



Memorandum

Meeting Details: February 13, 2023

Prepared For: Mayor & Board of Commissioners

From: Megan Wepfer, Public Works Director

Subject: Duke Energy's Binding Cost Estimate for the final Phase III of Gulf Blvd. Undergrounding Utilities

Background

Staff met with Duke Energy on February 9th to discuss the cost increase of the Binding Cost Estimate and were informed of the reasons for the increase. Duke Energy stated the cost of the materials have increased 120% which includes the transformers, switch boxes, cable, conduit and concrete. Duke Energy Staff has agreed to refresh the cost monthly to see if the cost is trending down along with speaking to the staff to see if we can pay the original estimated BCE of \$2,075,000.00 and have a payment plan for the remainder (if any) owed. Starting the project and getting the conduit bored will take several months and could give other materials a chance to decrease in cost. The conduit has increased minimally but the majority of the cost increase is due to the transformers and switch boxes. The BCE expires 180 days from the original date received of January 18, 2023, which will allow Duke to refresh the cost for a few months to see if we can lower the cost for the transformers and switch boxes.

A portion of Gulf Lane from 135th to approximately 132nd was originally included in the project to service the residence and condos verse running a 4-inch line that didn't service anyone. When this was presented to the City we decided to add the remainder of Gulf Lane from 132nd to 130th parking lot to the project prior to the roadway project. The 2 blocks from 132nd to 130th Parking lot will be taken out a different account that is budgeted from the Gulf Lane project, Duke energy is working on the estimated cost. Gulf Lane is a priority to start the roadway project and Duke has agreed to release the conduit needed.

Final outcome of the meeting was to wait for an answer from Duke in regard to paying the original estimated Binding Cost of \$2,075,000 to start the project and then wait and see if the cost decreases on any of the other gear.

Fiscal Impact

Budgeted in FY23 was \$2.5M to pay for the construction of the undergrounding project. Staff expected to pay Duke Energy BCE in FY22 budget, budget amendment discussed at January 25th Workshop for Undergrounding. Penny for Pinellas Money total for 2020 to 2025 would total \$4,585,671.00 after paying Utility Consultants of Florida and Duke Energy we are over budget by -\$672,365.66. If the BCE would have been what was expected, we would have a balance of \$62,411.69. Spreadsheet attached.

Recommendation(s)

Staff is looking for recommendations from the Board of Commissioners on how you would like to proceed with this project.

Attachments

- Duke Energy BCE
- Utility Consultants Task 1
- Utility Consultants Task 2
- UG Cost Summary for Madeira Beach