5. 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 "D." 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.

6. 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.

7. 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.

8. 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:

9. 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:

By:

By:

( )

Vice President

ATTEST:

ATTEST:

Date:

Date:

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 **\$2,220,955.00** 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:

<b>Total Conversion Costs</b>	<b>\$2,220,955.00</b>
<b>Payment Schedule Below:</b>	
1 <sup>st</sup> Payment (50% of total amount due for material and equipment order)	<b>\$1,110,477.50</b>
2 <sup>nd</sup> Payment (50% of remaining balance due at 50% of construction completion)	<b>\$555,238.75</b>
Final Payment (Final 50% of remaining balance due at construction completion)	<b>\$555,238.75</b>



**Exhibit "C"**

**AGREEMENT CONCERNING OUTDOOR LIGHTING  
ASSOCIATED WITH OVERHEAD TO UNDERGROUND**

This Agreement is made and entered into this \_\_\_ day of \_\_\_\_\_, 2016 ("Effective Date") by Gulf Power Company ("Gulf Power") and the City of Panama City Beach, Florida (the "City").

**WITNESSETH:**

WHEREAS, Gulf Power and the City are parties to that certain Agreement for Underground Conversion Construction bearing Work Order Number \_\_\_\_\_ (the "Conversion Agreement"); and

WHEREAS, the Conversion Agreement obligates Gulf Power to convert a portion of Gulf Power-owned overhead electric distribution facilities in the City to underground electric distribution facilities (the "Conversion Project"); and

WHEREAS, the scope of work for the Conversion Project includes the installation of new outdoor lighting poles, associated wiring and other miscellaneous lighting facilities (the "Lighting Facilities"); and

WHEREAS, the Lighting Facilities are being paid for by the City and installed for the benefit of various residences and businesses along the Conversion Project route who were previously receiving outdoor lighting service from Gulf Power's overhead electric distribution system (the "Lighting Customers"); and

WHEREAS, having paid for the installation of the Lighting Facilities for the benefit of the Lighting Customers, the City now desires to transfer and assign to the Lighting Customers all future rights and obligations concerning the Lighting Facilities to the Lighting Customers;

NOW THEREFORE, in consideration of the premises and other good and valuable consideration it is agreed by and between Gulf Power and the City as follows:

1. The Lighting Facilities and corresponding installation dates and Lighting Customers which are the subject of this Agreement are identified with specificity on Exhibit "A" hereto.

2. Gulf Power will retain ownership of the Lighting Facilities. Pursuant to Gulf Power's Tariff for Retail Electric Service, the useful life of the lighting poles is thirty (30) years from the installation date; and the useful life of the wiring, eyebolts and other miscellaneous related facilities is fifteen (15) years from the installation date. If the poles, wires, eyebolts or other miscellaneous related facilities must be changed out prior to the expiration of their useful lives, the facilities will be changed out by Gulf Power at no cost and the billing for these

facilities will remain as-is. However, if any of the Lighting Facilities must be changed out following the expiration of their useful lives, the person or entity holding the rights and obligations concerning the Lighting Facilities will have one of three options concerning the replaced facilities: (1) paying up front for the total installed cost of the replaced facilities; (2) paying a monthly charge as provided in Gulf Power's Retail Tariff; or (3) discontinuing unmetered electric service for the Lighting Facilities.

3. Subject to written acceptance by the Lighting Customers, the City hereby transfers and assigns to the Lighting Customers all future rights and obligations concerning the Lighting Facilities.

