

Capital Project Prioritization Process (CPPP)

Capital projects are evaluated each fiscal year and integrated into the multi-year financial plan, which is linked to the Strategic Plan. The Utility Board sets the strategic plan by developing the year's strategic goals. These goals are management's basis for the multi-year financial plan.

Determine Total Project Funding Amount

To determine the Total Project Funding Amount, the Financial Plan, along with the various funding sources, must be reviewed with focus on amounts that may be available from the Revenue Fund, Renewal & Replacement Fund, Designated Retained Earnings, Contribution in Aid of Construction Fund, Line Extension Fees, and other reimbursements.

Capital Project Evaluation Form

The *Capital Project Evaluation Form* is prepared for each proposed project. The top portion of the form describes the capital project in detail. This is comprised of a description of the work, Cost-Benefit Analysis, and breakdown of the proposed project costs. The middle part describes the relationship of the project to each strategic goal with a total score included. The evaluator reviews the score for appropriateness and makes changes as needed. The total score of the proposed project for each fiscal year is calculated by adding the numbers in each column.

Rank Proposed Projects

The Finance Department prepares a list of projects based on number of points in descending order, with the requested funding for each project included. The list indicates whether total funding equals available funding. Proposed projects that fall below the total available are cut from funding in the current year and are reconsidered in subsequent years.

The department directors and direct reports meet with the Chief Financial Officer to discuss the results of the CPPP. Any adjustments the group deems necessary are made. The results are forwarded to the General Manager & CEO for review and final approval.

**Utility Board of the City of Key West
Budget Prioritization Form**

Project Title _____

Detailed Description of work _____

Impact to KEYS (will project save money, improve customer satisfaction, etc.) Please detail: _____

Possibility of project over runs: YES (Detail reasons) / NO _____

Circle one from each group

Core Business?	Yes	No	Type of Expense ?	O&M	Capital
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- Budgeted Project Total
- Estimated Labor Cost
- Estimated Overtime Cost
- Estimated Material Cost - Inventory
- Estimated Material Cost - Vendors
- Estimated Transportation Costs
- Estimated Outside Services Cost

\$	-				

Score	Please enter your score for 2005 tasks only in column "C"				
	2006	2007	2008	2009	2010
Core Business / Electricity					
Necessity					
▶ Required by Law, Contracts & Agreements	Yes/No				
▶ Operationally Required	Yes/No				
▶ Security	Yes/No				
If the task being evaluated satisfies either of the "Necessity" criteria, STOP at this point, do not score any further					
Implement a reliability plan to <i>maintain</i> system outage benchmarks that exceed industry levels					
1,2,3					
Achieve optimum levels of Customer Service					
1,2,3					
Identify, formulate & implement plans that will improve upon key employee issues					
1,2,3					
Investigate & develop implementation plans for new revenue sources in communication & land use					
1,2,3					
Maximize the benefits derived from the FMPA relationship					
1,2,3					
Total Score - Core Items					

