

**AGENDA ITEM 2-c**

MINUTES OF PRELIMINARY PUBLIC HEARING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD THURSDAY, JUNE 22, 2006, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Para opened the Preliminary Public Hearing by leading the Pledge of Allegiance and all of the Commissioners were present as follows:

Commissioner Richard L. Spangler  
Commissioner Jeanne K. Diesen  
Commissioner William E. Hall  
Chairman Kevin J. Para  
Commissioner William H. Reynolds

Others in attendance were as follows: R. Rodi, General Manager/ CEO; R. Montalvo, Director of Finance; R. Mitchum, Director of Electric Operations; J. White, Director of Engineering; E. Mahle, Public Relations Manager; D. Simmons, Executive Asst./ Recording Secretary; Bill Preston, Interim U.C. Legal Counsel; Melanie Stawicki, Reporter for D.B. NEWS JOURNAL; Pete Slavin, Reporter for THE OBSERVER; City Commissioner Grasty; Bob Tolley, Robert Rees, Jerry Johnson, Derek Wainscott, Tom Harowski, and about nine other unidentified men and one woman, all members of the public.

**(1) PRELIMINARY PUBLIC HEARING REGARDING AN ADDENDUM TO DEVELOPER AGREEMENTS FOR THE ESTABLISHMENT OF DEVELOPER CONTRIBUTIONS TO INFRASTRUCTURE COSTS:**

Chairman Para then requested U.C. legal counsel, Mr. Preston, to read the notice of public hearing and proposed resolution by title only.

Mr. Preston stated for the record this preliminary public hearing was authorized by the Utilities Commission during their May 22, 2006, Special U.C. Meeting and notices appeared in THE OBSERVER at least ten days prior to this date. Notices were also placed on the bulletin board at the Utilities Commission office at 200 Canal Street and City Hall at 210 Sams Avenue. Proof of publication of advertisement of this hearing will become a part of the minutes. Mr. Preston then proceeded to read the proposed resolution by title only.

Chairman Para then asked if there were any comments for or opposed to the addendum to developer agreements for the establishment of developer contributions to infrastructure costs, would anybody like to be heard, either for or against.

There being no comments, Chairman Para stated we can close the public hearing and then asked if there was a motion to adjourn.

(1) PRELIMINARY PUBLIC HEARING REGARDING AN ADDENDUM TO DEVELOPER AGREEMENTS FOR THE ESTABLISHMENT OF DEVELOPER CONTRIBUTIONS TO INFRASTRUCTURE COSTS (cont.):

Commissioner Hall stated he had a couple of questions. He asked what about the projects that have already been approved by the Planning and Zoning Board and the City Commission, are they going to be grandfathered in.

Mr. Rodi stated we are looking at it from our own developer agreement so that those developer agreements that have previously been approved by this Commission, they are not subject to this. Those developer agreements which have not been approved will be subject to this.

Commissioner Hall stated so in essence we have control over building and it becomes a moratorium on building to some degree, or to a large degree.

Mr. Rodi stated this is an infrastructure funding resolution.

Commissioner Hall stated okay but if I'm a developer and I'm ready to go, and we've got a second reading on July 17<sup>th</sup>, I can't go and start building. That becomes, I don't like to use the word moratorium, but that becomes a slow down and I'm not trying to be negative toward this.

Mr. Preston interjected he would like to clarify. If you recall at the meeting we had, and I don't recall the date, it was the meeting where one developer stood and spoke at some length. There was the recommendation made to in fact provide an opportunity for those developers to continue by providing security, either by a Letter of Credit or actual deposit of monies, such that if there was approval of this addendum through these two public hearings, that those monies would be guaranteed. So those developer agreements, actually there were three or four passed at the previous meeting that were subject to those securities and they had, they being the developers, agreed to execute this addendum should it pass. So the answer is no, the developers who submit developer agreements today can proceed with that stipulation.

Commissioner Diesen commented we're not holding up things.

Chairman Para then asked if there were any further comments or questions. There being none, Chairman Para asked if there was a motion for adjournment.

Commissioner Spangler then asked if this was a one or two part, added we're sort of commenting on both parts right. The one that says we're going to have an addendum and then the actual addendum itself; I have two pieces of paper.

Mr. Rodi stated I think what you're looking at is the resolution with the addendum that is a part of the resolution as an example.

(1) PRELIMINARY PUBLIC HEARING REGARDING AN ADDENDUM TO DEVELOPER AGREEMENTS FOR THE ESTABLISHMENT OF DEVELOPER CONTRIBUTIONS TO INFRASTRUCTURE COSTS (cont.):

Commissioner Spangler then commented I should staple all of these together, and explained he had downloaded them.

Chairman Para then asked if there were any further comments. He added this was too easy and too quick, and asked if everyone was sure there's nothing else anyone wants to talk about.

Commissioner Spangler stated I have one comment I would like to ask Mr. White. If I was a developer and I was looking at these units, say maybe I'm going to do 400 homes next year, what am I looking at for each of these units. Do we have any idea what the electric is, what the water's going to be, so I would know what to multiply 400 by?

Commissioner Diesen commented it depends on what you include in the developer agreement.

Mr. White stated many have asked that question and have got it largely answered in that we do not have an answer that it is x number of dollars and x number of pennies per ERU. They have a pretty good set of book ends on the range and the final numbers as we see doing this, and we see reviewing this annually and resetting numbers if necessary. The final numbers depend on what the actual project lump is, the number of units in a particular project and its relative location to the primary existing facilities; it's kind of mushy.

