

RESOLUTION NO. 2022- 2884

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, APPROVING THE BINDING COST ESTIMATE WITH FLORIDA POWER & LIGHT COMPANY (FPL) AND THE UNDERGROUND FACILITIES CONVERSION AGREEMENTS IN CONNECTION WITH THE UNDERGROUNDING ELECTRIC FACILITIES CONVERSION; AUTHORIZING THE TOWN MANAGER TO EXECUTE THE AGREEMENTS WITH FPL FOR THE PROJECT; PROVIDING FOR IMPLEMENTATION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on November 3, 2020, the Town of Surfside (“Town”) electorate approved a non-binding ballot/referendum question concerning the undergrounding of overhead utilities for electric and communication services for the Surfside Conversion Project (the “Project”) in the Town; and

WHEREAS, on December 8, 2020, the Town Commission adopted Resolution No. 2022-2743, authorizing the Town Manager to make a non-refundable engineering deposit in the amount of \$62,432.00 to Florida Power & Light Company (“FPL”) for a binding cost estimate in connection with the electrical facilities conversion for the Project; and

WHEREAS, on September 21, 2021, FPL provided the Town with an Electric Facilities Conversion Binding Cost Estimate Letter, together with Overhead to Underground Conversion Customer Cost Sheets and Underground Facilities Conversion Agreements, for the three phases of the electrical facilities conversion, which documents are attached hereto as composite Exhibit “A” (the “FPL Agreements”); and

WHEREAS, on March 15, 2022, the Town electorate approved a ballot/referendum question for the issuance of general obligation bonds in an amount not to exceed Forty Million (\$40,000,000) Dollars (the “Bonds”) for the purpose of financing the costs of the Project; and

WHEREAS, on May 10, 2022, the Town Commission adopted Resolution No. 2022-2877, confirming the Town's intent to issue tax-exempt Bonds in the amount necessary to finance the costs of the Project; and

WHEREAS, in accordance with the FPL Agreements, attached hereto as composite Exhibit "A," FPL will provide the electrical facilities conversion for the Project in an amount not to exceed \$4,874,370 for the remaining balance of the binding cost estimate, which shall be implemented in three phases: (1) Phase 1 with a total cost of \$1,960,764, (2) Phase 2 with a total cost of \$1,676,096, and (3) Phase 3 with a total cost of \$1,237,510; and

WHEREAS, the Town Commission desires to authorize the Town Manager to enter into the FPL Agreements in substantially the form attached hereto as composite Exhibit "A," and authorize the expenditure of budgeted funds in an amount not to exceed \$4,874,370 for the electrical facilities conversion work; and

WHEREAS, the Town Commission finds that this Resolution is in the best interest and welfare of the Town and its residents.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, AS FOLLOWS:

Section 1. Recitals. Each of the above-stated recitals are hereby adopted, confirmed, and incorporated herein.

Section 2. Approval of the Binding Cost Estimate and the FPL Agreements. The Town Commission hereby approves the FPL Binding Cost Estimate for the Project and the FPL Agreements, in substantially the form attached hereto as composite Exhibit "A."

Section 3. Authorization to Execute FPL Agreements; Authorization to Expend

Funds. The Town Commission hereby authorizes the Town Manager to execute the FPL Agreements, in substantially the forms attached hereto as composite Exhibit "A," subject to the approval of the Town Attorney as to form, content, and legal sufficiency. The Town Manager is further authorized to expend budgeted funds for the electrical facilities conversion work for the Project in an amount not to exceed \$4,874,370.

Section 4. Implementation. The Town Manager and Town Officials are authorized to take any and all necessary action to implement the Binding Cost Estimate and FPL Agreements and the purposes of this Resolution.

Section 5. Effective Date. This Resolution shall be effective immediately upon adoption.

PASSED AND ADOPTED this 14th day of June, 2022.

Motion By: Vice Mayor Rose

Second By: Commissioner Meischeid

FINAL VOTE ON ADOPTION:

Commissioner Fred Landsman Yes

Commissioner Marianne Meischeid Yes

Commissioner Nelly Velasquez Absent

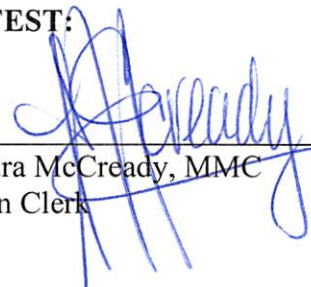
Vice Mayor Jeffrey Rose Yes

Mayor Shlomo Danzinger Yes



Shlomo Danzinger, Mayor

ATTEST:



Sandra McCready, MMC
Town Clerk

**APPROVED AS TO FORM AND LEGALITY FOR THE USE
AND BENEFIT OF THE TOWN OF SURFSIDE ONLY:**



Weiss Serota Helfman Cole & Bierman, P.L.
Town Attorney

COMPOSITE EXHIBIT "A"

BINDING COST ESTIMATE AND OVERHEAD TO UNDERGROUND CONVERSION --

CUSTOMIZED COST SHEETS CONVERSION AGREEMENTS

Overhead to Underground Conversion - Customer Cost Sheet

Project: Town of Surfside Phase 1

Date Estimate Provided to Customer: 9/20/2021

Customer Performs SOME UG Work - Conduit and Concrete Installation

Underground Cost

New UG Installation (+)	\$3,926,284	Cost for FPL to install new underground facilities
Equivalent OH Installation (-)	(\$1,204,008)	Cost to install an overhead system at current hardening standards

Existing Overhead Cost

OH Removal Cost & Make ready (+)	\$735,276	Cost for FPL to remove existing overhead facilities
Existing OH Value (+)	\$57,617	Net Book Value of existing OH facilities to be removed
Operational Costs Differential (+)	(\$584,453)	30-year Net present value of the est. operational OH / UG Diff. cost
Salvage Value (-)	(\$33,600)	Credit for re-usable items
Subtotal*	\$2,897,116	Total customer contribution as specified in Tariff 12.2.3
	(\$915,920)	ASRC - Tier 1 - 25%
CIAC	\$1,981,196	
Engineering Deposit (-)	(\$20,432)	Engineering deposit previously collected
Subtotal*	\$1,960,764	
Net Due FPL	\$1,960,764	Total customer contribution owed

Cost Breakdowns for Customer Contributions

	Total	Labor/Vehicle	Material	Direct Engineering, Supervision, and Support
New UG Facilities (+)	\$3,926,284	\$1,174,958	\$2,099,840	\$651,486
Credit for equivalent OH (-)	(\$1,204,008)	(\$449,638)	(\$575,482)	(\$178,888)
OH Removal Cost & Make ready (+)	\$735,276	\$626,391	\$21,126	\$87,759
Total	\$3,457,552	\$1,351,711	\$1,545,484	\$560,357
Net Book Value (+)	\$57,617			
Operational Costs Differential (+)	(\$584,453)	3.2 miles		
Salvage Value (-)	(\$33,600)			
Subtotal*	\$2,897,116			
GAF	(\$915,920)			
CIAC	\$1,981,196			
Engineering Deposit (-)	(\$20,432)	Engineering deposit previously collected		
Subtotal*	\$1,960,764			
Net Due FPL	\$1,960,764			

Major Material Breakdown

	Quantity	Item
Install	231,086	Primary UG Cable (feet)
	10	UG Switch Cabinet (0 Vista Sw's)
	97	UG Transformer (each)
	12	Splice box for UG feeder (each)
Remove	37,986	OH Primary Conductor (feet)
	131	Poles (each)
	86	OH Transformer (each)
	0	Primary UG Cable (feet)

**UNDERGROUND FACILITIES CONVERSION AGREEMENT –
GOVERNMENTAL ADJUSTMENT FACTOR WAIVER**

This Agreement is made and entered into this ____ day of _____, 20____, by and between the **City of Surfside** (“Local Government Applicant”), a Florida municipal corporation or county with an address of 9293 Harding Ave, Surfside FL 33154 and **FLORIDA POWER & LIGHT COMPANY (“FPL”)**, a Florida corporation with an address of P.O. Box 14000, 700 Universe Boulevard, Juno Beach, FL 33408-0429.

WHEREAS, the Local Government Applicant has requested that FPL convert certain overhead electric distribution facilities located within the following boundaries (the “Conversion”):

Entire Town Limits – Phase 1

(collectively, the “Existing Overhead Facilities”) to underground facilities, including transformers, switch cabinets and other appurtenant facilities installed above ground as set forth in Attachment A hereof (collectively, the “Underground Facilities”, WR # 4269737).

