

AGENDA ITEM 2-a

MINUTES OF A REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, AUGUST 17, 2009, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Prior to opening of the preliminary public hearing, Chairman Allen proceeded with an invocation and Commissioner Diesen led the Pledge of Allegiance immediately following.

(1) Preliminary Public Hearing RE: Revisions to the U.C.'s Pole Attachment Agreement:

Chairman Allen stated we'll call the preliminary public hearing to order at this time and we're opening up for public discussion and consideration to revisions to the Utilities Commission's Pole Attachment Agreement. He then requested for a roll call to be taken and all of the Commissioners were in attendance as follows:

Commissioner William E. Hall
Commissioner William H. Reynolds
Commissioner Oscar Zeller
Chairman Walter Allen III
Commissioner Jeanne K. Diesen

Others in attendance were as follows: R. Rodi, General Manager/ CEO; L. Klinkenberg, Director of Finance; R. Mitchum, Director of Electric Operations; T. Beyrle, Director of System Ops. & Generation; R. Lemoine, Director of I.T.; P. Di Chiara, Director of H.R.; B. Pitcher, Payroll & Benefits Specialist; D. Hoover, Director of Water Resources; M. Lynch, Materials Manager; B. Bilinski, Controller/Budget Supervisor; E. Fisher, Public Information Manager; D. Wood, Customer Service Manager; D. Zorge, Customer Service Supervisor; B. Keehn, Administrative Support Specialist; D. Simmons, Exec. Adm. Offices Mgr. /Recording Secretary; W. Preston, U.C. Legal Counsel; Jack Grasty, Vice Mayor – City of NSB; Ron V. Flick, Compass Group Inc.; Erik Skolnik, Met-Life Financial Services Representative; George Eppl, Blue Cross And Blue Shield Of Florida, Inc.; Pamela McIntire, Manager Member Acquisitions at Florida Health Care; Katie Connor, Bob Tolley, Adam Barringer and Steve Provost, all members of the public.

Chairman Allen then requested Mr. Preston to read the notice of preliminary public hearing and proposed resolution by title only.

Mr. Preston stated this preliminary public hearing was authorized by the Utilities Commission during their July 20, 2009, Regular U.C. Meeting, and notices appeared in the Orlando Sentinel 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 for this hearing will become part of the minutes. He stated this is a resolution authorizing revision of the joint pole use agreement of the Utilities Commission, City of New Smyrna Beach Florida, rescinding all resolutions or portions thereof in conflict herewith, and providing for an effective date.

Chairman Allen then opened up this hearing for any comments, for or opposed, to revisions to the

(1) Preliminary Public Hearing RE: Revisions to the U.C.'s Pole Attachment Agreement (cont.):

U.C.'s Pole Attachment Agreement. There being no comments, Chairman Allen closed the preliminary public hearing; this hearing closed at 6:03 p.m.

Regular U.C. Meeting :

Chairman Allen then opened the regular U.C. meeting with a roll call. The same persons were in attendance as shown previously in the opening of the preliminary public hearing.

(1) Agenda Changes, Additions and Deletions:

Chairman Allen then asked if there were any agenda changes, additions or deletions.

Mr. Rodi stated I have several. Under Old Business, I'd like to add an item that originates circa 2006, and that is the walking, riding trail, along the U.C. transmission line corridor. That'll be just a discussion item and I promised that I would bring it up tonight. Under New Business, I'd like to add an item that will be discussion but with a request for approval if you're satisfied to proceed. It's the employee health care provider, and we'll discuss that after item 7-a. He stated and then for Possible Other Business, I have three discussion items at this point, just information for the Commission.

Chairman Allen stated so we'll have a 7-b, which will be Discussing the Health Care Policy (Insurance), and then Old Business (6-a.) some discussion.

(2) Approval of Consent Items:

Chairman Allen then stated as we move on to item 2, for approval of consent items, do we have a motion to approve the consent items.

Commissioner Reynolds made a motion to approve the consent items: item 2-a. Minutes of Regular UC Meeting Held 7-20-09, to approve as submitted; item 2-b. Developer's Agreement and Addendum – NSB Health Clinic Remodel (County of Volusia), a motion to approve the Developer's Agreement and Addendum for the New Smyrna Beach Health Clinic Remodel (County of Volusia) and authorize the General Manager /CEO to execute these documents; item 2-c. Bid No. 15-08 – Annual Tree Trimming Service Contract Extension – 1st Year Renewal, a motion to award Purchase Order No. 8636, in the amount of \$195,000.00, to Trees, Inc. for the first one-year* extension under the same prices, terms and conditions on an annual contract to provide Tree Trimming Services for the U.C. (*Renewal period from 10-01-2009 to 9-30-2010); item 2-d. Comprehensive Purchasing Policies and Procedures Manual, a motion to approve the Purchasing Policies and Procedures Manual as submitted with the allowance for minor, non-substantive staff changes, if needed; item 2-e. Utilization of Volusia County's Intra-Governmental Service Agreement for Fuel Purchases FY 2009-2010, a motion to approve renewal of the agreement utilizing the County of Volusia's Intra-Governmental Services Agreement for Fueling Services and authorizing for the CEO/General Manager to sign the renewal agreement on behalf of the Utilities Commission; item 2-f. Correction of Motion Made 7-20-09 RE: Final Public Hearing Date, a motion approving the correction of the final public hearing date from September 14, 2009 to September 21, 2009, said motion made July 20, 2009, under agenda item 7-a. (note – hearing was advertised properly); item 2-g. Replacement Agreement for Engagement of General Counsel, a motion to approve the replacement agreement for engagement of General Counsel as submitted,

(2) Approval of Consent Items (cont.):

for William Preston to serve as General Counsel for the Utilities Commission for a four year period (from September 1, 2009 and ending August 31, 2013). Commissioner Hall seconded the motion and it passed unanimously on a roll call vote.

(3) Public Participation:

Chairman Allen then stated item three, is public participation. We have one request to appear and then asked if Ron V. Flick was present.

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue

Mr. Flick answered yes, Chairman I am, and added it will take us a moment to get hooked up.

Mr. Flick then addressed the Commission and stated Mr. Chairman and fellow members of this Commission, and citizens of New Smyrna Beach, Florida, I am here on behalf of the Premiere Development Group, and our participation in the city to be able to complete a development off of Flagler Avenue, between Flagler and Florida Avenue. It's not very often that we get an opportunity or that I'm given the opportunity, many times I've had discussions with utility providers, whether they be public or private, that you get an opportunity to participate in the updating as I've outlined here or stated in my opening slide. This is a chance for us to give input to an update of an ERU schedule for the use of hotel use in New Smyrna Beach. This probably wouldn't be at the table if over the past five years, seven years, ten years there had been other hotel developments here, in that period, but we had a long drought of that growth for many years and over that time frame the hospitality use just became a new overlay opportunity for a land use amendment that was done in the Comprehensive Plan for the City of New Smyrna Beach. So with that only occurring back in November, in short cycle, we get to be the first opportunity to address this unfamiliar use and it's updated what we would say, utilities consumption and capacity uses that have occurred over recent years.

Mr. Flick stated I think one of the, what I tried to do is outline three of the references that I'll use to stipulate this and obviously I don't have to read to you or discuss with you the details in your Chapter 15 of the City Ordinance, but Article IV in the Concurrency Management System and Chapter 163.3180 and also 163.31801, which also discusses the new computations and the methodology that it takes to keep updated these type of uses, which may be unfamiliar to districts because there just hasn't been a development done in years to do that, and I've heard as long as 23 years, I don't know that because I'm not a resident here, but that's what I've been told by planning staff (City of NSB).

