



EXECUTIVE SUMMARY

To: Jim Scholl, City Manager

From: David Fernandez, Assistant City Manager

Meeting Date: February 7, 2012

RE: Keys Energy Pole Relocation Program

Action Statement: A RESOLUTION OF THE CITY COMMISSION OF THE CITY KEY WEST, FLORIDA, SUPPORTING KEYS ENERGY SERVICES EFFORTS TO REMOVE ELECTRICAL FACILITIES FROM INACCESSIBLE LOCATIONS; DIRECTING THE CITY MANAGER TO FACILITATE CUSTOMER RISER RELOCATION; WAIVING BUILDING PERMIT FEES FOR CUSTOMERS THAT HAVE TO MOVE OR MODIFY THEIR RISE RELATED TO THIS PROJECT

Background:

The Florida Public Service Commission (FPSC) passed Order #25-06.0342 which specifically, "requires the cost-effective strengthening of critical electric infrastructure to increase the ability of transmission and distribution facilities to withstand extreme weather conditions; and reduce restoration costs and outage times to end-use customers with extreme weather conditions. FPSC also passed Order #25-06.0341 specifically stating, "in order to facilitate safe and efficient access for installation and maintenance, to extent feasible and cost-effective, electric distribution facilities shall be placed adjacent to a public road, normally in front of the customer's premises," and

Keys Energy Services (KEYS) has already replaced approximately 2,300 wooden poles with storm hardened concrete poles throughout its service area. KEYS has identified 615 wood poles in the City of Key West that are in the rear of customers' properties with 425 of these poles are inaccessible due to being occupied with customers' structures, pools, fences, and vegetation. These obstructions in easements and rights-of-ways have created accessibility issues making it difficult for Keys Energy Services to perform safe maintenance and replacement of such poles. The Utility Board has approved a plan (Phase I) to replace an estimated 83 of these inaccessible poles that carry primary high voltage distribution lines over the next three years and help customers who are affected by this replacement.

The Phase I Plan (see attached) includes a Customer Assistance Program, Coordination Program and a Communications Program. Most notable is that the Customer Assistance Program provides for a “tap pole” on the customer’s property free of charge provided the customer assumes future responsibility for the pole. If the customers follow recommendations to relocate or modify their “riser” Keys Energy Service will reimburse up to \$2,100 of the projected \$2,800 cost.

Purpose and Justification:

The Florida Public Service Commission (FPSC) Order #25-06.0341 and Order #25-06.0342 requires Keys Energy Services to storm harden utility poles to withstand extreme weather conditions and to the extent feasible and cost-effective relocate electric distribution facilities to public road, normally in front of the customer’s premises. This City’s Resolution is drafted to support KEYS efforts to meet these FPSC mandates provided that the pole relocations do not impede federally mandated ADA sidewalk compliance, do not negatively impact other utilities right of way use and community uses competing for the right-of-way. As written the Resolution waives building permit fees.

Options:

Option 1: The City Commission could approve the resolution as drafted. The resolution supports Keys Energy Services plan to move utility poles into the right-of-way. The resolution also urges Keys to include all impacts and costs (i.e. ADA) when considering project cost-effectiveness and feasibility. The resolution also waives over \$100,000 of building permit fees for the required Building Department inspection.

The Building Department fee structure is designed to recover the cost of inspections, plan review, related administration and enforcement as prescribed by Florida Statute. There were 1054 electrical permits issued in 2011. This building permit fee waiver undermines cost recovery on this significant building inspection effort (over 1,000 inspections).

Option 2: Keys Energy Services requested that the City waive building permit fees for the riser modifications. City Staff recommends the City Commission approve the resolution with the removal of Section 4 language as follows:

“The City Commission of the City of Key West hereby waives the cost of permitting the electrical work associated with specifically relocating or extending risers and meter centers as a result of this project over the next three years.”

It is important to note that there are in excess of 1,000 Key West riser relocations required by all phases of the KEYS project. As discussed above fee waivers will exceed \$100,000 for all phases of the project.

Option 3: The City Commission could approve Resolution with additional language requesting that KEYS fund the entire projected riser modification cost (\$2,900 including permit fees). Note that customers that only have to increase riser height should have cost below \$2,100.

Option 4: The City Commission could decline to ratify the resolution.

Financial Issues:

Approving the resolution with fee waivers will have in excess of \$100,000 financial impact. Removing the fee waiver would make the remaining the financial impact minimal.

Recommendation

Staff recommends approval of Option 2 (remove fee waiver).