Commissioner Spangler stated so you're saying there's going to be a sliding scale for these, that one area may...

Mr. White stated no, its going to be fixed, it's going to be fixed different for every location and in real estate there is the adage that location has some prominence in the business. We complicated the formula for developing this by taking the location into account and the way we did that was we made, by the computer maps, a determination of distance between the center of the development site, centroid, a direct function on the system, and distance to the primary source of the utility, which in many cases is the wastewater plant, the water plant or the substation. We weighted the final total 50% based on that distance based on the assumption that the cost to them to serve them is significantly related to the distance they are to major existing facilities. The other 50% was just a straight slice of the number of ERU's divided by the total expected number of ERU's in the entire big zone. Those numbers for instance west of I-95 range from a little over \$1,000, and it's looking like on final sizing of the projects we expect to actually come aboard, to a little under \$4,000.

Commissioner Spangler confirmed \$4,000, so the book ends are \$1,000 to \$4,000 depending.

(1) PRELIMINARY PUBLIC HEARING REGARDING AN ADDENDUM TO DEVELOPER AGREEMENTS FOR THE ESTABLISHMENT OF DEVELOPER CONTRIBUTIONS TO INFRASTRUCTURE COSTS (cont.):

Mr. White answered roughly yes.

Commissioner Spangler stated so that's going to cover everything that's needed to provide utilities to these developments.

Mr. White stated that provides for a list of projects that are extracted based on the studies that we have completed and the best estimates we have of studies that are not yet complete.

Commissioner Spangler stated so if we get another 5,000 units and have to increase pipes even beyond what we think, then at the end of 12 months we would adjust that.

Mr. White stated we would have more projects, more units to spread it over, then everything would be different, that's the process.

Commissioner Spangler stated that's a pretty wide space but I understand what you're dealing with.

Mr. White stated we're also dealing with a wide variety of products and locations. Some of those locations are, for instance, may be just a few hundred feet from our wastewater plant, others are miles so that makes a significant difference.

Commissioner Spangler asked could anybody have less than \$1,000 or more than \$10,000?

Mr. White stated I wouldn't think so at this point, I would think that would not happen. If you've kind of studied what other communities and other utilities have done and what they're working with, this is fairly modest. I know of one for instance that has an electric capacity arrangement, and I believe they're calling it a capacity fee or that may be called an impact fee, but a 200 amp service, single phase, would be several thousand dollars. A larger, say an 800 amp, three phase, would be somewhere in the order of \$30,000, \$40,000 and that's before the first bulb lights up.

Commissioner Spangler stated we're basing this on like you say an overall analysis of where it's coming from, where it has to go, and this is what we predicted it to be.

Mr. White stated we based it on the projects, to complete that, to provide that, what that will cost.

Commissioner Spangler commented this is not some pie-in-the-sky.

Mr. White stated no, this is not a random shot at it.

(1) PRELIMINARY PUBLIC HEARING REGARDING AN ADDENDUM TO DEVELOPER AGREEMENTS FOR THE ESTABLISHMENT OF DEVELOPER CONTRIBUTIONS TO INFRASTRUCTURE COSTS (cont.):

Commissioner Spangler stated well that sounds like its going to work.

Mr. White stated I think it will work.

Commissioner Spangler stated at least you'll identify the costs anyway.

Mr. White stated it has, what I believe, the promise to provide a soft landing out there in three, four or five years for both the current and coming residents.

Commissioner Spangler thanked Mr. White for his comments.

Mr. Preston stated to Commissioner Spangler what might help also, the agreement calls for a deposit of these monies into an escrow account until actually spent, so therefore the number becomes hard when the check is written. That escrow account is set up as an interest bearing account such that if we actually spend less money, then there is a refund to the developer so the range becomes precise once the check is written.

Commissioner Spangler stated I understand that, I'm just putting myself in a developer's shoes, where I'll never stand, but I'm trying to imagine how I would provide for this and I understand that we're also working on that end of it too.

Mr. White commented they used to say those were Gucci's, not true, look around.

Chairman Para stated at least we're being equitable with the value and that's what I'm liking.

Mr. White stated we think it is and it became more complex in a real effort to make it more equitable. He stated to endeavor to make it even more so would make it almost unmanageable, the number of calculations for each unit, each location, you couldn't possibly manage it by hand.

Commissioner Spangler stated well at least you'll be able to say this is how we've arrived at it, it's pretty complicated, and if you want to make it more complicated have at it.

Mr. White commented I hope you don't.

Chairman Para thanked Mr. White for his time and comments, confirmed there was no further comments from those in attendance.

(1) PRELIMINARY PUBLIC HEARING REGARDING AN ADDENDUM TO DEVELOPER AGREEMENTS FOR THE ESTABLISHMENT OF DEVELOPER CONTRIBUTIONS TO INFRASTRUCTURE COSTS (cont.):

There being no further business to come before the Commission, Commissioner Diesen made a motion to adjourn and Commissioner Reynolds seconded the motion. Chairman Para closed the preliminary public hearing at 6:14 p.m.

APPROVED:

ATTEST:



CHAIRMAN



ASST. SECRETARY/TREASURER

These minutes were formally approved by the Utilities Commission at their July 17, 2006 meeting.