

Cape Coral to bury power lines

Council agrees to pay \$4.5 million

By Don Ruane • druane@news-press.com • May 11, 2010

1:10 A.M. — Cape Coral City Council committed Monday to pay \$4.5 million for an underground power transmission line on Southeast 46th Lane through downtown.

The council also decided to assume the risk of paying to resolve any unexpected problems such as significant rock deposits that might be discovered during construction.

The vote was 6-2 with Councilmen Derrick Donnell and Chris Chulakes-Leetz voting against the motion.

Lee County Electric Cooperative now will ask for bids for the underground work by June 7 and report any need for additional funding to the city if the bids exceed \$4.5 million. If the city doesn't agree to pay the extra costs by June 21, the power lines could be installed above ground on 75-foot poles.

The council struggled with whether to ask for bids with a guaranteed maximum price with all risk for unexpected costs to be assumed by the contractor.

"We all have different risk tolerance levels," Councilman Bill Deile said.

Staff is confident there won't be any significant issues underground, City Manager Carl Schwing said.

"We have a fairly high level of confidence based on the drawings we do have," public works director Chuck Pavlos said. But because of the age of the area, there could be something, he said.

Councilman Peter Brandt suggested getting a bid for a guaranteed maximum price and one for a cost with the risk assumed by the city.

But LCEC operations director Rick Fuson advised against asking for two bids. The bidders, based on experience with transmission vendors, won't give

you the best price, Fuson said. The vendors spend less time on each bid and begin to inflate costs, Fuson said.

LCEC is ready to put the lines overhead if the city breaks the agreement, Schwing said.

The location of the power lines above or below ground has been debated for years.

The council voted in April to pay for the underground work. The money will be borrowed and paid back with the help of the Community Redevelopment Agency, which includes the route in its district.

"The CRA stands ready to fund the payments for the proposed project," said CRA board chairman Don Heisler.

"Our board has voted to support this project up to the cap of \$4.5 million," Heisler said.

The CRA's ability to pay is based on that \$4.5 million.

The interest rate could be between 6 and 6.5 percent, said interim city financial services director Linda Senne.

LCEC will manage the project and the contract without any charge to the city, Fuson said. The city's money is a contribution to the construction costs for the underground work.

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