



Captiva Civic Association

May 9, 2007

Dear Fellow Captivans:

As an owner of property on Captiva, you will want to read the enclosed information on the proposed plan to bury overhead electric power and cable TV lines on the island. The Captiva Civic Association (CCA) believes that property owners on Captiva have little factual information about the project design and cost estimates and decided to conduct a survey to provide available facts and an opportunity for Captivans to express an opinion on the proposed undergrounding project. The CCA is neutral on the undergrounding project. Lee County Government (Lee County) and Lee County Electric Cooperative (LCEC) are aware of this survey and have provided helpful input in its development. We plan to review the results with them when the survey is completed. Please take a few minutes to review the enclosed information and then answer the single question, "Show of Interest" mail-in survey response postcard. (One for each property tax strap you own.) Yes, there are several pages, but there are many important details to be understood before you can make an informed decision.

The possibility of placing power and cable TV lines underground was being investigated early in 2004, prior to Hurricane Charley. Removal of overhead wires and poles would enhance the aesthetics of the island and reduce the number of outages attributable to pole mounted wires and transformers located on Captiva; however, the duration of those outages could be longer due to the greater difficulty of making repairs. Moreover, underground lines and ground mounted transformers are vulnerable to storm surge, especially on a barrier island.


Lee County Electric Cooperative and Comcast Cable have now produced preliminary cost and design data for the project, and Lee County Government has estimated the cost in additional property tax for individual property owners on Captiva. Note that Lee County believes that all property owners on Captiva would benefit from the improvements. Therefore, all tax strap-holders would pay their pro rata share of the tax even though the project does not include certain portions of the Village, or any conversion of existing overhead electric and cable wires in South Seas Island Resort. Lee County staff requires that 2/3 of all Captiva property owners (one vote per strap) support the conversion to underground power and cable lines, before bringing the Municipal Services Taxing Unit process (MSTU) to the Lee County Board of County Commissioners for final approval.

What will this project cost, and who will pay for it? Based on the current LCEC and Comcast construction estimates, and Lee County financing and management costs, the total combined estimated cost of the project would be **\$24,311,097**. It would be apportioned among all Captiva property owners, based on taxable value. (Some assessments, although based on taxable value, may also be adjusted based on the benefit received.) Lee County has provided the following estimated cost per \$1 million of taxable property value based on current island-wide assessments and a ten-year payout for the project. The cost data from LCEC and Lee County is preliminary until there is a final, approved plan. Current tax estimates are:

<u>Taxable Value of Property</u>	<u>Tax Per Year</u> *	<u>Ten Year Total</u> *
\$ 1,000,000	\$ 1,970.00	\$ 19,700
\$ 2,000,000	\$ 3,940.00	\$ 39,400
\$ 5,000,000	\$ 9,850.00	\$ 98,500

* Additional Ad-Valorem Tax (Approximate). Preliminary cost estimate based on appraised property value per Lee County Property Appraiser and 10 year payback Millage rate of 19.740. The above tax figures do not include any necessary relocation of Embarq (Phone) facilities that could be added to your tax bill. Optional undergrounding costs of electric and cable TV facilities to your home, business or accessory buildings, and impacts to existing vegetation and landscaping will be paid for at the individual owner's expense, in addition to the MSTU tax.

Thank you for returning your mail-in survey "Show of Interest" response postcard by June 8, 2007.

Sincerely,  Bill Fenniman, President

CAPTIVA UNDERGROUNDING PROJECT BACKGROUND:

Some time ago, a group of Captiva property owners requested that a plan be considered to “underground” certain electric and cable TV facilities on Captiva. South Seas Island Resort was not included. Lee County has nonetheless included all of Captiva in the tax process to recover costs. The first step in this process was to request that Lee County Electric Cooperative (LCEC) prepare a binding cost estimate for the conversion. Comcast Cable was also asked to prepare a cost estimate. The cost estimates assume that the underground route would follow the existing overhead route. Costs could change if the routing is revised.

Lee County was then requested to plan to set up a local tax unit, called a Municipal Services Taxing Unit (MSTU), and to coordinate with utilities to consider how to pay the cost of such a conversion. Costs would be recovered through a tax to be levied on Captiva property owners. If the plan continues forward, Lee County would eventually initiate a petition process to obtain the formal approval of potential taxpayers to establish and bill for cost recovery. Lee County staff requires that 2/3 of the property owners (one vote per tax strap) support the conversion to underground power and cable lines, before bringing the MSTU to the Lee County Board of County Commissioners for approval, including those who may not see their utilities placed underground.