CITY OF PANAMA CITY BEACH, FLORIDA

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

GULF POWER COMPANY

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

**Exhibit "D"**

**CHANGE ORDER FOR UNDERGROUND  
CONSTRUCTION AGREEMENT**

**WO #** \_\_\_\_\_

**WHEREAS**, on \_\_\_\_\_, Gulf Power Company hereinafter called the Utility, and \_\_\_\_\_ hereinafter referred to as the Applicant, entered into an Agreement for Underground Construction, hereinafter referred to as the Agreement (a true and correct copy of which is attached hereto and incorporated herein); and

**WHEREAS**, the Applicant has requested that the Utility perform additional work outside the scope of the Agreement; and

**WHEREAS**, the Utility and the Applicant desire to amend the Agreement to reflect the change in scope and corresponding change in price for the work to be performed;

**NOW THEREFORE**, in consideration of the premises and of the mutual agreements hereinafter set forth and previously set forth in the Agreement, it is agreed by and between the parties to amend the Agreement in the following respects:

1. The scope of work referenced for WO# \_\_\_\_\_ Exhibit "A" to the Agreement is hereby modified with the amended scope of work attached to this Change Order.
2. The price term referenced in paragraph \_\_\_\_\_ of the Agreement is modified to read " \_\_\_\_\_."
3. All other terms and conditions of the Agreement not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be properly executed in two counterparts as of the day and year last specified below.

[Insert Applicant Name]

GULF POWER COMPANY

By: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

ATTEST:

By: \_\_\_\_\_

Assistant Corporate Secretary

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**GBW** Gardner, Bist, 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

1300 Thomaswood Drive  
Tallahassee, Florida 32308

www.gbwlegal.com

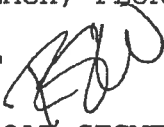
Charles R. Gardner  
John T. LaVia, III  
S. Chase Williams  
Robert Scheffel "Scheff" Wright  
*\*\*Board Certified Real Estate Lawyer*

Telephone  
850-385-0070

Facsimile  
850-385-5416

June 20, 2016

TO: MARIO GISBERT, CITY MANAGER  
KELLY P. JENKINS, P.E., CITY ENGINEER  
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  
- UPDATED DUE DILIGENCE MEMO

As you will recall, at the City's request, in September 2014, I prepared a memorandum summarizing the results of my analysis of certain documents and information provided by Gulf Power Company in connection with the underground electric utility 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" (and referred to in this memo as the "Front Beach Road Segment 2 Project" or simply as the "Project"). In that memorandum, I explained that I had met with Gulf personnel, reviewed appropriate documents and discussed other information with Gulf's personnel verbally, verified Gulf's calculations, and verified that the contractor selected by Gulf was in fact the low bidder. Accordingly, my 2014 analysis concluded by stating that I would support the City proceeding with the Front Beach Road Segment 2 Project as proposed by Gulf, at Gulf's proposed CIAC. (A copy of my September 2014 memo is attached for your convenient reference.)

For reasons beyond the scope of my engagement, the Front Beach Road Segment 2 Project was postponed until this year. Because of the passage of time since Gulf's 2014 CIAC proposal, that proposal/offer was no longer valid, and accordingly, Gulf prepared and delivered to the City a new proposal (technically, a "Binding Cost Estimate," referred to herein as "Gulf's 2016 CIAC Proposal") for the same undergrounding work. At your request, I have performed the same analyses of Gulf's 2016 CIAC Proposal that I did with respect to the 2014 proposal. In summary, although the total cost is approximately 11.7 percent greater than the 2014 proposal, mainly because of increased costs for labor and materials, and for removing the existing overhead facilities, the results of my review are substantially the same, and as in 2014, I would support the City proceeding with the Front Beach Road Segment 2 Project as proposed by Gulf, at Gulf's proposed CIAC.

In my review and analysis of Gulf's 2016 CIAC Proposal, on June 7, 2016, 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. As in 2014, I verified Gulf's 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 appears objectively to be the low bidder. (See discussion in Item No. 4 below.) Accordingly, as in 2014, 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 2016 CIAC calculation sheet for the Front Beach Road Segment 2 Project; a copy of the 2016 calculation sheet, along with Gulf's April 29, 2016 transmittal letter, is attached to this memo. 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 (the 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 and

generally higher labor costs than were prevailing in 2014, 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 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 ("E&S" charges, which are 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 were also calculated at 30 percent of the Labor and Materials costs, and thus these charges appear objectively reasonable to me.
4. Low Bid Contractor. In 2014, 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 was significantly less than that offered by the other bidder. In 2016, Gulf solicited an updated bid from MasTec, and I confirmed that MasTec's 2016 bid, while greater than its 2014 bid, is still significantly less than the bid submitted by the second lowest bidder in 2014. Accordingly, while Gulf did not solicit additional bids in 2016, I believe that Gulf's decision to award the contract for the 2016 Project work to MasTec is reasonable and appropriate.
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, as in 2014, Gulf has continued its practice of separately accounting for certain post-project costs, which Gulf identifies 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 proposal offered by the other responsive bidder in Gulf's 2014 solicitation process.