NOW THEREFORE, in consideration of the foregoing premises and the covenants and agreements set forth herein, and other consideration the sufficiency of which is hereby acknowledged, the parties intending to be legally bound, hereby covenant and agree as follows:

1. Governmental Adjustment Factor Waiver (“GAF Waiver”) Eligibility Criteria. The Local Government Applicant represents and warrants that it meets the following eligibility criteria for the Conversion:

- a. In order for the Conversion to incorporate a sufficient amount of overhead facilities to provide electrical continuity, the Conversion must include a minimum of approximately 3 pole line miles or approximately 200 detached dwelling units within contiguous or closely proximate geographic areas (the “Conversion Area”). The Conversion may be completed in mutually agreed upon phases, with the project size minimums applying to the aggregate project – provided that any necessary subsequent phase begins within a 1 year period from completion of the prior phase and the minimums are met within, at most, 3 phases; and
- b. The Local Government Applicant must require all customers within the Conversion Area who currently have overhead service directly from the Existing Overhead Facilities to convert their service entrances to underground within 6 months of completion of the Underground Facilities installation or each phase thereof; and
- c. The Local Government Applicant must be willing and able to execute a right of way (“ROW”) agreement with FPL if the Local Government Applicant requests that facilities be placed in the ROW; and
- d. For any affected laterals, the complete lateral must be converted, including all stages of any multi-stage lateral; and
- e. The Local Government Applicant must demonstrate to the reasonable satisfaction of FPL that the sum of the GAF Waiver credit plus any federal or state funds that the Local Government Applicant is able to use to support the Conversion does not exceed the otherwise applicable CIAC as calculated before application of the GAF Waiver.

Special Circumstances. Conversions which do not meet the project size minimums described in section 1.a are eligible for the GAF Waiver in the following special circumstances:

- i. 100% of the Existing Overhead Facilities within the Local Government Applicant’s corporate limits are to be converted, but are less than the pole line mileage or dwelling unit minimums; or
- ii. A single lateral that serves at least one Critical Infrastructure Facility as determined by the appropriate local agency with the mutual agreement of FPL; or
- iii. An island or peninsula where 100% of the Existing Overhead Facilities are to be converted; or

iv. When the aggregate size of the first 3 phases of a project would satisfy the minimum size criteria but, for mutually-agreed engineering or logistical reasons, those phases are non-contiguous; provided that (a) the next (4th) phase must be adjacent to one or more of the first 3 phases such that the combined contiguous area meets the minimum size criteria, and (b) this 4th phase begins within 1 year from completion of the 3rd phase.

2. **Contribution-in-Aid-of-Construction (CIAC).** The Local Government Applicant shall pay FPL a CIAC as required by FPL's Electric Tariff and Section 25-6.115 of the Florida Administrative Code with the Otherwise Applicable CIAC amount reduced by the GAF Waiver.

i. Otherwise Applicable CIAC	\$	2,897,116
ii. GAF Waiver	\$	<u>- 915,920</u>
iii. CIAC Due	\$	1,981,196 (Cust. performs SOME UG work)

In the event the actual cost of the Conversion exceeds the estimate, the Otherwise Applicable CIAC shall be adjusted by the lesser of (a) the difference between the actual cost of the Conversion and the estimate, or (b) 10% of the Otherwise Applicable CIAC identified above. The GAF Waiver shall also be adjusted accordingly and the Local Government Applicant shall pay FPL the resulting difference in the amount of the CIAC Due.

3. **Applicant-Installed Facilities.** The Local Government Applicant may, upon entering into an applicant-installed facilities agreement satisfactory to FPL, construct and install all or a portion of the Underground Facilities. Such work must meet FPL's construction standards and FPL will own and maintain the completed facilities. The Local Government Applicant agrees to rectify any deficiencies, found by FPL, prior to the connection of any customers to the Underground Facilities and the removal of the Existing Overhead Facilities.
4. **Compliance with Tariff.** The Local Government Applicant agrees to comply with and abide by the requirements, terms, and conditions of FPL's Electric Tariff.
5. **Timing of Conversion.** Upon compliance by the Local Government Applicant with the requirements, terms, and conditions of FPL's Electric Tariff, this Agreement and any other applicable agreements, FPL will proceed in a timely manner with the Conversion in accordance with the construction drawings and specifications set forth in Attachment A hereof.
6. **Relocation.** In the event that the Underground Facilities are part of, or are for the purposes of, relocation, then this Agreement shall be an addendum to the relocation agreement between FPL and the Local Government Applicant. In the event of any conflict between the relocation agreement and this Agreement or the Electric Tariff, this Agreement and the Electric Tariff shall control.
7. **Term.** This Agreement shall remain in effect for as long as FPL or any successor or assign owns or operates the Underground Facilities.
8. **GAF Waiver Repayment.** If the Local Government Applicant does not satisfy the relevant eligibility criteria, the Local Government Applicant shall repay the GAF Waiver within 30 days of written notice from FPL of such failure. Additionally, if at any point within 30 years of completion of the Underground Facilities installation, the Local Government Applicant elects to have electric service within the Conversion Area supplied by a provider other than FPL, the Local Government Applicant shall repay FPL a pro-rata share of the GAF Waiver. The pro-rata share (which shall reflect partial years) shall be determined as follows:

$$\text{GAF Waiver} * [(30 - \text{years since the Underground Facilities completion date}) / 30]$$