Evaluated by: _____

Date: _____

Disposition: _____

Multi Year Capital Improvement Plan

Project Description	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Transmission Line and Substations Maintenance- FKEC territory	\$ -	\$ 192,945	\$ 276,000	\$ 305,380	\$ 446,630	\$ 65,000
Adjust Tapchangers & Replace Contacts	-	-	30,000	-	-	-
Reinsulate Line 4 (water portion)	-	-	-	-	-	200,000
Repair Line 1 Crossarm Bolts	-	25,000	-	-	-	-
Repair Over the Water Transmission Pole Foundations	130,000	15,000	200,000	600,000	-	-
Reinsulate Stock Island Plant Substation	-	-	-	175,000	-	-
Steel Pole Painting	-	50,000	50,000	200,000	-	-
Replace Transmission Oil Circuit Breakers	-	150,000	150,000	150,000	250,000	250,000
KWDS motorized Switches	-	59,000	-	-	-	-
Replace 69Kv Switches @ US1(9) & Kennedy Drive(9)	-	180,350	160,650	-	-	-
Purchase Potential Transformers	50,000	35,000	-	-	-	-
Upgrade Transmission Relay Panels	115,000	231,000	160,000	-	-	-
FKEC Communication	30,000	-	-	-	-	-
Total - Transmission	325,000	938,295	1,026,650	1,430,380	696,630	515,000
Change out Voltage Regulator	-	-	-	50,000	-	-
Install new Feeder / Reconductor - Stock Island Substations	-	-	100,000	50,000	-	-
Construct New Feeders on Distribution System - BPS	-	-	100,000	-	-	150,000
Construct New Substation - Stock Island	-	200,000	2,000,000	-	-	-
Underground Trenching	364,624	-	-	-	-	-
Purchase Transformers	300,000	680,000	714,000	749,700	787,185	826,544
Other - Daily Work Orders, Engineer's Requests	900,000	1,300,000	1,365,000	1,433,250	1,600,000	1,700,000
Military (NESC, Upgrades & Normal Maintenance) Distribution Lines	2,433,000	-	-	-	-	-
Improve Distribution(Sectionalizers/Reclosurers/Capacitors)	-	-	-	100,000	-	-
Distribution Improvements	400,000	3,455,000	2,885,000	2,940,000	3,245,000	3,135,000
Power Quality Meter	-	-	10,000	-	-	-
Replace Substation Transformers- KDS #1	-	-	1,250,000	-	-	-
Replace Substation Transformers- KDS #2	-	-	-	1,250,000	-	-
Replace Substation Transformers- US-1	-	-	-	-	-	200,000
Replace US-1 Switchgear	-	-	-	-	-	900,000
Fiber Drops @ US1, Big Pine, Big Coppitt Substations	-	100,000	-	-	-	-
Normal Improvements/upgrades to Substations	-	40,000	40,000	40,000	40,000	40,000
Re-work 4160 for future use	-	-	50,000	-	-	-
Purchase Residential and Commercial Meters	200,000	375,000	382,500	390,150	100,000	100,000
Remote Metering [study, implementation]	-	-	-	25,000	2,000,000	2,000,000
Relocate Poles-DOT Right-of-Way (North Roosevelt Rehabilitation)	-	-	-	-	150,000	-
Replace Switchgear-Bus B @ Kennedy Drive Substation	578,000	-	-	-	-	-
Substation Feeder Cable Change Out (12 Feeders)	-	275,000	375,000	-	-	-
Replace Down Guy	-	-	-	100,000	100,000	-
Stub Pole Removal	-	50,000	-	50,000	-	50,000
Replace Remote Terminal Unit	-	-	15,000	15,000	15,000	-
Field Communications / Radio Replacement	175,000	-	-	-	-	200,000
Total - Distribution	5,350,624	6,475,000	9,286,500	7,193,100	8,037,185	9,301,544
Upgrade Emissions Monitoring Equipment	-	120,000	-	-	-	-
Purchase & Install MSD Turbo Chargers(5)	-	-	850,000	-	-	-
Control Upgrade for HSD's	-	25,000	-	-	-	-
Military (NESC, Upgrades & Normal Maintenance Generators)	400,000	-	-	-	-	-
Oil Boom	-	-	-	-	50,000	-
CEM Upgrade	-	-	-	-	-	100,000
Overhaul High Speed Diesel at Stock Island	-	-	-	110,000	110,000	-
Overhaul - CT#1 (FY 09 Hot gas)	-	-	-	30,000	-	-
Replace or Rebuild Medium Speed Diesel Turbo Chargers	-	-	-	-	-	250,000
Hydrogen Generator	-	-	100,000	-	-	-
Overhaul - Medium Speed Diesels	-	100,000	-	60,000	-	-
Replace Turbo Charger - High Speed Diesels	30,000	30,000	35,000	-	-	-
Purchase Fin Fan Coolers (5)	-	950,000	-	-	-	-
Repair Exhaust Stack @ MSD's	-	100,000	-	-	-	-
MSD Fuel Lines	-	50,000	-	-	-	-
Total - Generation	430,000	1,375,000	985,000	200,000	160,000	350,000