Mr. Flick stated first of all, Article IV, Concurrency Management System, within your land development code here in the City of New Smyrna Beach, it talks specifically to the implied computation of which an impact fee is computed based on the potable water supply as impacted by this proposed project. This proposed project now brings a, versus 23, 25 years ago, to include I'll speak specific to this flag, what we call a flag, or this franchise, which is a Hilton product, a Hampton Inn. You know just five and ten years ago, the cost of improving a hotel, to the level of what we would call, smart sustainable growth, in our state, in the state of Florida, was not as important to hotel franchise at that time, even a few years before that Marriott. So everybody was

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

more concerned about the quality of stay, and if you step into a shower they want you to get drenched, you know that kind of thing. In today's time, over the past five to seven years, not only through the Federal Government but even more so led by Governor Crist and the State of Florida and the Sustainable Growth Plan from Governor Bush, that hand-off went to Governor Crist and he has also moved forward in Sustainable Florida. Hotel franchise has become much more considerate of what we call green growth, sustainable growth, or LEED projects throughout this state.

Mr. Flick stated and in doing that, what you're going to see is consumptive uses of yesterday are no longer. What I'm going to do is give you some data, in this evidentiary preparation I've made for you, that will show you historical data that even shows in the past ten years how its improved. And then I'm going to also show you what's happened in the past five years, and giving you some updates for consideration for this decision that I'm asking for from the Utilities Commission of New Smyrna Beach, Florida.

Mr. Flick stated also, essentially I'm being compliant with the rule to make sure if I have data, you just don't ask for things, you bring data which allows you to make a scientific decision, an engineering decision, which would be appropriate for the citizens of New Smyrna Beach, Florida in compliance with not only your Concurrency Management System, but your own Rules and Regulations in Chapter 15, as well as the Florida Statute, which is next. Essentially, what I have brought to you, and the ones that I'm really focused on is this issue right here. It does allow you to make that decision, to increase or decrease, and not necessary, that can be done in less than the 90 day period, which would have an impact on this project.

Mr. Flick stated and secondly, while we're not here to challenge the history, because there's been no history over 20 some years for a hotel, we're bringing you historical data and proper engineering data, to support our proposal to the reduction of the ERU schedule for a hotel. He stated when I speak to those references in Chapter 163, under Concurrency 3180, essentially, the bottom line is, we all understand that before we do anything, before you get a permit the government had to determine, and through it's utility, which happens to be the U.C., the ability and the capacity of water available or sewer, or any of those utility types. In this case I'll use water as just a lead, understanding that this, my request to you, based on ERU, is based on both water and sewer capacity and consumptive use impact fee permit cost.

Mr. Flick stated we've attempted to compile some data to ensure that we have proper engineering reports to meet all these requirements and at the same time, one of the key issues here is the local government may need concurrency requirements sanitary sewer. When you're trying to determine those things and it's difficult to determine, a hotel for example, or not a hotel but any product, and you have no historical data or lack thereof, FDEP and the Department of Health. And this case, I pulled this right off the Department of Health, this is a quote right out of the statute, which basically refers you to, when you're trying to determine that type of consumption, here's an example of which they predominantly get into, which is sewage and it refers you to be able to meet the concurrency requirements of the sanitary sewer through onsite usage treatment and disposal systems approved by the Department of Health. Well, that Department of Health approved system is under Chapter 64, the Florida Administrative Code, Rule 62, which basically, and you may or may not be familiar with it, for a hotel, specifically lists a hotel for 100 GPD when planning your impact schedule for capacity and consumptive use.

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

Mr. Flick stated what I've also done is gathered for you some examples of other like-size cities who have similar constraints, i.e. coastal, which it's a little bit more expensive to operate cities in a coastal environment obviously, but with it comes revenue; so there's a give and take to both sides of that. But the water and sewer comparison, what I did is I've pulled three like cities, just to give you an idea, and I'm not trying to tell you that you should adopt any of these three, what I'm trying to do is give you a comparison of what some of those costs are for similar types of cities, for 112 units.

Mr. Flick stated Jacksonville Beach, which is not in Duval, it operates as a separate township within Duval County. This is the method that they use in being able to determine and their size of their city's about 20,990 population in homestead, which is similar in size, a little bit larger than you, but has some of the same characteristics and features. You're outside of Daytona, they're (Homestead) outside of Miami, obviously but still in Miami-Dade County, things of that nature which have impacts on the municipalities such as yours; this just gives you an example of how they do their computation. If for 112 rooms my water consumptive fee, or my impact fee for water would be \$6,700, and my impact fee for sewage would be \$28,366. Quite a bit different, because there's been a huge amount of development, especially in the hospitality world in Jacksonville Beach, this is one of the reasons these rules and regulations have been updated.

Mr. Flick continued and stated Homestead, Florida obviously you know after the hurricane back in the 90's, a lot of re-growth, new growth and they quickly adapted to the change. They had to re-stabilize and grow their economy back, and this gives you an idea of their water fee based on 112 units. They use the actual, the same gallon a day room rate that FDEP and Department of Health use for you to be able to classify as a permit. When you file for any permit, your permit says water consumptive rate plan for a hotel room, this is not a double room suite now, but a single hotel room, providing normal occupancy. No restaurant inside or none of that kind of stuff, they base it on a fee rate of 100 GPD per room; so, if we did it there, your water fee would be \$10,000. He then added this should be sewer not water, that's a misprint, I apologize for that, it would be approximately \$37,000.

Mr. Flick stated another municipality chosen was Riviera Beach, Florida, a little bit closer to your population, 29,800. And what they've done is they have direct computations based on ERU's and they give you the price of the ERU, all that kind of stuff. And then they also use the state guidelines here. With that in mind, with their total cost and their ERU rate, which is higher than yours, they would be at \$71,000 for a water fee and for sewer it would be approximately \$51,000, but in both cases you can see where you use the 100 GPD.

Mr. Flick stated another means and method of being able to help you understand, what I've done is I went out to four hotel providers in different locations and I've pulled hotels which were built within five years, actually one is three years old, I'm sorry three and half years old and the other is approximately two years old. The others are eight and twelve years old, and what I was going to try and show you is, even though 20 years ago the consumptive rate and ERU rates set for most hotels were just as you have today. So it's not like you would have data to make you want to change your ERU schedule but 20 plus years ago we used to suck down a lot of water per hotel unit. But in today's time and standards for flagship hotels, as you'll see here, I'm giving you four different flags, four different major franchise providers that show you what their requirements are. And I'll show you in the end, you're going to see two categories, those that were done greater than five

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

years ago, and you'll see you how it was already dropped to about 150 GPD or less. And then now those that are produced in the past three to five years or less are substantially under 100 GPD. And you're going to see that this hotel that we are trying to produce is going to be a LEED-certified hotel, which will actually have less water consumptive rate than any of the four hotels. So down at the bottom, what you'll see is on the side, it shows 120 GPD, 100 GPD, 80, 60, 40, 20 and so forth. And then across the bottom what I did, and it's not showing up very well and I apologize for that, that's January, February, March, April, May, and June. And what I had them do, is do very recent months or within the most recent start of the year of their new fiscal year, which in this case happened also to be a calendar year; so, those are the billing periods.

Mr. Flick stated essentially, at the end of January, 58 gallons per month, per unit. And let me tell you how the computations were done, and we can have these certified for your records if you need or would like. Essentially, what we do is we take the total units, which were 120 units I believe on this. Let's see, this is a 111 unit hotel, which is one different than the hotel you'll have here, we're proposed to be a 112 unit hotel. Wingate's going to have a very similar, most of the dimensional data is very much the same, especially when it comes to water, sewer, and consumption here. It's probably the closest that I have in evidence for you. And that hotel, in its first month, of 111 rooms is divided. First the occupancy rate is reduced, so you calculate the total occupied rooms for the month and you divided that into the total gallons consumed based on the billing of gallons provided by the water department; and I believe this property may have been in Charlotte. And what that results in, it gives you 58 GAD (gallon a day). The first time the Wingate owners sent this data to us, just to give you an idea, sent the data to us and said we're 111 rooms, just divide that into each time, each monthly billing, and I said well, we can't do that because you're assuming that you're only going to use as much water as for example if you are 78% occupancy versus 100% percent occupancy. So we had the numbers re-tallied and done, and compared with the actually occupancy rate, so they only consumed 58 gallons a month, 83 gallons per month, per unit, 73 gallons a month per unit, etc. And what that ends up doing, is doing a computation in the high month in, I believe this is 106 gallons in the month of May. I couldn't get an answer on that, but you expect to have some high months, high travel months, start of the tourism season and so forth. And then it drops back down in the month of June, and this was June of 2009, this is not something two years ago, five years ago, this is all '09 data.