Accordingly, I would support the City proceeding with the Front Beach Road Segment 2 Project as proposed by Gulf, at Gulf's proposed CIAC of \$2,220,955 set forth in its April 29, 2016 Binding Cost Estimate.

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.

Attachments



Gulf Power Company  
Panama City Beach CIAC Calculations  
2016

Description	Amount
<b>Underground Construction</b>	
Labor & Materials	1,770,337
Engineering & Supervision Overhead	530,450
Operating Cost (conductor foot)	108,004
Transformers	118,903
Original Underground Construction Estimate Total	2,527,694
<b>Lighting</b>	
Labor & Materials	59,227
Engineering & Supervision Overhead	17,768
Lighting	76,995
Underground Construction Estimate with Lighting	2,604,689
<b>Existing Facilities</b>	
Estimated Net Book Value of Existing Facilities	128,554
Cost of Removal	213,349
Salvage	(86,632)
Costs & Credits Associated with Existing Facilities	255,271
<b>Overhead Construction Credit</b>	
Labor & Materials	(390,381)
Engineering & Supervision Overhead	(239,993)
Operating Cost (conductor foot)	(122,533)
Transformers	(69,712)
Overhead Construction Credit	(822,619)
<b>Total CIAC</b>	<b>2,037,341</b>
Paid Binding Estimate Deposit	(4,930)
Blanket	76,985
Inspection Costs	111,559
<b>CIAC Balance Due</b>	<b>2,220,955</b>

Operating Cost =  
16,830 ft \*  
6.41737

Based on 1992  
rate of .176

Includes blanket of 26,758

Operating Cost =  
16,830 ft \*  
7.28062



One Energy Place  
Pensacola, Florida 37520

Tel 850.444.6111

April 29, 2016



City of Panama City Beach  
110 South Arnold  
Panama City Beach, Fl. 32413

Attn: Mario Gisbert, City Manager  
Ref: Front Beach Road Segment II Conversion

Dear Mr. Gisbert,

Thank you for your inquiry regarding the conversion of Gulf Power Company's overhead electrical facilities beginning at the intersection of Front Beach Road & Gulfside Drive and continuing west to the intersection of Front Beach Road and Richard Jackson Blvd. This covers both sides of the road, but will also include Gulfside Drive and connecting to existing underground facilities on the south end of Richard Jackson Blvd.

The *binding estimate* for the scope of work described above is \$2,220,955. This scope of work excludes the underground conduit and the duct bank system. Trenching and installation of the conduit and duct bank system will be installed by a contractor chosen by you and installed to Gulf Power's specifications.

The *binding estimate* is valid for 180 days due to changes in material and labor. These costs also do not include provisions for landscaping or street lighting nor does it include cost for the conversion of electrical panels on any residential or commercial properties. A licensed electrician will need to convert these service entrances to accept underground power.

If the underground electrical facilities you request are located in the right-of-way, any future road or drainage construction could necessitate their relocation. Gulf Power Company would only relocate back to overhead electrical facilities at no charge. Any new electrical facilities relocated underground would have to be reimbursed by the concerned parties.

The utilities attached to the poles such as cable television or telephone service on these sections of line will also have to be placed underground and will need to be contacted by you or your representative separately. These communication companies may also charge a construction fee for conversion of their respective facilities and this is *not included* in our cost.

Pending an executed contract, arranged payments and necessary easements we will be able to start ordering long lead time materials and schedule construction.

One Energy Place  
Pensacola, Florida 32520

Tel 850.444 6111



We look forward on working with you on your conversion project.