Multi Year Capital Improvement Plan

Project Description	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Purchase & Installation of siding for the SIGF	30,000	35,000	35,000	35,000	35,000	35,000
Install Concrete Riprap @ Seawall	-	277,000	-	-	-	-
Replace MSD Roof	-	85,000	-	-	-	-
Gas Pump Replacement	-	-	20,000	-	-	-
Industrial Floor Sweeper (Warehouse)	-	-	15,000	-	-	-
Roof Replacement @ RGSC	-	-	40,000	-	-	-
Enclosure of James Street Building (Mail room)	-	-	75,000	-	-	-
Replacement of windows @ Service Building	-	-	50,000	50,000	50,000	-
Renovate Second Floor @ Service Building	-	-	90,000	-	-	-
Wellness Center Restroom	-	-	25,000	-	-	-
Purchase 10,000lb Forklift	-	45,000	-	-	-	-
Elevator Upgrade Service Building	-	35,000	-	-	-	-
Purchase & Install Roll Down Hurricane Screen	-	25,000	25,000	-	-	-
Redesign & Construct Warehouse "B"	-	-	25,000	300,000	-	-
New T&D Building	-	-	25,000	300,000	-	-
Convert Louisa St Substation - Pocket Park	-	25,000	-	-	-	-
Improvements to Facilities	50,000	60,000	64,500	69,338	74,538	80,128
Storm water Runoff at James Street	-	75,000	-	-	-	-
Demolish Boiler/Apparatus - Stock Island Generating Facility	-	-	-	50,000	50,000	-
Purchase 15,000 lb Vehicle Lift	-	15,000	-	-	-	-
Replace Fuel Tank @ service building generator	-	25,000	-	-	-	-
Upgrade Service Building A/C	-	-	-	50,000	-	-
Install Air Conditioning at Warehouse "C"	-	50,000	-	-	-	-
Total - Facilities	80,000	752,000	489,500	854,338	209,538	115,128
Replace Drive-in Car Wash System (Re budgeted for complete repair FY07)	25,000	50,000	-	-	-	-
Purchase Tie-Line Matenance Barge	-	-	75,000	-	-	-
Purchase Substation Washing Unit Trailer Mounted	-	85,000	-	-	-	-
Replace (2) Fuel Tanks @ Garage	-	100,000	-	-	-	-
Purchase EZ Hauler	-	135,000	-	-	-	-
Purchase Skid Steer Loader	-	30,000	-	-	-	-
Overhaul Company Vehicles	-	-	60,000	60,000	60,000	60,000
Replace Vehicle #10 - Tree Trimmer (est. surplus \$13,000)	-	135,000	-	-	-	-
Replace Vehicle #100 - Digger Derrick (est. surplus \$25,000+)	-	180,000	-	-	-	-
Replace Vehicle #13 - Crane Knuckle Truck (flatbed) (est. surplus \$0)	-	110,000	-	-	-	-
Replace Vehicle #75 - Ford Ranger (est. surplus \$1,500)	-	20,000	-	-	-	-
Replace Vehicle #83 - 1/2 Ton Pickup (est. surplus \$1,500)	-	20,000	-	-	-	-
Replace Vehicle #82 - 1/2 Ton Pickup (est. surplus \$1,500)	-	20,000	-	-	-	-
Replace Vehicle #98 - 1/2 Ton Pickup (est. surplus \$1,500)	-	20,000	-	-	-	-
Replace Vehicle #61 - 1/2 Ton Pickup (est. surplus \$1,500)	-	20,000	-	-	-	-
Replace Vehicle #60 - 1/2 Ton Pickup (est. surplus \$1,500)	-	20,000	-	-	-	-
Replace Vehicle #26 - Utility Body (est. surplus \$ 5,000)	-	-	35,000	-	-	-
Replace Vehicle #81 - 1/2 Ton Pickup(est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #43 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #17 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #20 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #95 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #19 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #28 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #40 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #68 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #71 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #96 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	20,000	-	-	-
Replace Vehicle #18 - Bucket Truck (est. surplus \$15,000)	-	-	-	135,000	-	-
Replace Vehicle #15 - Cargo Trailer (est. surplus \$500)	-	-	-	10,000	-	-
Replace Vehicle #32 - 3 spool Wire Trailer (est. surplus \$500)	-	-	-	20,000	-	-
Replace Vehicle #33 - Dump Trailer (est. surplus \$500)	-	-	-	15,000	-	-
Replace Vehicle #38 - Air Compressor (est. surplus \$2,500)	-	-	-	25,000	-	-
Replace Vehicle #84 - Vermeer Chipper (est. surplus \$7,500)	-	-	-	45,000	-	-
Replace Vehicle #103 - Cargo Trailer (est. surplus \$500)	-	-	-	10,000	-	-
Replace Vehicle #21 - Vermeer Chipper (est. surplus \$5,000)	-	-	-	35,000	-	-
Replace Vehicle #9 - Digger (est. surplus \$25,000)	-	-	-	-	135,000	-
Replace Vehicle #34 - Step Van (est. surplus \$1,500)	-	-	-	-	55,000	-
Replace Vehicle #55 - Step Van (est. surplus \$1,500)	-	-	-	-	55,000	-
Replace Vehicle #54 - Utility Body (est. surplus \$5,000)	-	-	-	-	40,000	-
Replace Vehicle #89 - Utility Body (est. surplus \$5,000)	-	-	-	-	40,000	-
Replace Vehicle #117 - Dump Trailer (est. surplus \$500)	-	-	-	-	15,000	-
Replace Vehicle #114 - Riding Mower (est. surplus \$1,000)	-	-	-	-	12,000	-
Replace Vehicle #36 - Flat Bed Trailer (est. surplus \$2,500)	-	-	-	-	-	25,000
Replace Vehicle #66 - Boom Trailer (est. surplus \$2,500)	-	-	-	-	-	50,000
Replace Vehicle #74 - Arrow Board (est. surplus \$500)	-	-	-	-	-	15,000
Replace Vehicle #76 - Arrow Board (est. surplus \$500)	-	-	-	-	-	15,000
Replace Vehicle #77 - Pontoon Boat (est. surplus \$5,00)	-	-	-	-	-	35,000
Replace Vehicle #104 - Pontoon Trailer (est. surplus \$1,000)	-	-	-	-	-	10,000