Mr. Flick stated the next hotel I'm going to show you is a Marriott product and this product is over 12 years old. I apologize for some reason the clarity of the pixel strength isn't correct, but I'll read these off to you. It shows in the month of January it produced 128, 163, I believe that's 159, 127, 107, that was its usage rate; now this was 107 rooms. This is based on a hotel that is old, which used to use, still does in this case, still uses the old shower head, the old water closet or toilet as referred to sometimes, but the shower head which drops about 6 gallons per minute or better, versus what is required now in a franchise hotel. For example, in a Hilton product, it's to be 2 gallons per minute and less. The consumptive rate changes drastically in toilets and showers, that's your big consumers in these type of products.

Mr. Flick stated next, this is a Candlewood Suites, this product opened fall, actually winter, in 2008. So it's approximately 18 months, almost two years old. And what you'll see is this is your 100 gallon mark right up here. Everything, every month, even its highest month, which is in January in this case, I'm not really sure why it would be in January, oh I'm sorry December, but essentially a

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

drop, goes from 96, drops significantly down to, it looks like 70, back up to 92, 81, 65, 66, and 76. This is a sign of another newer product, it's been built within the past five years requiring all the new control devices, i.e. orifice capacity discharge of less than 2 gallons per minute on shower heads and things like that, those are the major items that save you water.

Mr. Flick stated the other Hampton I had is very similar, it's not much different than the second property. It's an older property, and its consumptive rate is not as high, but these are the summaries of each of them; this is what you're going to be most interested in. These are products produced in the past five years, both of these products, and they produce approximately 75 and 79 gallons per day, I'm sorry per unit, it's their consumptive use rate per day, and that's done monthly calculations on monthly bills. That's a Candlewood product, which is a Suite's product incidentally, Candlewood Suites, and a Wingate, which is more apt to be more exact of what we will have here which is a Hampton Inn. We only have seven suites, so it's not a Hampton Inn and Suites and therefore it does not have two restrooms or anything per unit. It has single restrooms, so it's very much more like the Wingate at 79.

Mr. Flick stated these are the older products, actually that's more like 112, that's about 136, 138, I believe, because there's your 100 mark. So that's the Hampton Inn that's greater than five years old, and this is the Fairfield Marriott product which is greater than five years old because it's almost twelve years old. So, what I'm trying to explain to you is that even in the error of time of which it's come upon New Smyrna Beach to have the opportunity to have a new hotel product here, especially a franchise product that's required to meet sustainable sustainment requirements in the State of Florida, what you'll see is five years ago or greater, it was already below 150. In fact, these were performing there, but many jurisdictions had already reduced to 150, but as of the past eight years, DEP has been permitting them at 100 gallons. But, in reality in the last five years, these performing hotels, and this is actual data showing between 75-79 or 74-76 or 79 it could be, for gallons per unit per day, is more apt to be the performance of a today's hotel, without it being a LEED-certified product within the State of Florida guidelines.

Mr. Flick stated so what I am asking the Utilities Commission to consider for us this evening is the fact that while we're not expecting the performance and the consumptive rate of a LEED product, because I do not have data until I've performed it enough, and there's enough historical data to substantiate that, what I am asking is that we, that New Smyrna Beach, the Utilities Commission of New Smyrna Beach, and the City of New Smyrna Beach and it's Commission, based on the specific engineering computations of 100 GPD rate, per hotel unit, be considered for this project of the New Smyrna Beach Hampton Inn. Secondly, we'd very much like to be able to participate with you, and aiding you and providing more historical data for this consideration, that the request that the Utilities Commission of New Smyrna Beach, Florida, update its ERU schedule. And you can reflect that both in potable water and sanitary sewer capacity by resolution with the City Commission (sic requires a resolution by the Utilities Commission).

Mr. Flick stated a couple of other notes, those GPD rates that were computed on all four properties included the irrigation water, which was also computed. Because as long as you're using potable water, even though you have an irrigation meter, we're still counting it, to make sure that we have accounted for everything for you. And most of those, it was all rolled into the same, and in one case in the Hampton Inn and Suites, I had to get a separate irrigation and meter reading to do the

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

computation, and I had those computations here if you wanted to look at any of them in any more detail; I have them in a backup slide here.

Mr. Flick stated to me the benefits, of course this is a win, win. We think that the cost of the current impact fee schedule, using the current ERU rate of one ERU, not by cause of some bad action, but it's the fact there's not been a hotel, a hospitality growth here in the past 20 plus years, therefore you have not evidence or substantial material evidence to want to change that. So, therefore we just happen to be the first guy around to do that, and we would very much like to be able to ask that you give us relief in that, in considering that reduction. This is an update, this will result in determining a more accurate capacity on an impact, not only on current facilities but in your overall city infrastructure, and that would be in both water and sewer. We also know that this will reduce hardships after hearing your cities presentation from the folks over in Orlando, that came over and talked about economic development issues with a Joint Commission. He commented I believe you all were invited as part of that and I assume you were there. (Note – the Utilities Commission was not invited nor attended the City/CRA Joint Workshop held on 9-2-09.) He stated you probably heard the same thing I did, there's a need in room, in your economic growth pattern of New Smyrna Beach, to grow more hospitably because it's about, depending on the size of city and your reliability of resort or tourism, it's about a seven or eight to one return on your economy for investment dollars. Hospitality use is coming, therefore this would create a more fair and reasonable impact fee for such a development versus what it used to be 25 years ago. And fortunately that has changed, we feel fortunate to be a part of it, and it's good, to being good to a community, and bring it about and trying to recommend to your department, your Engineering Department and you as a Commission, that you consider this new ERU schedule modification for more compatible rates. And also that makes it more compatible and does make it compatible with the state guidelines, of the State of Florida, with FDEP and the Department of Health and their permitting plans. He then added, subject to your questions.

Chairman Allen then directed this discussion to Mr. Preston.

Attorney Preston thanked Chairman Allen and commented let me make an attempt here to earn my keep. Mr. Flick I appreciate the education, and it was an education for me, and one that talked generically about the improvements and the design in particular in regards to water with the hotel building today, as compared with the past. But, what we don't have before us is something to take action on as far as your particular hotel, that you represent the Hampton or any other hotel in the City. The Utilities Commission has been fair with each and every developer who has come to the City. The Utilities Commission has appropriately and legally passed resolutions adopting its fee structures, whether it be for capacity fees, or infrastructure fees, and seeks to apply those fairly to welcome development to the community in a fair way to all the ratepayers of the Utilities Commission. So we appreciate your information to help us do that better, but right now, there has been no application made to the Utilities Commission, for the Hampton Inn, for any approval whatsoever regarding the Hampton Inn and its fee structure that would be applied to the construction. He stated so we can take no action tonight. Generically, if engineers listen to this information and wish to take it to heart, so be it, but as far as the Hampton Inn is concerned, there is nothing for us to act on, whatsoever.

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

Mr. Flick then stated to Mr. Preston, I would tell you then there must be a break in communication between the U.C. staff and myself. In my meetings, I probably met with staff, maybe three times in this process, and the only thing that I have been provided was these will be my rates and I must pay for those things prior to da, da, da, da. And my comment was, if you'll just show me the way that I would like to be able to prepare a request to be considered for on more current data and project use specific to this project, a more appropriate amount, and that what I was led to here. I'd be more than willing to comply, complete any of the necessary paperwork, reliable and certified copies or via affidavits, whatever is required from these people, as well as the engineering calculations, which could be brought to you directly from our hotel property, for our development. We'd be more than glad to do that, somebody tells me when and how to do it, we'll jump all over it.