If you have any immediate questions, I may be reached at (850) 444-6068.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Pickett". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eric Pickett  
Special Projects  
Sr. Engineer

Cc: Shelley Scarborough  
Foster Ware  
Andy McQuagge



Gulf Power Company  
Panama City Beach CIAC Calculation  
2016

Description	Amount
<b><u>Underground Construction</u></b>	
Labor & Materials	1,770,337
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<b>CIAC Balance Due</b>	<b><u>2,220,955</u></b>

Date : 16-May-2016 04:31 PM

Stores Requisition  
Notify Stores - Issue

ALL LOCATIONS

HQ Name : PANAMA CITY BEACH OFFICE W.O. # : 18A1K7  
 Applicant Name : CITY OF PANAMA CITY BEACH Account Number : 40018-MMN-DCUOHUD-18A1K7-340601-40018-300-00000-4DIST  
 Job Address : FRONT BEACH RD & RICHARD JACKSON BLVD  
 Engineer Name : PICKETT,DWAYNE E. Store Room :  
 Estimate Name : CITY OF PANAMA CITY BEACH Job Ref # : 930013  
 Stores Notify Data : Stores Start Date :

\*\*\* MAJOR/MINOR MATERIAL \*\*\*

Item	Description	Commodity	Maximo Item	Reqd	Issued	O/C	U/I
1	#3 CU SOLID HD BARE WIRE	0110105	432361	71	---	---	LB
2	4/0 THHN Copper STRANDED BLACK 600 VOLT	0125761	86522	7,775	---	---	FT
3	1000 cu concentric neutral 25 kv prt cables	0125849	86524	316	---	---	FT
4	#2 COPPER TRIPLEX OH CABLE	0126973	86526	270	---	---	FT
5	THREE PHASE FIBERGLASS TRIMOUNT BRACKET	128422	128422	3	---	---	EA
6	SPLICE KIT FOR 1,000 kcmil AL LC shield cable	128928	128928	21	---	---	EA
7	1000 STR CU 25-KV UG PRIMARY CABLE, LC, EPR	133143	133143	21,900	---	---	FT
8	795 AAC 37-STR BARE WIRE	0210658	407034	283	---	---	LB
9	4/0 AAC COVERED WIRE	0210747	86558	150	---	---	FT
10	4/0AAAAC 7-STR BARE WIRE	0210756	432350	13	---	---	LB
11	1/0 STR AL 15-KV UG PRIMARY CABLE	0213174	432436	34,572	---	---	FT
12	1/0 AL TPX UG CABLE, #2 AL NEUTRAL	0213209	425141	1,686	---	---	FT
13	4/0 AL TPX UG CABLE, #1/0 AL NEUTRAL	0213254	425135	30	---	---	FT
14	4/0 AL QPX UG CABLE, #2/0 AL NEUTRAL	0214100	432390	885	---	---	FT
15	3/8" 7-STR. GALV. GUY - UTILITY	0315117	432332	240	---	---	FT
16	1/2" 7-STR. GALV. GUY - UTILITY	0315260	436151	360	---	---	FT
17	Cable holder - For Risers	406917	406917	9	---	---	EA
18	CONNECTOR, 4 HOLE 795 MCM ALUMINUM	408839	408839	9	---	---	EA
19	M-6280A CAP BANK CONTROLLER W/ M-2980A CABINET; COM 1-RS-232; 5 PIN CONNECT	412019	412019	1	---	---	EA
20	50:0.2 CT NEUTRAL SENSOR TERMINATED W/ 3-PIN CANNON CONNECTOR; 45' CBL	412020	412020	1	---	---	EA
21	BOX PAD, 3Ø PRIMARY FEED THRU CABINET, M# 1004470	431858	431858	28	---	---	EA
22	4" CONDUIT STRAP KIT	432165	432165	72	---	---	EA
23	CABLE GRIP EYE FOR #2 AND 1/0 (1" - 1.25" O.D.)	0441542	409700	14	---	---	EA
24	CABLE GRIP EYE FOR 1.25" - 1.50" CONDUCTOR O.D.	0441560	406810	2	---	---	EA
25	CABLE GRIP EYE FOR 500 MCM QUAD SINGLE EYE,WEAVE FITS 1 5/8-2 1/2"	0441579	86612	9	---	---	EA
26	GROUND ROD 5/8" X 10'	0444905	406702	92	---	---	EA
27	INSERT 1 BUSHING	0510496	406684	164	---	---	EA
28	DUCT 4" PVC, SCHEDULE 80, BELLED END, 10' STICKS	0511306	430804	480	---	---	FT