9. **Termination Prior to the Conversion Completion.** Failure by the Local Government Applicant to comply with any of the requirements, terms, or conditions of this Agreement or FPL's Electric Tariff shall result in termination of this Agreement. The Local Government Applicant may terminate this Agreement at any time prior to the start of the Conversion and the CIAC paid by the Local Government Applicant will be refunded to the Local Government Applicant; provided however, that the refund of the CIAC shall be offset by any costs incurred by FPL in performing under the Agreement up to the date of termination.
10. **Assignment.** The Local Government Applicant shall not assign this Agreement without the written consent of FPL.
11. **Adoption and Recording.** This Agreement shall be adopted by the Local Government Applicant and maintained in the official records of the Local Government Applicant for the duration of the term of this Agreement. This Agreement also shall be recorded in the Official Records of the County in which the Underground Facilities are located, in the place and in the manner in which deeds are typically recorded.
12. **Conflict between Terms of Franchise Agreement.** In the event of a conflict between the terms of this Agreement and any permit or franchise agreement entered into by Local Government Applicant and FPL, the terms of this Agreement shall control.

IN WITNESS WHEREOF, FPL and the Local Government Applicant have executed this Agreement on the date first set forth above.

TOWN OF SURFSIDE

FPL

Signed _____

Signed _____

Name _____

Name _____

Title _____

Title _____

Signed _____

Name _____

Title _____

Approved as to Terms and Conditions

Signed _____

Name _____

Title _____

Approved as to Form and Legal Sufficiency

Signed _____

Name _____

Title _____

Overhead to Underground Conversion - Customer Cost Sheet

Project: Town of Surfside Phase 2

Date Estimate Provided to Customer: 9/20/2021

Customer Performs SOME UG Work - Conduit and Concrete Installation

Underground Cost

New UG Installation (+)	\$3,686,720	Cost for FPL to install new underground facilities
Equivalent OH Installation (-)	(\$1,229,041)	Cost to install an overhead system at current hardening standards

Existing Overhead Cost

OH Removal Cost & Make ready (+)	\$619,126	Cost for FPL to remove existing overhead facilities
Existing OH Value (+)	\$24,532	Net Book Value of existing OH facilities to be removed
Operational Costs Differential (+)	(\$572,096)	30-year Net present value of the est. operational OH / UG Diff. cost
Salvage Value (-)	(\$57,520)	Credit for re-usable items
Subtotal*	\$2,471,721	Total customer contribution as specified in Tariff 12.2.3
	(\$775,626)	ASRC - Tier 1 - 25%
CIAC	\$1,696,096	
Engineering Deposit (-)	(\$20,000)	Engineering deposit previously collected
Subtotal*	\$1,676,096	
Net Due FPL	\$1,676,096	Total customer contribution owed

Cost Breakdowns for Customer Contributions

	Total	Labor/Vehicle	Material	Direct Engineering, Supervision, and Support
New UG Facilities (+)	\$3,686,720	\$1,100,041	\$1,984,257	\$602,422
Credit for equivalent OH (-)	(\$1,229,041)	(\$450,388)	(\$595,388)	(\$183,265)
OH Removal Cost & Make ready (+)	\$619,126	\$519,747	\$19,142	\$80,237
Total	\$3,076,805	\$1,169,400	\$1,408,011	\$499,394
Net Book Value (+)	\$24,532			
Operational Costs Differential (+)	(\$572,096)	3.2 miles		
Salvage Value (-)	(\$57,520)			
Subtotal*	\$2,471,721			
GAF	(\$775,626)			
CIAC	\$1,696,096			
Engineering Deposit (-)	(\$20,000)	Engineering deposit previously collected		
Subtotal*	\$1,676,096			
Net Due FPL	\$1,676,096			

Major Material Breakdown

	Quantity	Item
Install	174,062	Primary UG Cable (feet)
	13	UG Switch Cabinet (0 Vista Sw's)
	110	UG Transformer (each)
	12	Splice box for UG feeder (each)
Remove	45,656	OH Primary Conductor (feet)
	208	Poles (each)
	112	OH Transformer (each)
	0	Primary UG Cable (feet)

**UNDERGROUND FACILITIES CONVERSION AGREEMENT –
GOVERNMENTAL ADJUSTMENT FACTOR WAIVER**

This Agreement is made and entered into this ____ day of _____, 20____, by and between the City of Surfside (“Local Government Applicant”), a Florida municipal corporation or county with an address of 9293 Harding Ave, Surfside FL 33154 and FLORIDA POWER & LIGHT COMPANY (“FPL”), a Florida corporation with an address of P.O. Box 14000, 700 Universe Boulevard, Juno Beach, FL 33408-0429.