Attorney Preston stated I appreciate that, I appreciate where you are and your efforts to seek to promote and move this development forward. The next step though, is to submit your plans to the Utilities Commission, for its approval and at that point, then we have something definitive on which to make our determination as to the appropriate fees, and you're speaking primarily about the fees at this point. What I would also suggest is that, and I have been aware of your particular meetings because of the interest in the project and because of your concern, what I would suggest is that once you do submit those plans and specifications, and once you receive the proposed development agreement and its addendum and review those, that I will make myself available to you, to also help educate you as to the fees and why they are structured and how they are structured. So if that's a fair replay to you, my suggestion is if you all are at that point, submit your plan and specifications and we'll take action on them.

Mr. Flick stated we actually, your staff has our plans, and we've had our second submittal and we're preparing to do our final review comments and with that in mind, nothing other than we've reduced the count of the units, has really occurred substantively, and so we're down to 112 units versus 127 where it started.

Attorney Preston stated great, than we're a step ahead.

Mr. Flick stated our planning is there, our developer's agreement is already into the City, it's undergoing review and comments and wordsmith and formatting; all those kinds of things. So I am to assume we have met those two requirements and you're ready to proceed to that desktop discussion to remedy this request.

Attorney Preston stated if there has been a submittal to this point, when we get to the point at the Utilities Commission upon review, and get to the point of submitting to you what that developer's agreement and its addendum will be, then we will be at the point for discussion.

Mr. Flick stated okay sir, I'm not aware of any developer's agreement requirement here (at the Utilities Commission) because there is no main extension for capacity adjustment. The only thing that I'm aware of with the U.C., with Randy Walter, is that we were negating to provide a third party, I guess you would say, utility easement, and we're probably working with a way to do that, provided there's no other public alternative to do that.

Attorney Preston stated then I would suggest meeting again with Randy Walter and moving that

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

process forward.

Mr. Flick then stated, is there an application specific to this criteria, I could not find one, I'm not aware of one and Mr. Walter didn't furnish me one. And I'm more than willing to do that, and he's already quoted me my fees. The issue is, that's what I'm here to try to remedy, if you tell me what you want me to do Mr. Preston, I'll be more than glad to do that.

Attorney Preston then asked U.C. staff, has that been submitted and are we at a point, and then stated at this point no.

Mr. Rodi stated to Mr. Flick, within the U.C. there is a separate developer's agreement and an addendum to that developer's agreement. I think Randy Walter has not given you a quote and it's my recollection from his discussion with me, there was no determination of the number of buildings, there was no determination if there was or was not a restaurant involved, whether or not there is or is not a laundromat and what facilities go with a laundromat. And these are part of the submissions that we would look forward to speaking with you about. He added, and I do have an interest in examining what it is you have said; that's very helpful.

Mr. Flick stated sure, not a problem, we'd be more than glad to share that. And added all of those issues you just brought up has already been in discussion, there is no separate restaurant, there is no separate laundry facility, and we are mirroring exactly what we proposed in the prototype development of the hotel. There is and only has been, always, one building, one server, one business, and that's a Hampton Inn, yes sir.

Commissioner Reynolds stated I have a generic question, just on the water, do you have a swimming pool here.

Mr. Flick stated yes sir, there will be.

Commissioner Reynolds asked will there be showers outside.

Mr. Flick stated our shower outside is going to be a recyclable self-contained system using the current water.

Commissioner Reynolds stated okay.

Mr. Flick stated and we do that, that's becoming more and more popular, that's a LEED point issue, that we get LEED points being green certified, or LEED-certified.

Commissioner Reynolds stated I think these are the things, I don't think anyone here has seen the plans or have had any intimate discussions with anyone, and it just seems to me that those are the things, the details that if you make the staff aware of, that would be great.

Mr. Flick stated we'd be more than glad to do that.

Commissioner Reynolds stated it looks like the water I presume, you have a treatment facility

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

within the hotel.

Mr. Flick stated well, the only treatment that we're talking about in this case is when you use outside water is not to lose that, then it can be reusable with its own self-contained system, much like, not quite like a car-wash, but very similar in concept.

Commissioner Reynolds stated so you could use that for your irrigation, stuff like that.

Mr. Flick stated yes sir, but the idea, and this case is the irrigation system has been computed, that typically runs in a room count this size; it will run between 7 GPD and 10 GPD, which has already been given in the computations. For example, the Wingate, they used approximately 7 GPD per room, and I think the other product, the Candlewood Suites, had about the same, they had about 2.5 acre site to irrigate. The Wingate had about a 2.2 acre site to irrigate, and we have a 1.7 acre site to irrigate. So we feel fairly comfortable we're going to be within the same range of this, not counting the fact that we're going to do improvements beyond that 78 gallons per unit day rate, which includes everything in the hotel.

Commissioner Reynolds stated I understand one other potential, you know, problem to overcome is the calculation that was given by the Fire Chief regarding the pressure required for the size hotel that you're proposing, and our ability to meet that requirement. Now I understand that there are ways that you can mitigate this, within construction materials and stuff.

Mr. Flick stated actually we think that was an error placed, there's a misunderstanding. Within this site, and you all are very familiar with it I'm sure, being in your business, there are three current fire hydrants all within 250 feet, in fact, there's some much less than that like right on the front of the property. Two of those three fire hydrants run off of a 12" main, the third runs off of a 6". The 12" main is directly in front of the hotel, and directly to the rear of the hotel on Florida, so that's where our water source and our fire line would come from. Our computations and engineering calculations show that we think the Fire Marshall was merely asking a question, if you don't do certain things you will have a 1,750 gallon per rate requirement. This is a fully sprinkled hotel and its flow requirements, GPM rate, would require it to be like 900 gallons per minute, which we can exceed with any one of the three fire hydrants currently there, and incidentally we're adding a fourth hydrant. So we do not think fire protection or the pressure right now, which will easily sustain greater than 35 PSI, on any one of those heads...

Attorney Preston interjected Mr. Flick, let me just suggest that we appreciate the information that was provided tonight, it's just premature to be before this Commission where we don't have before us the definitive project to consider. You asked for a particular application, you may go to the Utilities Commission website, on that website you will find the developers agreement and its addendum that you can review even prior to your particular response. And I suggest just meeting with the engineers here, Randy Walter, and taking the steps to supply and submit the information necessary that can get it to a point that this Commission can consider the approval of the agreement of the Utilities Commission.

Mr. Flick stated more than glad to do that, we'll be compliant, and I have no problem following the process, just had to make sure, I was led to believe I need to be here first.

(3-a) Request to Appear – Ron V. Flick, Compass Group, Inc. – Request for Modification to Calculations for Proposed Hotel on Flagler Avenue (cont.):

Commissioner Reynolds stated well, as you can see, we don't have any concept or have seen the plans.

Mr. Flick stated well ya'll have the plans, our guy, he has the plans he knows the counts and all that kind of stuff, we'll make sure there's more details provided. He stated there's no reason for us to resolve any uptime, but if we have to, therefore if I come back and request what you're saying is you want a more formal step, prior to coming back to this Commission to ask for the adjustment of rates, or are we relying on the engineers to make that call, I don't know that answer.

Attorney Preston stated we need the more formal process completed before we can consider whatever the rates are.

Mr. Flick stated right, not a problem at all, thank you.

Chairman Allen thanked Mr. Flick and then asked if there was any other public participation.

(3) Public Participation (cont.):

Another man then addressed the Commission and stated my name is Robert Lott. I have a business at 316 Flagler Avenue and another one at 580 Canal Street, and also serve as President of the Chamber of Commerce currently. I would ask the Commission to give every attempt to expedite the request that this particular project has brought forward. We seem to have a break in communication, I know for a fact that those plans were supplied to your staff. You claimed you don't have them, and you know, it's just going to add another step, we've already pushed this project off for two months. We have a growing ground swell of concern by the business community that we are not very developer friendly, and I think that I would like to see a concerted effort to get rid of that perception. I think that we can do it, I think once given the proper information, you'll come up with the proper impact fees, but we need to push this forward as quickly as we can. So having said that, you need to know that your business community is very, very, concerned, that we've had a lot of problems recently with bringing projects to our community. And I'm not saying that we have to open the doors up and let everybody do what they want, but we have to have some kind of good intelligent growth in this community. And if we all work together I think we can achieve that; thank you.