Filled By: \_\_\_\_\_ Date: \_\_\_\_\_ Signoff: \_\_\_\_\_

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29	DUCT 4" PLASTIC SCHEDULE 40	0511342	436653	132	_____	_____	FT
30	DUCT - 3" 90 DEGREE BEND, 36" RADIUS	0511351	432739	1	_____	_____	EA
31	DUCT - 4" 90 DEGREE BEND, 48" RADIUS	0511360	435927	24	_____	_____	EA
32	CONDUIT STAND OFF BRACKETS	0511505	86727	9	_____	_____	EA
33	3" COUPLING	0512555	423473	1	_____	_____	EA
34	8-POSITION SECONDARY CONNECTOR FOR 3 ph PADMOUNT TRANSFORMERS 1/0-750	0515062	86738	32	_____	_____	EA
35	CONNECTOR, 2 HOLE 1000 MCM copper	0515632	413212	9	_____	_____	EA
36	Fault indicator, remote indicator, works on VISTA and Feed-Thru's	0516855	86796	69	_____	_____	EA
37	CABLE FAULT INDICATOR	0516908	86799	185	_____	_____	EA
38	POTHEAD FOR 1/0 AL 15/25 kv PRIMARY UG CABLE	0516962	412737	12	_____	_____	EA
39	600 AMP Bushing Extender	0517088	436487	48	_____	_____	EA
40	600 AMP ELBOW BODY	0517104	436486	75	_____	_____	EA
41	Cable Adapter for 1000 kcmil conductor	0517119	430488	75	_____	_____	EA
42	PROTECTIVE CAP 600 AMP FOR USE WITH T OP 2. WITH DRAIN WIRE AND W/O STUD.	0517168	430479	6	_____	_____	EA
43	900 AMP 4 WAY LOAD BREAK FEED THRU W/BRKT	0517188	86817	12	_____	_____	EA
44	1000 kcmil Copper Connector - Butt Connector	0517200	435963	21	_____	_____	EA
45	1000 kcmil Copper Connector	0517209	436490	75	_____	_____	EA
46	Reducing Tap Well	0517792	430516	48	_____	_____	EA
47	900 Amp Load Break Tap Lug	0517840	436489	75	_____	_____	EA
48	ELBOW #2 AL 15KV	0517881	406681	6	_____	_____	EA
49	ELBOW 1/0 AL 15KV	0517907	406739	350	_____	_____	EA
50	DRIVE HOOK	0520136	430718	4	_____	_____	EA
51	RISER SHIELD, 4" X 10'	0520190	435928	12	_____	_____	EA
52	LARGE BOOT - INTERFACE BEWEEN RISER SHIELD AND 2 TO 4 TWO INCH CONDUITS	0520751	435929	4	_____	_____	EA
53	COLD SHRINK FOR 600 AMP ELBOW BODY	0520833	430453	75	_____	_____	EA
54	2" RISER GUARD BACKING PLATE. 10' SECTION	0522000	436498	8	_____	_____	EA
55	BACKING PLATE FOR 4" RISER SHIELD. 1-10' SECTION TO BE USED ON ALL RISERS	0522011	86886	3	_____	_____	EA
56	RISER SHIELD, 2" X 10'	0522152	436496	13	_____	_____	EA
57	SMALL BOOT - INTERFACE BETWEEN RISER SHIELD AND ONE OR 2 TWO INCH CONDUITS	0522170	86887	5	_____	_____	EA
58	SECONDARY PEDESTAL, 4 POSITION, SMALL PEDESTAL	0530401	86915	1	_____	_____	EA
59	SECONDARY PEDESTAL, 6 position, large pedestal	0530429	86917	7	_____	_____	EA
60	4 WAY LOAD BREAK FEED THRU	0530483	433934	84	_____	_____	EA
61	3 PHASE PRIMARY CABINET FOR 600 AMP CABLES	0530562	86929	3	_____	_____	EA
62	BASE FOR 600 amp feed thru cabinet 05-3056-2	0530599	86932	3	_____	_____	EA
63	TRANSFORMER PAD, SINGLE PHASE, 4'x4'x4"	0530660	434401	13	_____	_____	EA
64	Insulator, cable restraint, for restraining UG cables in boxes	0530900	86960	72	_____	_____	EA
65	Nut, Spring Nut for 1-5/8 Unistrut Channel	0530919	86961	48	_____	_____	EA
66	Strut, Metal Framing Slotted, 10' piece	0530928	86962	12	_____	_____	EA
67	Connector, Strut System, SS	0530937	86963	24	_____	_____	EA
68	Support, 36" Non-Metallic F/G Angle	0530946	86964	36	_____	_____	EA