WHEREAS, the Local Government Applicant has requested that FPL convert certain overhead electric distribution facilities located within the following boundaries (the “Conversion”):

Entire Town Limits – Phase 2

(collectively, the “Existing Overhead Facilities”) to underground facilities, including transformers, switch cabinets and other appurtenant facilities installed above ground as set forth in Attachment A hereof (collectively, the “Underground Facilities”, WR #4269755).

NOW THEREFORE, in consideration of the foregoing premises and the covenants and agreements set forth herein, and other consideration the sufficiency of which is hereby acknowledged, the parties intending to be legally bound, hereby covenant and agree as follows:

1. Governmental Adjustment Factor Waiver (“GAF Waiver”) Eligibility Criteria. The Local Government Applicant represents and warrants that it meets the following eligibility criteria for the Conversion:

- a. In order for the Conversion to incorporate a sufficient amount of overhead facilities to provide electrical continuity, the Conversion must include a minimum of approximately 3 pole line miles or approximately 200 detached dwelling units within contiguous or closely proximate geographic areas (the “Conversion Area”). The Conversion may be completed in mutually agreed upon phases, with the project size minimums applying to the aggregate project – provided that any necessary subsequent phase begins within a 1 year period from completion of the prior phase and the minimums are met within, at most, 3 phases; and
- b. The Local Government Applicant must require all customers within the Conversion Area who currently have overhead service directly from the Existing Overhead Facilities to convert their service entrances to underground within 6 months of completion of the Underground Facilities installation or each phase thereof; and
- c. The Local Government Applicant must be willing and able to execute a right of way (“ROW”) agreement with FPL if the Local Government Applicant requests that facilities be placed in the ROW; and
- d. For any affected laterals, the complete lateral must be converted, including all stages of any multi-stage lateral; and
- e. The Local Government Applicant must demonstrate to the reasonable satisfaction of FPL that the sum of the GAF Waiver credit plus any federal or state funds that the Local Government Applicant is able to use to support the Conversion does not exceed the otherwise applicable CIAC as calculated before application of the GAF Waiver.

Special Circumstances. Conversions which do not meet the project size minimums described in section 1.a are eligible for the GAF Waiver in the following special circumstances:

- i. 100% of the Existing Overhead Facilities within the Local Government Applicant’s corporate limits are to be converted, but are less than the pole line mileage or dwelling unit minimums; or
- ii. A single lateral that serves at least one Critical Infrastructure Facility as determined by the appropriate local agency with the mutual agreement of FPL; or
- iii. An island or peninsula where 100% of the Existing Overhead Facilities are to be converted; or

iv. When the aggregate size of the first 3 phases of a project would satisfy the minimum size criteria but, for mutually-agreed engineering or logistical reasons, those phases are non-contiguous; provided that (a) the next (4th) phase must be adjacent to one or more of the first 3 phases such that the combined contiguous area meets the minimum size criteria, and (b) this 4th phase begins within 1 year from completion of the 3rd phase.

2. **Contribution-in-Aid-of-Construction (CIAC).** The Local Government Applicant shall pay FPL a CIAC as required by FPL's Electric Tariff and Section 25-6.115 of the Florida Administrative Code with the Otherwise Applicable CIAC amount reduced by the GAF Waiver.

i. Otherwise Applicable CIAC	\$	2,471,721
ii. GAF Waiver	\$	<u>-775,626</u>
iii. CIAC Due	\$	1,696,096 (Cust. performs SOME UG work)

In the event the actual cost of the Conversion exceeds the estimate, the Otherwise Applicable CIAC shall be adjusted by the lesser of (a) the difference between the actual cost of the Conversion and the estimate, or (b) 10% of the Otherwise Applicable CIAC identified above. The GAF Waiver shall also be adjusted accordingly and the Local Government Applicant shall pay FPL the resulting difference in the amount of the CIAC Due.

3. **Applicant-Installed Facilities.** The Local Government Applicant may, upon entering into an applicant-installed facilities agreement satisfactory to FPL, construct and install all or a portion of the Underground Facilities. Such work must meet FPL's construction standards and FPL will own and maintain the completed facilities. The Local Government Applicant agrees to rectify any deficiencies, found by FPL, prior to the connection of any customers to the Underground Facilities and the removal of the Existing Overhead Facilities.