Chairman Allen then confirmed there was no further public participation this evening.

(4) R. Rodi - General Manager's Report:

Chairman Allen then stated I'd like to move on to the General Manager's Report and item 4-a., the Financial Status (July 2009).

(4-a) Financial Status July 2009

Ms. Klinkenberg addressed the Commission and stated good evening. The financial statements for the month of July show the similar trend of our revenues being significantly below budgeted, but I want to note, on a good note, we've been able to maintain about the same margin on savings in our

(4-a) Financial Status July 2009 (cont.):

O&M, so we're still staying on track. As I has mentioned last month with our fuel adjustment, there was a timing discrepancy on there, and it has shown this month that we have an over-recovery of approximately \$500,000, and this brings our balance of the under-recovered funds to just over \$2 million.

Ms. Klinkenberg then stated I want to call your attention to the FMPA and refinancing of the 2009 debt from the forecast reports. You'll see some negative numbers in there and that's the reallocation that I had mentioned last month of what would happen in the sinking funds. We had so much in reserves for the current debt that we had and when we refinanced, we had to readjust our sinking funds. And what that ended up was a net effect of \$116,000, that we had too much in reserve, and we were able to transfer that back to our operating account. After confirming there were no questions on the financial status, Ms. Klinkenberg then continued to the next item.

(4-b) Cogsdale Update:

Ms. Klinkenberg commented to the Commissioners, please feel free to ask any questions as she had a lot of information to give them because she thought they were very interested in this, and also added please interrupt whenever they wanted. She stated we have been moving forward to abandoning enQuesta and getting onto Cogsdale by September 1st (new customer billing software). We've been assisted in this project with our VAR (value-added reseller) with Great Plains, which is Integrated Business Group (IBG). And with their expertise and our in-house expertise of our IT staff, our Accounting staff, and Customer Service, we've been able to move this project forward. We are still on target for go-live conversion beginning August 28th. Our offices would be closed to the public on Monday, August 31st, and we plan to reopen Tuesday morning, September 1st, with a fully functioning software. Again, like we did last time, any customer's bill due on the 31st (August) would be given an automatic extension, we wouldn't hold that against anybody because we have to close.

Ms. Klinkenberg stated today I have seen the bill print, not our final bill print because that's still in the works, but I have seen it and it printed out of our computers. I personally set up our taxes, and added they do work, we're in final testing on our taxes with every single rate this week. We have brought in our data from enQuesta into Cogsdale, Version 10.0, and tonight we're running a full conversion in there. Then we'll be checking every account and verifying data starting tomorrow on that part. The collections process, which has been an issue with enQuesta, also is now functioning fully. Our Customer Service Manager set that whole process up herself and we'll be testing all the pieces and parts of that when we have all the data in tomorrow. Budget billing and loans, we've set all those processes up and they are functioning.

Ms. Klinkenberg proceeded to thank staff and IBG for all their efforts. She commented it has been really hard to obtain our data from enQuesta and commented it's really very convoluted in there. Staff is making sense of it and it's coming in clean, it's looking very good. There is one piece of this whole conversion that still lies in the hands of Cogsdale, that we're waiting on them for, and that's the ITRON interface. That's the piece that brings the meter reads from the handhelds into the database in order to bill. They have to write the interface for it and there's nothing we can do on this side. We are pushing for that and we wanted to start testing that this week, and we were hoping that we could bill a first cycle this week in test mode. It looks like worse case, that we will be doing next week, but we are still pushing for that. They have assured me that it will be very similar to

(4-b) Cogsdale Update (cont.):

what our process was in 7.5 (Cogsdale's earlier version) so it shouldn't be much tweaking, but I want to see it.

Ms. Klinkenberg stated the other hiccup is the credit card payment. Mr. Rodi had sent a message out to all of you explaining where we were trying to go with this. We are sensitive to the customers having the ability to use credit cards to make payments and we were attempting to keep the IVR piece, which is the telephone call in, to make a credit card payment, in place all through the conversion, and so there was at least one way to accept credit cards for everybody. We're having difficulties with that and it doesn't look like we'll be able to keep the IVR up, but I'm still working on it. As of September 1st, the enQuesta web connect piece will be down, that we will no longer accept payments, because that's through enQuesta.

Mr. Rodi stated I want to interject, the problem that we're having is not within the U.C., it's due to an external vendor and the contractual arrangement. So I wanted to make that clarification, it isn't anything within our control.

Ms. Klinkenberg added and Mr. Preston is involved in that. We did get a price with the Cogsdale conversion, and it does include a web connect. The price that we were quoted originally, when Kevin Clancy came before you, included a web connect piece and the ability to accept credit cards through their web connect. We will implement that, but that will take a little time. They're telling me it takes about three weeks to implement once they have a resource allocated to help us move that forward. We had to not focus on that in order to get live by September 1st on the billing, we thought billing and collections was the most critical piece to get live, so we put off the web connect thinking that we had the IVR to fall back on, and now that may not be. But we are going to, as soon as possible, move into the web connect piece. I'm trying to not have any interruption in credit cards but I can't guarantee it at this point. As soon as I have more information, I will let Mr. Rodi know so that he can pass it on to you. She then asked if there were any questions about Cogsdale.

Commissioner Diesen asked are we able to get a more accurate count now on our accounts?

Ms. Klinkenberg stated we will have an accurate account, right now we are bringing in 57,000 accounts, and that includes all active, inactive, and past historical customers. Once they're in there and we can run the reports, we will get an accurate account because a customer is only one in there (Cogsdale), it's not three to six (enQuesta).

Commissioner Diesen stated good.

Commissioner Reynolds stated the credit card issue, is there a possibility of solving that by the first of September do you think. He commented because right now it's pretty tough on our customers and we should be able to figure out some way to do this.

Ms. Klinkenberg stated if we can work out this issue that Mr. Preston was helping me with, we would still be able to keep the IVR up. To set up a new IVR with Cogsdale, because that's using Kubra which is our current provider, Cogsdale uses PayPal but they can use Kubra, either way is okay. If we continue to use Kubra it's a \$2,900 fee to convert the script. Because right now when you call in, I don't know if any of you have tried to call in to pay a credit card payment, they ask you a lot of questions about your account. You key information in, it links to enQuesta, gives you

(4-b) Cogsdale Update (cont.):

your balances, and you pay your credit card bill. They would be adjusting the script so that you could put in your account number, that would be verified through another data file that would be sent to them, and then they would still be able to accept a credit card payment and send us the funds. But the problem we're having is there's a contractual piece that's, I guess, hindering our ability to move forward with this until we get something resolved. So once that piece is resolved we can continue the IVR, but if we want to start a new IVR, it's about \$70,000, about the same price that we paid for the original Kubra IVR.

Commissioner Reynolds stated well I hope we get it solved. He then asked how many customers pay by credit card.

Ms. Klinkenberg stated it's actually very few, we've had on average 400 payments a month come through IVR or web connect combined.

Mr. Preston stated let me just reiterate, it's not Ms. Klinkenberg or anyone within the Utilities Commission nor the utility's ability to control. We're working on a strategy forward to define that policy for them in a favorable light to the Utilities Commission.

Commissioner Reynolds then asked if we've notified the users of credit cards that this may be a problem.

Ms. Klinkenberg stated we haven't had a chance to because up until Friday afternoon and today is when we actually found out that this was a significant issue.

Mr. Preston stated this is a very current issue and it is one that can be resolved fairly quickly, we just don't know.

Ms. Klinkenberg stated if we can get over that little hump there will be absolutely no interruption in accepting credit cards on one venue, only through the IVR.