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69	Support, 12" Non-Metallic	0530955	86965	108	---	---	EA
70	8-POSITION SECONDARY CONNECTOR FOR PADMOUNT TRANSFORMERS	0531847	86977	32	---	---	EA
71	8-POSITION SECONDARY CONNECTOR FOR 100-167 KVA 1? Padmounts	0531900	86981	3	---	---	EA
72	PROTECTIVE CAP, 15 KV	0531927	406830	166	---	---	EA
73	loadbreak elbow PARKING STAND	0531972	406756	21	---	---	EA
74	POTHEAD FOR 1000 AL/CU 25 KV PRIMARY UG CABLE	0532169	86991	9	---	---	EA
75	FOAM KIT FOR SEALING RISER SHIELDS	0550120	87016	5	---	---	EA
76	2" COUPLING	0577450	407948	2	---	---	EA
77	90 DEGREE BEND FOR 2" SCHEDULE 40 DUCT	0579154	413165	1	---	---	EA
78	SCREW ANCHOR - 10 IN.; SINGLE HELIX	0610253	406703	6	---	---	EA
79	HELIX ANCHOR HEAD 18"	0610510	407245	6	---	---	EA
80	SCREW ANCHOR; 3-HELIX 8", 10", & 11.3"	0610556	424490	6	---	---	EA
81	7' ANCHOR EXTENSION	0611154	406706	6	---	---	EA
82	WOOD ARM JUMPER PIN; FIBERGLASS WITH LEAD HEAD	0614099	431834	3	---	---	EA
83	F/G CROSS-ARM PIN FOR MOUNTING PIN INSULATORS; FOR JUMPERS OR TANGENT APPS	0614103	430717	3	---	---	EA
84	8' f/g cross-arm, tangent ONLY	0614120	432683	1	---	---	EA
85	8' F/G D.E. RATED AT 12,500LBS	0614200	436292	8	---	---	EA
86	BEACH DEADEND; 28KV; SILICON POLYMER	0630641	87123	30	---	---	EA
87	BEACH T-BRACKET	0630669	87124	1	---	---	EA
88	5FT. BEACH FIXTURE ARM	0630678	87125	5	---	---	EA
89	GUY HOOK FOR 7/16" AND 1/2" WIRE	0645564	87165	9	---	---	EA
90	GUY HOOK, COMBINATION, FOR 3/8" WIRE	0645573	406670	6	---	---	EA
91	GUY GUARD; YELLOW; 8 FT.	0648516	406725	15	---	---	EA
92	POLE 45'2 WOOD CCA	0710476	436019	2	---	---	EA
93	POLE 55'2 CONCRETE	0710910	87254	1	---	---	EA
94	POLE 60'2 CONCRETE	0710920	87255	2	---	---	EA
95	Pole 55'2 WOOD CCA	0755025	436035	1	---	---	EA
96	23KV C TOP INSULATOR	0810153	406696	6	---	---	EA
97	13/16" X144" F/G GUY ROD. USE WITH 1/2" WIRE SILICONE COATED, FOR BEACH US	0829179	87367	9	---	---	EA
98	FIBERGLASS GUY ROD; 12FT. X 5/8" SILICONE COATED FOR BEACH AREAS ONLY	0829188	87368	6	---	---	EA
99	4" DEADEND INSULATOR; PRIMARY & NEUTRAL	0830499	426478	4	---	---	EA
100	10-KV ARRESTER	0910250	406679	24	---	---	EA
101	ELBOW ARRESTER 10-KV	0910303	406685	75	---	---	EA
102	100-AMP 7.2-KV CUTOUT ALL SS FOR BEACH USE ONLY	0920333	87407	15	---	---	EA
103	SWITCH; Riser pole GOAB; 1200A; 25KV	0936657	443085	3	---	---	EA
104	Caution UD to OH Feed Sign	0953586	437780	8	---	---	EA
105	1200KVAR SWITCHED CAPACITOR BANK FOR 12KV SYSTEM	0999156	433243	1	---	---	EA
106	3 PHASE PRIMARY CABINET SINGLE DOOR, 200 AMP, 15/25KV	1004470	1004470	28	---	---	EA
107	VFI-44 MAGMUM - VACUUM FAULT INTERRUPTER, 15 KV, 900 AMP MAIN, 900 AMP TAPS, SS	1276120	1276120	6	---	---	EA