4. **Compliance with Tariff.** The Local Government Applicant agrees to comply with and abide by the requirements, terms, and conditions of FPL's Electric Tariff.

5. **Timing of Conversion.** Upon compliance by the Local Government Applicant with the requirements, terms, and conditions of FPL's Electric Tariff, this Agreement and any other applicable agreements, FPL will proceed in a timely manner with the Conversion in accordance with the construction drawings and specifications set forth in Attachment A hereof.

6. **Relocation.** In the event that the Underground Facilities are part of, or are for the purposes of, relocation, then this Agreement shall be an addendum to the relocation agreement between FPL and the Local Government Applicant. In the event of any conflict between the relocation agreement and this Agreement or the Electric Tariff, this Agreement and the Electric Tariff shall control.

7. **Term.** This Agreement shall remain in effect for as long as FPL or any successor or assign owns or operates the Underground Facilities.

8. **GAF Waiver Repayment.** If the Local Government Applicant does not satisfy the relevant eligibility criteria, the Local Government Applicant shall repay the GAF Waiver within 30 days of written notice from FPL of such failure. Additionally, if at any point within 30 years of completion of the Underground Facilities installation, the Local Government Applicant elects to have electric service within the Conversion Area supplied by a provider other than FPL, the Local Government Applicant shall repay FPL a pro-rata share of the GAF Waiver. The pro-rata share (which shall reflect partial years) shall be determined as follows:

$$\text{GAF Waiver} * [(30 - \text{years since the Underground Facilities completion date}) / 30]$$

9. **Termination Prior to the Conversion Completion.** Failure by the Local Government Applicant to comply with any of the requirements, terms, or conditions of this Agreement or FPL's Electric Tariff shall result in termination of this Agreement. The Local Government Applicant may terminate this Agreement at any time prior to the start of the Conversion and the CIAC paid by the Local Government Applicant will be refunded to the Local Government Applicant; provided however, that the refund of the CIAC shall be offset by any costs incurred by FPL in performing under the Agreement up to the date of termination.
10. **Assignment.** The Local Government Applicant shall not assign this Agreement without the written consent of FPL.
11. **Adoption and Recording.** This Agreement shall be adopted by the Local Government Applicant and maintained in the official records of the Local Government Applicant for the duration of the term of this Agreement. This Agreement also shall be recorded in the Official Records of the County in which the Underground Facilities are located, in the place and in the manner in which deeds are typically recorded.
12. **Conflict between Terms of Franchise Agreement.** In the event of a conflict between the terms of this Agreement and any permit or franchise agreement entered into by Local Government Applicant and FPL, the terms of this Agreement shall control.

IN WITNESS WHEREOF, FPL and the Local Government Applicant have executed this Agreement on the date first set forth above.

TOWN OF SURFSIDE

FPL

Signed _____

Signed _____

Name _____

Name _____

Title _____

Title _____

Signed _____

Name _____

Title _____

Approved as to Terms and Conditions

Signed _____

Name _____

Title _____

Approved as to Form and Legal Sufficiency

Signed _____

Name _____

Title _____

Overhead to Underground Conversion - Customer Cost Sheet

Project: Town of Surfside Phase 3

Date Estimate Provided to Customer: 9/20/2021

Customer Performs SOME UG Work - Conduit and Concrete Installation

Underground Cost

New UG Installation (+)	\$3,133,141	Cost for FPL to install new underground facilities
Equivalent OH Installation (-)	(\$1,024,226)	Cost to install an overhead system at current hardening standards

Existing Overhead Cost

OH Removal Cost & Make ready (+)	\$353,947	Cost for FPL to remove existing overhead facilities
Existing OH Value (+)	\$47,309	Net Book Value of existing OH facilities to be removed
Operational Costs Differential (+)	(\$572,096)	30-year Net present value of the est. operational OH / UG Diff. cost
Salvage Value (-)	(\$33,875)	Credit for re-usable items
Subtotal*	\$1,904,200	Total customer contribution as specified in Tariff 12.2.3
	(\$646,690)	ASRC - Tier 1 - 25%
CIAC	\$1,257,510	
Engineering Deposit (-)	(\$20,000)	Engineering deposit previously collected
Subtotal*	\$1,237,510	
Net Due FPL	\$1,237,510	Total customer contribution owed