Ms. Klinkenberg and Chairman Allen confirmed there were no further questions regarding this matter.

(5) Commission Counsel's Report:

Chairman Allen asked if there was any report.

Mr. Preston stated he had no report.

(6) Old Business:

ADD-ON (6-a) City's (NSB) Proposed Multi-Use Trail in UC Transmission Corridor – Discussion Only:

Chairman Allen then stated item 6. Old Business (add-on), and directed this to Mr. Rodi.

Mr. Rodi stated to refresh your memory; in 2006 we had a brief discussion about the conversion of the U.C.'s transmission corridor that runs from Field Street up to the west and terminates pretty

ADD-ON (6-a) City's Proposed Multi-Use Trail in UC Transmission Corridor – Discussion Only (cont.):

much at the expressway, and then there was to be a bridge built over the expressway for the walking portion of that. The project apparently now has funding available, where that's coming from specifically I don't know. But as we left the project then, this Commission had several questions and assurances that needed to be made. What brought this forward was about two months ago there was an information exchange, and the study was updated for current items, but there was still no resolution to what needed to occur. And I had a call late Friday from Mr. Resheidat who asked again what needed to occur because the city and the county apparently were trying to move forward with this project and funding. And as you recall, those items first and foremost dealt with liability issues, and as it stands right now, all of our efforts have been to keep people out of this corridor. So, obviously if it would be used for equestrian and pedestrian traffic then there are a number of issues that would come from that. We would also have to traverse the area, and as you know there's not only an aerial 115,000 volt transmission line in this corridor, but there's also an underground 30" waste main that traverses a good deal of it.

Mr. Rodi stated so we would have to be able to access and go over the area, and make repairs and do what we need to do from a standpoint of both maintenance and operation of the system. Occasionally it may require us to dig things up. The heavy trucks, for example, may damage the asphalt portion if we have to travel on it. And then there's an issue of maintenance, who will maintain this particular trail, the trash pick up. And there is an element where some of the neighbors have expressed a need for enhanced security because of so many people who could be on this trail and access their properties.

Mr. Rodi stated so I enumerated those items and Mr. Resheidat said that he would get with City Attorney Gummy and put together some type of proposal for the U.C. to consider. I was told that their date for application was September 1st for their grant. And I asked if anyone has pursued whether or not that grant could be adjusted. I'm not sure why Mr. Resheidat called me, I thought this was another part and parcel of the city's organization, but I promised that I would bring it forward. So, as that as background I have brought it forward and we're awaiting something for you to review.

Commissioner Diesen stated it's a liability issue.

Mr. Rodi confirmed it's a very serious one; we had some recent experience there that was very difficult.

Commissioner Diesen stated yes, I remember that.

Commissioner Reynolds stated well, you know I have a comment about that. I used to live up in Washington D.C. area and they somehow have been able to put trails all over that city and the suburbs and going through access lines and things of this nature. And I think what we should do is make sure that we are proactive and seeing how we can get this done, because it's a darn good aspect for the community here to have this kind of stuff. So if we can, let's take a look at it from a positive aspect, see if we can cover it. I agree of all of the things you've said in terms of that, but they do it down in Miami on those transmission lines. So, it's been done elsewhere, we've got to see how we can help support this, or at least raise the issues that you have raised to get some answers; but reiterated I hope that we can look at from a positive view point.

ADD-ON (6-a) City's Proposed Multi-Use Trail in UC Transmission Corridor – Discussion Only (cont.):

Chairman Allen stated I believe the Commission will look at from a positive view point. The problem that has come into play is, you know, it's almost like the Commission's holding up a process, but the failure to follow through and answer a listing of questions from three years ago, we wouldn't be here tonight doing this. See, that's the issue, and they needed it yesterday, and here we are at this place and to try to move forward with this right now, we can't move forward until we have those questions answered that were asked three years ago.

Commissioner Reynolds stated yes, I'm sure. I just think it's another case of where hopefully the City and us will get on board with this, and I think the City should give us an answer, particularly what Mr. Rodi said. But we need to move things faster is all I'm saying, we need to get these answers faster I think, force people to give us the answers.

There being no further comments, Chairman Allen moved on to New Business.

(7) New Business**(7-a) Revisions to Internet and Reuse Water Services Rate Schedules (Proposed in FY2010 UC Budget) – Scheduling of Public Hearings:**

Chairman Allen stated okay, as we move on to New Business, item 7-a., it's Revisions to Internet and Reuse Water Services Rate Schedules, Proposed in FY2010 U.C. Budget, and Scheduling of Public Hearings. He then asked if there was a motion for this.

Commissioner Reynolds made a motion authorizing the scheduling of two public hearings regarding revisions to the U.C.'s Internet and Reuse Water Services Rate Schedules, on September 21, 2009 and October 19, 2009, preliminary and final respectively, at 6:00 p.m. prior to the regular U.C. meetings on those dates. Commissioner Zeller seconded the motion and it passed unanimously on a roll call vote.

ADD- ON (7-b) UC Employee Health Insurance – Selection of Provider FY2010:

Chairman Allen then announced the next agenda item, Medical Insurance for 2009-2010, and stated Mr. Rodi.

Mr. Rodi stated we're at that time of the year again where we are looking at employee health care coverage and renewable premiums. This particular item is, again, very new from a standpoint of timing, but approximately a month ago, we had received an update from United Health Care, our current provider, forecasting what the increase was going to be for this coming year of coverage. And the number is a double digit number, and I had asked at that time that Mrs. Di Chiara contact our broker and to see what alternatives we may have. As you know we had changed providers several years ago and even retained United Health Care at some Premium because of the excellent care and payment that they have exercised since that time. And I think at this point there's a satisfaction with the coverage that the employees are having. I brought this to you tonight for both discussion, and if you're satisfied enough with some more of the conversation, I would ask that you give us your approval so that we can move forward. The primary problem that were encountering is one of time, so that if we are going to change providers there's a lot of background that has to go with that. So with that introduction I will turn that over to Mrs. Di Chiara at this stage and she'll

ADD- ON (7-b) UC Employee Health Insurance – Selection of Provider FY2010 (cont.):

give you some summary information, and depending upon what else you may want to know, you can see some comparative numbers if you care to.

Mrs. Di Chiara addressed the Commission and stated as Mr. Rodi said, we currently have United Health Care, and we have been satisfied with the care and the coverage within the plans. Also as Mr. Rodi said, the difficulty is they came in with a double digit increase for us and so, interjected our Broker is here and a couple of the vendors, we went looking and we came back with both a plan through Blue Cross, and also Florida Health Care, which was purchased by Blue Cross. And so we have two options available, both of which options are much more advantageous for our employees, and we have quite a cost savings for the company. So, getting this information on late Thursday afternoon, early Friday morning, we had to kind of come together and try to put together a proposal very quickly for Mr. Rodi to glance at. But coming to you, the issue that Mr. Rodi brought this up, is we normally look at a six week lead time when we're enrolling employees, and that would be very difficult if we waited until next month to do that. And our go live date is October 1, regardless of the health plan. So, and maybe Mr. Rodi you can cue me a little bit here, but a couple of things we looked at was just, for example, the coverage itself, the plans. And right now the plans through the two new vendors we're looking at are Blue Cross and Florida Health Care. We have a less co-pay that the member is go to have to pay, we have a less co-pay for outpatient providers, for urgent care, our out-of-pocket maximums are much better, and we have an extra tier for the prescription plan. The vendors came in very competitive; they came in very competitive with products and they came in very competitive with costs for us. So, we first compared just the coverage itself and making sure that the employee had as good, if not better, than what they have now, and we have met that goal.