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108	ITAP CONTROLLER FOR VFI-12V	1276121	1276121	12	_____	_____	EA
109	SWITCHGEAR CONTROL CABINET WITH ITAP-265 RELAY	1276122	1276122	6	_____	_____	EA
110	RISER BYPASS CONNECTOR - 3 WAY	1278363	1278363	9	_____	_____	EA
111	TAMPER PROOF CONTROL CABINET COVER FOR VFI-12V	1278687	1278687	6	_____	_____	EA
112	25KVA; 7.2KV; 120/240V; SINGLE PHASE; STAINLESS STEEL; PADMOUNT	8212007	426253	8	_____	_____	EA
113	37.5KVA; 7.2KV; 120/240V; SINGLE PHASE; STAINLESS STEEL; PADMOUNT	8212016	433794	4	_____	_____	EA
114	100KVA; 7.2KV; 120/240V; SINGLE PHASE; STAINLESS STEEL; PADMOUNT	8212043	426256	1	_____	_____	EA
115	112-KVA 12.47-KV 120/208V SS 3-PH PADMOUNT	8250019	425891	5	_____	_____	EA

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Page : 1

**Gulf Power Company  
Notification of Non-Stock  
Material Required  
ALL LOCATIONS**

HQ Name : PANAMA CITY BEACH OFFICE Job Number : 930013  
Applicant Name : CITY OF PANAMA CITY BEACH W.O. # : 18A1K7  
Job Address : FRONT BEACH RD & RICHARD JACKSON BLVD Account Number : 40018-MMN-DCUOHUD-18A1K7-340601-40018-300-00000-4DIST  
Engineer Name : PICKETT,DWAYNE E. Store Room :  
Stores Notify Date : Estimate Name : CITY OF PANAMA CITY BEACH  
Stores Start Date :

Item	Description	Commodity	Maximo Item	Required	U/I
1	150-KVA 12.47-KV 120/208V SS 3-PH PADMOUNT	8250028	425892	2	EA
2	225-KVA 12.47-KV 120/208V SS 3-PH PADMOUNT	8250037	425893	1	EA

Requested By : \_\_\_\_\_

Date: \_\_\_\_\_

Ordered By : \_\_\_\_\_

Date: \_\_\_\_\_

Approved By : \_\_\_\_\_

Date: \_\_\_\_\_



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Bowden, Bush, Dee,  
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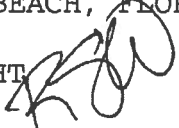
\*\*Board Certified Real Estate Lawyer

M E M O R A N D U M

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