Cost Breakdowns for Customer Contributions

	Total	Labor/Vehicle	Material	Direct Engineering, Supervision, and Support
New UG Facilities (+)	\$3,133,141	\$942,118	\$1,664,331	\$526,692
Credit for equivalent OH (-)	(\$1,024,226)	(\$363,544)	(\$506,532)	(\$154,150)
OH Removal Cost & Make ready (+)	\$353,947	\$311,624	\$0	\$42,323
Total	\$2,462,862	\$890,198	\$1,157,799	\$414,865
Net Book Value (+)	\$47,309			
Operational Costs Differential (+)	(\$572,096)		3.2 miles	
Salvage Value (-)	(\$33,875)			
Subtotal*	\$1,904,200			
GAF	(\$646,690)			
CIAC	\$1,257,510			
Engineering Deposit (-)	(\$20,000)			Engineering deposit previously collected
Subtotal*	\$1,237,510			
Net Due FPL	\$1,237,510			

Major Material Breakdown

	Quantity	Item
Install	165,617	Primary UG Cable (feet)
	8	UG Switch Cabinet (0 Vista Sw's)
	92	UG Transformer (each)
	8	Splice box for UG feeder (each)
Remove	29,641	OH Primary Conductor (feet)
	114	Poles (each)
	84	OH Transformer (each)
	0	Primary UG Cable (feet)

**UNDERGROUND FACILITIES CONVERSION AGREEMENT –
GOVERNMENTAL ADJUSTMENT FACTOR WAIVER**

This Agreement is made and entered into this ____ day of _____, 20 ____, by and between the City of Surfside (“Local Government Applicant”), a Florida municipal corporation or county with an address of 9293 Harding Ave, Surfside FL 33154 and FLORIDA POWER & LIGHT COMPANY (“FPL”), a Florida corporation with an address of P.O. Box 14000, 700 Universe Boulevard, Juno Beach, FL 33408-0429.

WHEREAS, the Local Government Applicant has requested that FPL convert certain overhead electric distribution facilities located within the following boundaries (the “Conversion”):

Entire Town Limits – Phase 3

(collectively, the “Existing Overhead Facilities”) to underground facilities, including transformers, switch cabinets and other appurtenant facilities installed above ground as set forth in Attachment A hereof (collectively, the “Underground Facilities”, WR # 4269749).

NOW THEREFORE, in consideration of the foregoing premises and the covenants and agreements set forth herein, and other consideration the sufficiency of which is hereby acknowledged, the parties intending to be legally bound, hereby covenant and agree as follows:

1. **Governmental Adjustment Factor Waiver (“GAF Waiver”) Eligibility Criteria.** The Local Government Applicant represents and warrants that it meets the following eligibility criteria for the Conversion:
 - a. In order for the Conversion to incorporate a sufficient amount of overhead facilities to provide electrical continuity, the Conversion must include a minimum of approximately 3 pole line miles or approximately 200 detached dwelling units within contiguous or closely proximate geographic areas (the “Conversion Area”). The Conversion may be completed in mutually agreed upon phases, with the project size minimums applying to the aggregate project – provided that any necessary subsequent phase begins within a 1 year period from completion of the prior phase and the minimums are met within, at most, 3 phases; and
 - b. The Local Government Applicant must require all customers within the Conversion Area who currently have overhead service directly from the Existing Overhead Facilities to convert their service entrances to underground within 6 months of completion of the Underground Facilities installation or each phase thereof; and
 - c. The Local Government Applicant must be willing and able to execute a right of way (“ROW”) agreement with FPL if the Local Government Applicant requests that facilities be placed in the ROW; and
 - d. For any affected laterals, the complete lateral must be converted, including all stages of any multi-stage lateral; and
 - e. The Local Government Applicant must demonstrate to the reasonable satisfaction of FPL that the sum of the GAF Waiver credit plus any federal or state funds that the Local Government Applicant is able to use to support the Conversion does not exceed the otherwise applicable CIAC as calculated before application of the GAF Waiver.

Special Circumstances. Conversions which do not meet the project size minimums described in section 1.a are eligible for the GAF Waiver in the following special circumstances:

- i. 100% of the Existing Overhead Facilities within the Local Government Applicant’s corporate limits are to be converted, but are less than the pole line mileage or dwelling unit minimums; or
- ii. A single lateral that serves at least one Critical Infrastructure Facility as determined by the appropriate local agency with the mutual agreement of FPL; or
- iii. An island or peninsula where 100% of the Existing Overhead Facilities are to be converted; or

iv. When the aggregate size of the first 3 phases of a project would satisfy the minimum size criteria but, for mutually-agreed engineering or logistical reasons, those phases are non-contiguous; provided that (a) the next (4th) phase must be adjacent to one or more of the first 3 phases such that the combined contiguous area meets the minimum size criteria, and (b) this 4th phase begins within 1 year from completion of the 3rd phase.