Mrs. Di Chiara stated the second piece is claims payment, and having spent 20 years on the other side of the fence with claims and billing, I looked at that and what's very important now today, is all claims are electronically processed, so we've got a three day turn around as long as the provider submits the claim properly. And the nice part about our products here is the in-network, provider-network is very large. So we've got a lot of, almost all, I'd say 99% of our providers are in these two networks. And secondly, we have a nice out-of-network benefit. So either way those claims are going to be submitted, we've got a three day turn around, we've got, I believe it was 98.75% overall accuracy in the claims processing, and so we've got good claims payments. So our employees are going to get their bills paid and they're not going to be deluged with bills saying gee, you know you owe us for this and that; it's done, it's taken care of, and it's clean. So, we looked at that piece as well.

Mrs. Di Chiara stated we wanted to, so in kind of summarizing, looking at the cost for the employee, the cost for the U.C., the coverage that's being provided, the claims are getting processed, and it was very difficult not to come to Mr. Rodi and say, I think we need to make a change. And the other option is we have been very generous with our time, with our current vendor, and very seamless, and said this is what you're up against, what can you do for us. And I have not gotten a response back to lower that rate. And our claims were spectacular, that's why we got such great bids from the other vendors, because our claims are way down, there was really not a good reason to be dinged like this, and simply using industry standard is not good enough.

Mr. Rodi commented to the Commissioners, this puts you in a bad spot so if you care to wait that's perfectly acceptable, but what we're trying to do is, and you know we have some financial numbers

ADD- ON (7-b) UC Employee Health Insurance – Selection of Provider FY2010 (cont.):

if you want to see it. But basically there's all together, would I be misstating that there's a swing of \$500,000 on this; that the selected amount is \$100,000 less roughly and the increase in premiums \$400,000 more. So you know, when we see something like this, the issue I asked Mrs. Di Chiara to address was, is the medical coverage going to be as good as the employee is receiving now. That's the primary driver that made us change the last time. Her answer was, and I think she just stated it, very simply, most of the same doctors are in this other network. So that if you are getting the same doctors, I would presume, going to get the same kind of medical care. I don't envision that someone is going to be interfering with that medical care at this point, anyhow; with what's going on nationally who knows.

Mr. Rodi stated then the second item is will the bill be paid. And you know the history is new, so, we're presuming that the statements are accurate, that we'll have good payment history, and we have a new organization that's starting up, so I think it would be advantageous that there be good performance. He added and I certainly don't want to be facing an increase next year, if we go with this and have good performance again, so those are I think are the elements are the decisions. We could give you the numbers; we have a pretty little sheet that was handed to me right to me before I came to this meeting.

Mrs. Di Chiara interjected sorry.

Mr. Rodi stated that's okay, that's how it worked, but that's the predicament we're in, so without belaboring the point, I don't know if you have questions for anyone else, to get assurances from other than us, but I'll just leave it open that way.

Commissioner Reynolds stated I have a question to Mrs. Di Chiara. The person that you are recommending or the company that you're recommending, do they use Bert Fish.

Mrs. Di Chiara stated yes, and Halifax, I mean there's several in the network.

Chairman Allen stated they've resolved all those issues.

Commissioner Reynolds stated well, that was an issue before we had, a few years back.

Commissioner Diesen stated yes, with Blue Cross it was.

Mr. Rodi stated is there something else that we're missing that you want to know, that's why I sent the email out on Friday, just to wave the flag, and give you a little soak time on this.

Commissioner Diesen stated this is one year, they don't do multi-year, I mean that would be so much better.

Commissioner Zeller commented if we wait the extra month, that's going to be expensive isn't it.

Mr. Rodi answered yes.

Commissioner Zeller stated would you like a motion from us.

ADD- ON (7-b) UC Employee Health Insurance – Selection of Provider FY2010 (cont.):

Mr. Rodi stated if you're inclined to do so.

Commissioner Zeller then made a motion to approve the continuance of employee medical insurance for 2009-2010 with Blue Cross Blue Shield and Florida Health Care. Commissioner Reynolds seconded this motion and it passed unanimously on a roll call vote.

Mr. Rodi reiterated, and I apologize, we keep trying to do better with this and this is the way it goes every year with the timing.

Commissioner Zeller commented well, they do it on purpose.

Mr. Rodi stated I know that and we haven't been able to nudge it better.

Chairman Allen stated they put you in a bind.

Mr. Rodi stated maybe next year.

Mrs. Di Chiara stated and I'll bring more.

Mr. Rodi stated to the Commissioners, we'll get you the copies of the numbers.

(8) Possible Other Business – Time for Commissioners:

Chairman Allen stated okay, there being no other new business, we'll go on to Possible Other Business Time for Commsioners. He stated Mr. Rodi, you said you had three items.

Mr. Rodi stated yes, let me start with the Horizon Energy Enerkem trip, that trip has been scheduled for September the 8th and 9th. Commissioner Hathaway and the City Engineer Kyle will be going as representatives of the City, and on our behalf, is Tim Beyrle and Commissioner Zeller. The arrangements have all been made, the flights, the hotels they're staying at, the rental of the cars, the linkage as to who's going to speak to whom when, and all this information has been sent out to the persons involved, so that is pretty well set up. It should be a successful trip and I have to thank Mrs. Simmons because she made all the arrangements and tried to get the right flight times without layover issues and everything else that you deal with in traveling today, so she did an exemplary job again with that.

Mr. Rodi then stated I had just an update for, and it's very generic, with regards to our suit with St. Johns. As I've previously conveyed to you, we have a resolution to the suit in principal. Our counsel, Clay Henderson, sent a draft of the elements for the resolution. St. John's counsel was going to, obviously, look at it and add their polish to it, and then when it's finished, we'll bring it back here to you. I don't want to discuss the details because until they bring us the proposal I don't want to get into that, but I do think that it's equitable. Just to make that statement, and if Counselor Preston has anything he needs to correct me on, before I wonder off too far.

Attorney Preston stated not at all.

Mr. Rodi stated and the last item that I have here, and I would like to give credit to Ellen Fisher. As

(8) Possible Other Business – Time for Commissioners (cont.):

you've heard us talk many times before about the municipal broadband network, we're trying to function within our limited financial means to implement this, and Mrs. Fisher and others, and IT staff in particular, have spent a lot of time filling out a grant request. And this grant request is for approximately \$1.8 million and it's a 20% match. We were informed this morning that our request at least, has been accepted as a submittal for an underserved area. Now, that's just the first hurdle, but there's been a tremendous amount of work and our intent with this has been, and continues to be, to connect all municipal buildings, whether they have a U.C. or City label on them. And of course, then to provide data services over that network. So, in summary, it was just a tremendous amount of work, and we'll see whether it goes anywhere. Our 20% comes from actually the fiber conduit installation for the 20" water main that we're putting in, as part of that package engineering had placed that as a requirement for the project, so that's what will give us our 20% contribution. He commented Mr. White's grinning back there, but we still have to come up with the money, but those are the items that I wanted to bring to your attention; thank you.

Chairman Allen then asked Commissioner Reynolds if he had any closing remarks.

Commissioner Reynolds stated I just have one comment. As you know the five of us don't know a heck of a lot about this hotel but it brings to mind that this economy is going to get rolling again, sooner or later, I think sooner. We have 10 million or 12 million unemployed people out there, and if you look at that brain power, many, many innovations are going to pop up. New Smyrna Beach will once again be rolling, and in fact, there is a condo which has been, the foundation has been prepared and no works been done on it, but they've started, and I see new construction and commercial buildings all over the place. Point being is that, hopefully, we will get the developers to see us with the facts early on so we can be receptive to them. I would like staff, if possible, to check with Port Orange because they just approved and are in being now, two hotels up there, of similar size. That it would be nice to have a comparison of what Port Orange's infrastructure charges were and what formulas they used, because one, they're tapping off of our same wellfields (close proximity) and two, they're neighbors and so consequently, I think we could use some of their information to help our staff do this.

Chairman Allen then asked Commissioner Zeller if he had any closing remarks.

Commissioner Zeller commented I would like to welcome Brother Jack (Vice Mayor Grasty).

Chairman Allen confirmed Commissioner Zeller had no further comments and asked Commissioner Hall for his comments.