Multi Year Capital Improvement Plan

Project Description	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Replace Vehicle #92 - 1/2 Ton Pickup (est. surplus \$2,500)	-	-	-	-	-	25,000
Replace Vehicle #118 - Pole Trailer (est. surplus \$2,500)	-	-	-	-	-	25,000
Replace Vehicle #119 - Pole Trailer (est. surplus \$2,500)	-	-	-	-	-	25,000
Total - Fleets	25,000	945,000	390,000	355,000	412,000	285,000
GPS Vehicle Tracking	60,000	-	-	-	-	-
Integrated Voice Response [IVR] System	-	125,000	-	-	-	-
Replace AVL Tractors	-	5,000	5,250	5,513	5,788	6,078
Upgrade PC's & Equipment Electrical Operation & Production	15,000	15,000	15,750	16,538	17,364	18,233
Upgrade PC's	75,000	-	-	95,000	-	-
Homeland Security Cameras (6)	-	-	70,000	-	-	-
Inventory Barcode System	-	25,000	-	-	-	5,000
Implement new Work In Process System	-	-	35,000	-	-	-
Customer Service and Financial System Upgrades	-	-	-	-	225,000	-
New Circuits for Substation RTU's	-	50,000	15,000	15,000	60,000	15,000
Replace Intel Servers, Storage Devices, Fiber Channels	75,000	-	-	100,000	-	-
Replace or Upgrade SCADA System	100,000	200,000	-	-	-	-
Replace all Network Switching Equipment	-	50,000	150,000	-	-	65,000
Provide Wireless Functionality for Relays	-	-	50,000	-	-	-
Total - Information Technology	325,000	470,000	341,000	232,050	308,153	109,310
Emergency Contingency	40,000	50,000	50,000	50,000	50,000	50,000
Short & Long Term Land Use Plan -Cudjoe Key Phase I & II	-	-	2,369,000	4,876,000	2,507,000	-
Short & Long Term Land Use Plan - Stock Island	-	-	200,000	3,924,000	7,287,400	-
Total - General Plant	40,000	50,000	2,619,000	8,850,000	9,844,400	50,000
Sub-Total All Proposed Projects	6,575,624	11,005,295	15,137,650	19,114,868	19,667,905	10,725,983

Significant Capital Project Benefit

The majority of Keys Energy Services' (KEYS) capital projects are routine in nature, therefore, not discussed in this section. The three exceptions are described below.

A new substation at Stock Island is budgeted in the five year plan for \$2.2 million. The new substation is necessary to maintain reliability of service for the existing customer base and meet the increasing expected future demands of the community.

Improve Distribution capital project is budgeted in the five year plan for \$15.7 million. The project scope is to replace existing assets that are nearing the end of their useful life with upgraded materials capable of withstanding severe weather conditions. This capital improvement will enable KEYS' to comply with the anticipated enactment of new guidelines by the Florida Public Service Commission for "Storm Hardening" of Distribution Systems in storm prone locations.

Replacing Substation Transformers at Kennedy Drive Substation is budgeted in the five year plan for \$2.5 million. The two existing transformers are at the end of their useful life. The replacement will ensure reliability of service, reducing the possibility of system failure.

FY 07 Budgeted Capital Projects

