



MINUTES

BOARD OF COMMISSIONERS SPECIAL MEETING FEBRUARY 13, 2023 2:00 P.M.

The City of Madeira Beach Board of Commissioners held a regular meeting at 2:00 p.m. on February 13, 2023, in the Patricia Shontz Commission Chambers at City Hall, located at 300 Municipal Drive, Madeira Beach, Florida.

MEMBERS PRESENT: John B. Hendricks, Mayor
Doug Andrews, Vice Mayor/Commissioner District 3
David Tagliarini, Commissioner District 1
Ray Kerr, Commissioner District 2
Dave Hutson, Commissioner District 4

MEMBERS ABSENT:

CITY STAFF PRESENT: Robin Gomez, City Manager
Clara VanBlargan, City Clerk
Lara Hooley, Executive Assistant to City Clerk
Thomas Trask, City Attorney

1. CALL TO ORDER

Mayor Hendricks called the meeting to order at 2:00 p.m.

2. ROLL CALL

City Clerk Clara VanBlargan called the roll. All Commission members were present.

3. PUBLIC COMMENT

There were no public comments.

4. CONTRACTS/AGREEMENTS

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

Public Works Director Megan Wepfer said they met with Duke Energy on February 9 and are still awaiting more details from them. Duke Energy had explained that the cost of materials has increased by about 120%, which includes the transformers, switch boxes, cable, conduit, and concrete. They have 180 days from the date the BCE was issued on January 18, 2023 to refresh

the cost for a few months to see if the cost can be lowered for the transformers and switch boxes. Because the BCE has been completed, it will not take them months to refresh. The costs could come down or stay the same. The most expensive costs involved are for the transformers and not the conduit.

Mark Porter, Utility Consultants of Florida, LLC, said it was interesting to hear that the cost increase was due to the equipment. The labor cost also has the potential to increase. They do not want to pay today's prices for something that has the potential to decrease in cost, so they asked Duke Energy to generate a report every 30 days for an update. On the construction side, they found upward of about \$200,000 that could be taken off the costs. That is still about \$360,000 over the original budget versus the \$600,000 they had last week. If the costs for the switches, transformers, and concrete comes down, it will lower the \$360,000. It would be worth looking at it every 30 days. They need ten or so years to pay off the amount over what the original BCE was. The worst-case scenario is somewhere in the \$300,000 to \$360,000 range if the equipment costs do not go down in the next 180 days.

Director Wepfer said they had talked about Gulf Lane, so she wanted to clarify that there is only two blocks of Gulf Lane that the City was going to pay for in addition to the Gulf Blvd. project. The reason is that from 135th to about 132nd, when Duke Energy did the design, they moved the four-inch conduit to Gulf Lane because on Gulf Blvd. it did not service any residents. The City is not paying any additional prices for that. They asked Duke Energy for an estimated cost for the 132nd to 130th parking lot, and they said approximately \$108,000. She does have budgeted funds for the Gulf Lane project for that piece. They could subtract that from the overbudgeted \$300,000 to make it \$200,000.

Mayor Hendricks asked Chiquita Clark with Duke Energy to introduce herself. Ms. Clark said he serves on the government in community relations team alongside Jeff Baker.

Mayor Hendricks asked why the City is paying for Duke Energy's equipment. Duke Energy should be paying for replacing their antiquated equipment, such as the transformers. Ms. Clark said with the general economy and increasing inflation and everything else out there, Duke Energy reviewed that and decided to consider a payment plan. Their standards team has to select the facilities, transformers, and switch gears, which is in question at the moment. That has increased based on their standards from the Florida Public Service Commission. Once those devices or facilities are selected, they roll that into their policy for any projects they are doing. Unfortunately, they cannot change anything right now, but they are looking into how they could accommodate the City in terms of a payment plan.

Mayor Hendricks said even beyond a payment plan, the City would be footing the bill for Duke Energy's switch gear. Ms. Clark said that is their policy at the moment. Any projects they have underway are rolled into their binding cost estimate, and they must ensure it abides by their standards. Technically, what the City has budgeted in terms of payment is what their policy would be right now. Mayor Hendricks said as a government, he did not see them having to pay for Duke Energy's equipment. The City must be good stewards of its finances, and it is not right to pay for equipment owned by Duke Energy. If the City pays for the equipment and it fails, who pays for it, the City? Ms. Clark said she would have to discuss that with her team.

Mr. Porter explained a credit of \$1,446,230.04 provided by Duke Energy for the project as required by the Florida Public Service Commission because it is not fair that the City absorbs the entire infrastructure cost. The credit has been applied to the work.

Mayor Hendricks said Duke Energy would profit from the City's investment.

The Board continued to discuss the item, and Director Wepfer, Mr. Porter, Ms. Clark, and the City Manager responded to questions and comments.

Commissioner Tagliarini suggested that a report be generated every two weeks. Mr. Porter said they could send an update to the city manager once a month. It must be finalized by the 180th day.

City Manager Gomez said the utility rates are profit-making enterprise funds. The rates are highly regulated under tariffs that set their rates. When rates are subject to change, the Public Service Commission hears it. A copy of the Duke Energy Tariff was provided in the agenda packet for more information. The City is the applicant requesting the undergrounding. No matter who you hire, there will be some profit motive in the bid solicited and received. For undergrounding, it benefits the City and Duke Energy. The tariffs allow applicants to perform some of the work, but it is best left to the experts for any utility.

He and the staff feel comfortable with the contractors performing the work through the common process for cities. In another town he worked with, it was resolved by issuing assessments to customers. It has not been the process in the City, nor will it be in the future. The Board will be provided a monthly update on the progress.

Mayor Hendricks said other cities are having the same issue, and it is something they need to go back to the county for more funding from Pennies for Pinellas.

The City Manager said Megan needs the Board to approve proceeding as indicated.

Mayor Hendricks opened to public comment. There were no public comments.

Commissioner Hutson motioned to approve the Duke Energy binding cost estimate for the final Phase 3 of Gulf Blvd. undergrounding utilities with the 180-day checkup on equipment prices. Commissioner Tagliarini seconded the motion.

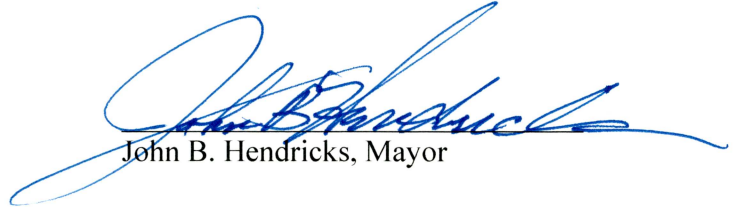
ROLL CALL:

Commissioner Hutson	"YES"
Commissioner Tagliarini	"YES"
Vice Mayor Andrews	"YES"
Commissioner Kerr	"YES"
Mayor Hendricks	"YES"

The motion carried 5-0.

5. ADJOURNMENT

Mayor Hendricks adjourned the meeting at 2:31 p.m.


John B. Hendricks, Mayor

ATTEST:


Clara VanBlargan, MMC, MSM, City Clerk