Commissioner Hall stated I think that when this hotel comes back for discussion and a vote, I'm going to have a whole lot to say. I'm not opposed to it but I tell you what, I felt as though I was talked down to here tonight. And I've dealt with impact fees in another life and they are nothing but distasteful, dividing, and all the bad things you can think of, and growth does not pay for itself as of this date, never has, and I'm not sure it ever will. And one final comment, this is a yes or no answer, if we were to do what the gentleman proposed, the cost would be to our ratepayers in the long run, is that correct.

Mr. Rodi stated if it would amount to a subsidy the answer is yes. And you know when you make comparisons, I think what you're starting to see in the newspapers, for example, there was article I

(8) Possible Other Business – Time for Commissioners (cont.):

think I sent you two weeks ago, where Orlando is \$50 million dollars short because they have spent their O&M money for maintaining their water system on extensions. And I think many times what happens is there are very subtle subsidies that are created. If you end up paying for these extensions through means of loans and bonds and that kind of item, where you incur your debt and then you pay on that debt and everyone does, what this Commission had done was to try to separate that out. Now there was an important point that was made tonight, and it was for those kinds of commercial facilities, and understand our commercial infrastructure fees are based upon what that actual commercial is, most commercial facilities don't have the engineering studies behind them to show what they can actually do. What we heard tonight was the assurance that they have those studies. Otherwise you heard some of the ramifications of well, what's the occupancy rate, how many showers does someone take, and you know all of that kind of thing. So, and from our standpoint, we have, I believe, have been consistently equitable with each and every developer, and have adjusted within the confines of the policy and the requirements of both the law and what this Commission has laid down. So that's my sort of background on the issue, but if there's real money to be spent, if the developer doesn't pay for it, then the rate payer does; it's just someone's got to pay.

Commissioner Reynolds stated may I say something about Commissioner Hall, not about you, but what you said.

Commissioner Hall commented you can say it about me, that's okay, I have thick skin.

Commissioner Reynolds stated I had the same impression you did, and I looked at those rates and why should we accept, for instance, their occupancy rate being 40% or 60%. As far as we're concerned it should be 100%, I agree on those things. I guess the reason I'd like to see what Port Orange did, was to have our own figures as opposed to what we see from a commercial person, and I think that will give us a little better feeling for that. He stated yes, we're not going to give it away, every ratepayer pays for that.

Commissioner Hall stated I agree with you.

Chairman Allen then asked Commissioner Diesen if she had anything to add.

Commissioner Diesen commented you're just expecting me to say something, aren't you?

Chairman Allen stated get on your box.

Commissioner Diesen stated I think that the most disturbing thing that happened here tonight is I heard, I think subtly and not so subtly, some folks jumping on the Utilities Commission and I know it's silly season, to quote a common friend of ours, because it's election time, but we're not the issue and that is wrong, wrong, wrong, to try to make us the issue. And that's the problem that I have with all this, I don't have a dog in the hotel fight, one way or another, if it goes in it goes in, if it doesn't it doesn't, and I don't think the City Commission has come to an agreement on that yet. But what I don't want to see, we're not a political group, and we have job to do and that's to do the best job we can for our ratepayers, period, end of sentence. And to make sure that we're able to keep the rates even, and we can, at the same time, maintain our infrastructure and not differ the maintenance to a later day just too artificially hold down rates. That's a terrific balancing job and as you know we've had to do some catching up because that's happened in the past, and we're running

(8) Possible Other Business – Time for Commissioners (cont.):

into infrastructure problems. So, from my perspective, you know, it is what it is, and we'll see when we get all the numbers, but I don't have a dog in that fight, but I don't want the Utilities Commission to be the artificial piñata either, during this silly political season.

Mr. Rodi requested, may I add an financial perspective to this that often is overlooked. And I think it's really important and Ms. Klinkenberg tune me up if I'm not correct, according to the public laws that created the Utilities Commission and through Resolution 28-78, which is really the center pin of a lot of what I'm about to say, there is only a cost function of this utility. In other words, we have no taxing authority, all of revenues come from customers, and all of our expenses are all cost based. For example, if someone has an auto accident and Mr. Mitchum has to go out there and replace the pole, we have no mark-ups on anything. So, it's actually everything that you approve, and it's all cost based. We cannot, even with the funds that are identified in Resolution 28-78, and also within the Charter and the Public Law, have a retained earnings account; we have no profit. If we have any surplus, it goes to the City and so if we were to accumulate funds, and that's why I say that as I do, every dollar we have has to be assigned to a work project. It's just like one of the funds that was arbitrarily created, I don't know maybe ten years ago for fuel, that was not one of these funds that was established. So, even that fund, there's nothing in it now that was all burned out with the telecom stuff, but the issue of having that does not exist within the purview of the chart of accounts. So I say that because we don't have any money, nor are we allowed to subsidize, to give any free services, to provide any preferential treatment; these are all requirements. I think that is a fundamental message that is often overlooked in how we do business. So I think it's critical for us going forward and I wanted to provide that reference because a lot of folks think that, you know, we have the reserve or retained earnings to give to someone; so I wanted to opine just a bit.

Chairman Allen stated okay and added it's good to see City Commissioner Grasty here. It's kind of like old home week to see Mrs. Conner there, and Ms. Klinkenberg you just have to look at her as you were discussing some of the Cogsdale upgrade and what you were going through, Mrs. Connor could kind of relate to that a little bit, so many late nights and pulling their hair out and turning gray. He commented it's been a good three years sitting here and it may seem like we take a beating a lot of times, but over that three years there has been much accomplished. Especially, I think, three years ago we were sitting right at a \$7 million dollars fuel adjustment, sitting in the red, and here this evening we're told we're just under \$2 million, and so that's a big plus. In that three year period we had the increase and the fuel adjustment, and then brought it back down to an area as we came into summer, and it has stayed there for basically two and a half years. It's been, probably, a struggle on staff and been a struggle with Mr. Beyrle over there as I look at the System Operations Report and the ECAC, and seeing how they're doing. And I commend them as they continue to try to provide the most economical resource (electric) for our customers so that we can maintain the rates that we're at. And as we look and we think about even our water system and the planning and the strategy that has gone on at this Commission, I would surely hope that we will continue with the progress in the years as we move forward. I appreciate Mr. Rodi's leadership for the Commission here and the staff as they work with him.

Commissioner Diesen stated I'd like this Commission to pass a motion or whatever, to the City Commission that they reappoint both Commissioner Allen and Commissioner Hall. I think both have put in their papers to be reappointed and I would like to make a motion to that effect.

Commissioner Zeller stated he would second that.

(8) Possible Other Business – Time for Commissioners (cont.):

Commissioner Diesen’s motion was to endorse and request the City Commission reappoint the incumbent UC Commissioners, Walter Allen and William Hall, to an additional term. Commissioner Zeller seconded the motion and it passed unanimously on a roll call vote.


Mr. Rodi asked Chairman Allen if he could make one more point of clarification. I saw some eyeballs rolling when you were talking about that, okay, if Rodi just said that’s all cost based, how did you pay for all the fuel and purchased power. We unfunded projects, the projects had their money taken away from them and we paid our fuel and purchased power bills. So, and as we recover, we’re putting the money back against those projects. He reiterated I saw a couple of eyebrows go up, say okay, tell me how you do that, so thank you.

Commissioner Diesen commented credit card.

Chairman Allen stated okay and one last comment I’d like to just make, I appreciate Mrs. Simmons and all the different things she does behind the scenes and keeps us informed, and we wouldn’t know half of what’s going on if it wasn’t for Mrs. Simmons keeping us lined up and things going. And he added to those who are going to look at the plant site, I hope you all have a good safe trip for that.

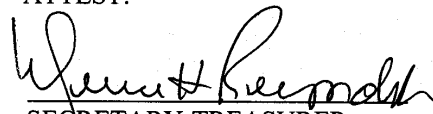
There being no further business to come before the Commission, Chairman Allen closed the regular U.C. meeting at 7:38 p.m.

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their 19-Sep, 2009 meeting. September 21,