PROJECT SCOPE:

The project scope of the conversion as defined by LCEC includes facilities along Captiva Drive from Blind Pass to the entrance of South Seas Island Resort. Likewise, most facilities along the following side streets are included in the scope: Andy Rosse, Binder, Chapin, Dickey, Gore, Laika, Mango, Murmond, Old Lodge, Wightman and Wiles. Some facilities, though, will remain overhead, including poles and wires needed to serve individual homes and business. Burying those lines would be at the option (and cost) of property owners. The scope, as stated above, does not extend into South Seas so those facilities will remain as they are currently.

LCEC and Comcast would install switch cabinets, transformers, amplifiers and other miscellaneous “boxes” above ground at places to be determined along the route of the underground cables. The utilities estimate these boxes to number around 450. The size of the boxes would vary from the largest, an 8 x 8 x 8 foot cube, to small 3 foot high terminal pods. Vegetation could be planted to help hide the boxes, but would need to be no closer than 8 feet on the side of the box which opens for worker access for maintenance and 3 feet on the remaining sides.

Lee County has determined that up to 450 spot easements on private properties will be necessary to accommodate the above mentioned utility boxes as these boxes can not be placed in the county right-of-ways.

Individual property owners would have an option as to whether to place their own entrance lines underground from the street or transformer to the house. Trenching the utility lines would be entirely at the owner’s expense. One estimate of the cost came in at \$100.00 per linear foot. If the home or business wiring were not up to current code, it would be necessary for the owner to pay an electrical contractor to make needed upgrades in order to obtain Lee County approval.

If property owners elected not to pay for burying their own entrance facility, LCEC would continue to serve such customers through poles and overhead wires. Thus, the plan would not result in complete elimination of poles and wires on Captiva, but would significantly improve the aesthetics on Captiva Drive and other locations on the island.

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RELIABILITY AND STORM PROTECTION:

Facilities that are placed underground on Captiva as a result of this project would no longer be subject to damage due to flying debris in a hurricane or other storm. This could help protect electric power, as well as cable TV services, from hurricanes and other storms; however, outages due to factors unrelated to Captiva, occurring upstream on overhead powerlines from Sanibel, across Pine Island Sound and onto Pine Island and the mainland will still continue to affect Captiva.

There are however further considerations as to reliability and restoration following storms. The "boxes" discussed earlier would be placed above ground. They would be subject to tree damage and flooding in a storm, and could require repair or replacement if damaged by water. Also, breaks or short circuits in underground facilities can be hard to locate and take some time to repair. That repair process is labor intensive, and can greatly extend outages when they occur. According to a study by Edison Electric Institute in Washington, DC, the net effect of undergrounding is that outages should be fewer, but take longer to repair when they do occur. Total outage time may be the same.

PROJECT COST:

Preliminary estimates of utility costs are now available, and Lee County has estimated costs for needed easements and prepared a MSTU tax plan for recovery of costs from property owners. Project cost is currently estimated as follows:

Project Costs:	\$16,498,724	(LCEC and Comcast engineering and construction, permitting, right-of-way - easements, project management, financing)
Long Term Interest:	<u>\$ 7,812,373</u>	(based on ten year term loan)
TOTAL:	\$24,311,097	(10 year cost)

Note: Embarq costs are unknown until all LCEC and Comcast planning is completed; all data are preliminary. Lee County reminds us that these are NOT "not-to exceed" costs.

Costs would be paid back to Lee County through a MSTU tax for all Captiva property owners (strap holders) even though not all property owners would see facilities placed underground. For example, no undergrounding is planned on South Seas Island Resort, but all resort property owners (Home and Condominium owners, as well as the Resort itself) would pay the MSTU tax as estimated on the cover letter.

Thank you for returning your mail-in survey "Show of Interest" response postcard by June 8, 2007.

Q & A

Captiva Powerline and TV Cable Undergrounding Plan

1. Why was the plan designed to exclude South Seas Island Resort and other areas of Captiva?

Lee County generally cannot spend public funds (which a MSTU assessment would be) on improvements to private property and that which the public at large can not enjoy.

2. Wasn't a binding cost estimate requested from LCEC, and if so why are all the costs shown as preliminary?

A binding cost estimate only covers a specific period of time. The original date was extended, but costs will eventually reflect *actual* underground routing plans, and current construction costs on Captiva. Lee County has made it clear that their cost estimates for easements and financing are preliminary. These costs may increase or decrease; in any event, ACTUAL project costs will be billed to property owners.

3. Why are the phone company's costs not included?

Embarq cannot estimate potential costs for rearranging their underground facilities until the LCEC and Comcast plans for routing are settled through engineering studies and negotiations with Lee County Department of Transportation. There may be no costs; it is simply too early to be sure.

4. Why should property owners on South Seas and the areas of the Village not covered by the plan have to pay for the cost of undergrounding utilities when they will still have to look at aerial pole lines and wires?