2. **Contribution-in-Aid-of-Construction (CIAC).** The Local Government Applicant shall pay FPL a CIAC as required by FPL's Electric Tariff and Section 25-6.115 of the Florida Administrative Code with the Otherwise Applicable CIAC amount reduced by the GAF Waiver.

i. Otherwise Applicable CIAC	\$	1,904,200
ii. GAF Waiver	\$	<u>-646,690</u>
iii. CIAC Due	\$	1,257,510 (Cust. performs SOME UG work)

In the event the actual cost of the Conversion exceeds the estimate, the Otherwise Applicable CIAC shall be adjusted by the lesser of (a) the difference between the actual cost of the Conversion and the estimate, or (b) 10% of the Otherwise Applicable CIAC identified above. The GAF Waiver shall also be adjusted accordingly and the Local Government Applicant shall pay FPL the resulting difference in the amount of the CIAC Due.

3. **Applicant-Installed Facilities.** The Local Government Applicant may, upon entering into an applicant-installed facilities agreement satisfactory to FPL, construct and install all or a portion of the Underground Facilities. Such work must meet FPL's construction standards and FPL will own and maintain the completed facilities. The Local Government Applicant agrees to rectify any deficiencies, found by FPL, prior to the connection of any customers to the Underground Facilities and the removal of the Existing Overhead Facilities.
4. **Compliance with Tariff.** The Local Government Applicant agrees to comply with and abide by the requirements, terms, and conditions of FPL's Electric Tariff.
5. **Timing of Conversion.** Upon compliance by the Local Government Applicant with the requirements, terms, and conditions of FPL's Electric Tariff, this Agreement and any other applicable agreements, FPL will proceed in a timely manner with the Conversion in accordance with the construction drawings and specifications set forth in Attachment A hereof.
6. **Relocation.** In the event that the Underground Facilities are part of, or are for the purposes of, relocation, then this Agreement shall be an addendum to the relocation agreement between FPL and the Local Government Applicant. In the event of any conflict between the relocation agreement and this Agreement or the Electric Tariff, this Agreement and the Electric Tariff shall control.
7. **Term.** This Agreement shall remain in effect for as long as FPL or any successor or assign owns or operates the Underground Facilities.
8. **GAF Waiver Repayment.** If the Local Government Applicant does not satisfy the relevant eligibility criteria, the Local Government Applicant shall repay the GAF Waiver within 30 days of written notice from FPL of such failure. Additionally, if at any point within 30 years of completion of the Underground Facilities installation, the Local Government Applicant elects to have electric service within the Conversion Area supplied by a provider other than FPL, the Local Government Applicant shall repay FPL a pro-rata share of the GAF Waiver. The pro-rata share (which shall reflect partial years) shall be determined as follows:

$$\text{GAF Waiver} * [(30 - \text{years since the Underground Facilities completion date}) / 30]$$

9. **Termination Prior to the Conversion Completion.** Failure by the Local Government Applicant to comply with any of the requirements, terms, or conditions of this Agreement or FPL's Electric Tariff shall result in termination of this Agreement. The Local Government Applicant may terminate this Agreement at any time prior to the start of the Conversion and the CIAC paid by the Local Government Applicant will be refunded to the Local Government Applicant; provided however, that the refund of the CIAC shall be offset by any costs incurred by FPL in performing under the Agreement up to the date of termination.
10. **Assignment.** The Local Government Applicant shall not assign this Agreement without the written consent of FPL.
11. **Adoption and Recording.** This Agreement shall be adopted by the Local Government Applicant and maintained in the official records of the Local Government Applicant for the duration of the term of this Agreement. This Agreement also shall be recorded in the Official Records of the County in which the Underground Facilities are located, in the place and in the manner in which deeds are typically recorded.
12. **Conflict between Terms of Franchise Agreement.** In the event of a conflict between the terms of this Agreement and any permit or franchise agreement entered into by Local Government Applicant and FPL, the terms of this Agreement shall control.

IN WITNESS WHEREOF, FPL and the Local Government Applicant have executed this Agreement on the date first set forth above.

TOWN OF SURFSIDE

FPL

Signed _____

Signed _____

Name _____

Name _____

Title _____

Title _____

Signed _____

Name _____

Title _____

Approved as to Terms and Conditions

Signed _____

Name _____

Title _____

Approved as to Form and Legal Sufficiency

Signed _____

Name _____

Title _____