The County has determined that everyone on Captiva Island will be receiving a benefit from this project if it goes forward.

5. Is the MSTU Tax static over the 10 years?

No, the costs of the project, including financing may vary, and the tax rate will be adjusted accordingly. Changes in taxable value due to market changes or property improvements will be a part of the calculations as well.

6. What costs would have to be borne by homeowners in addition to the Lee County taxes?

Individual property owners would have an option as to whether to place their own entrance lines underground from the street or transformer to the house, business or accessory buildings. Trenching the utility lines would be entirely at the owner's expense. One estimate of the cost came in at \$100.00 per linear foot. If your home or business wiring is not up to current code, it would be necessary to pay an electrical contractor to make needed upgrades in order to obtain Lee County Permit approval. Also, if an owner's shrubbery or trees are in the way of the eventual underground path they would be replaced only at the owners expense. Additional individual costs will include replacement of existing vegetation and landscaping possibly impacted by the undergrounding project.

7. Does the MSTU constitute a long term obligation on my property?

The costs will follow property ownership over the ten year period, subject to annual adjustment for actual costs and current taxable values. The MSTU will be an obligation of any future owners over the ten year period.

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8. Would Captiva be better protected from hurricanes or lesser storms if utilities were underground?

Yes and no. Facilities that are placed underground as a result of this project would no longer be subject to breakage due to flying debris in a hurricane or other storm. Transformers and other “boxes” would be placed above ground. They would be subject to tree damage and flooding in a storm, and could require repair or replacement if damaged by water. Also, breaks or short circuits in underground facilities can be hard to locate and take some time to repair. That repair process is labor intensive, and can greatly extend outages when they occur. According to a study by Edison Electric Institute in Washington, DC, the net effect of undergrounding is that outages should be fewer, but take longer to repair when they do occur. Total outage time may be the same or greater.

9. What information is available as to the LCEC routing and plans for under grounding? Will all of Captiva utilities be underground?

The scope of undergrounding of existing overhead facilities is defined in the cost estimates provided to Lee County and the Captiva Property Owner Association Community Panel. In general, existing overhead facilities along Captiva Drive will be included from Blind Pass to the entrance to South Seas Resort. Not included are the poles and wires needed to serve individual homes. These could be included if the owner elects to pay for them to be placed underground and any associated costs to covert their service entrance. Likewise, facilities along Andy Rosse Lane, Binder Drive, Captiva Drive, Chapin Lane, Dickey Lane, Gore Lane, Laika Lane, Mango Court, Murmond Lane, Old Lodge Lane, Wightman Lane, and Wiles Drive are included in the scope. Some rear lines on these streets may be re-routed to the front while some service facilities will remain overhead. The scope does not extend into South Seas Resort so those facilities will remain as they are currently.

10. Where can I get more information of the costs and benefits of underground utilities?

Here are a couple of Websites to visit for more information:

www.eei.org/industry_issues/energy_infrastructure/distribution/undergroundreport.pdf

Or closer to home, here is the site for information from Florida Power and Light:

www.fpl.com/residential/electric/underground/faq.shtml

These and other reference websites can be found at **www.CaptivaCivicAssociation.com**

11. How has the underground project been coordinated with utilities and Lee County to date?

The proposal was initiated by a small group of property owners. That group requested and paid for the initial binding cost estimate. Somewhat later, the Captiva Property Owners Association Community Panel began discussing the project with LCEC, Comcast and Lee County. Members of this initial group of property owners are associated with, or are current members of the Panel and have continued discussions with the utilities and the county.

12. What is the project timeline?

Should the Lee County Board of County Commissioners create the MSTU, the project will commence. Following agreement on obtaining the electric and cable TV right of way, it is estimated that actual construction will take two years. Construction may be halted several months in the high tourist season to accommodate business disruption concerns of some commercial property owners.

Thank you for returning your mail-in survey “Show of Interest” response postcard by June 8, 2007.

Sample Survey Response Post Card – One per Tax Strap

Captiva Electric & TV Cable Lines
Undergrounding Project - Show of Interest Survey

A question being asked of all Captiva property owners:

Based on the available facts presented, if the (\$24,311,097) project costs were roughly equal to those known today, would you vote to support a new tax for all Captiva property owners to underground certain overhead electric powerlines and TV cable lines on Captiva?

YES or **NO**

Strap Owner: JOHN + JANE PUBLIC
Site Address: 13505 CAPTIVA DRIVE

STRAP # 64-52-10-2000040470

Property Strap Owner Signature

Survey ID # 2157

Comments may be emailed to: CaptivaCivic@earthlink.net

Thank you for mailing your survey response back by June 8, 2007