

RESOLUTION NO. 7-07

A RESOLUTION BY THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, SUPPLEMENTING U.C. RESOLUTION NO. 2-07, UPDATING THE FORMALLY STATED STEPS AND EVENTS TAKEN DURING THE TIME PERIOD OF JULY 2005 TO JULY 2007; RESCINDING ALL RESOLUTIONS, OR PORTIONS THEREOF, IN CONFLICT HEREWITH AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Utilities Commission, City of New Smyrna Beach, Florida, was duly created and validly existing under and by virtue of Chapters 67-1754 and 85-503, Laws of Florida, as the governing body of the utility system of the City of New Smyrna Beach, Florida; and

WHEREAS, the Utilities Commission has been pursuing a "step-wise" approach to assess and remediate infrastructure, costs of service, rates, and to determine strategies, current and future, since mid-2005; and

WHEREAS, a recap was compiled to depict the events and actions taken; and

WHEREAS, the Utilities Commission wanted to formally and publicly state these steps and events and to bring this representation forward; and

WHEREAS, the Utilities Commission now wants to formally update said recap compilation of the events and actions taken (Exhibit A) subsequent to January 2007;

NOW, THEREFORE, BE IT RESOLVED BY THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, AS FOLLOWS:

SECTION 1: The Utilities Commission, City of New Smyrna Beach, Florida does hereby resolve that the UC Step-Wise Chronology and Events Recap (1-16-07) and that the UC Step-Wise Chronology and Events Recap (8-16-07), are a fair and accurate representation of what has transpired during the stated time period, as shown as Exhibit A, attached to and made a part of this resolution.

SECTION 2: If any section, subsection, sentence, clause, phrase, or portion of this Resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

SECTION 3: All Resolutions, or portions thereof, in conflict herewith are hereby rescinded and superseded.

SECTION 4: This resolution was approved by the Utilities Commission during a Regular UC Meeting held August 20, 2007, and took effect immediately upon passage.

THE ABOVE AND FOREGOING RESOLUTION was introduced at a regular meeting of the Utilities Commission, City of New Smyrna Beach, Florida, held on August 20, 2007, by Commissioner Diesen, who moved its adoption, which motion was seconded by Commissioner Allen, and upon roll call vote of the Commission was as follows:

CHAIRMAN	<u>[Signature]</u>	<u>yes</u>
VICE CHAIRMAN	<u>[Signature]</u>	<u>yes</u>
SECY.-TREAS.	<u>[Signature]</u>	<u>yes</u>
COMMISSIONER	<u>[Signature]</u>	<u>yes</u>
COMMISSIONER	<u>[Signature]</u>	<u>yes</u>

APPROVED:

[Signature]
CHAIRMAN

ATTEST:

[Signature]
SECRETARY-TREASURER

APPROVED AS TO FORM AND
CORRECTNESS:

[Signature]
Utilities Commission Attorney



UCNSB STEP-WISE CHRONOLOGY

(July 11, 2005 through July, 2007)

Plans, Studies, and Presentations

DATES

- Strategic Initiatives 11/2005, 12/2005, 12/2006
- Existing Infrastructure
 - Water T&D System 10/2005, 12/2005
 - Waste Water 3/2006, 8/2006
 - Bright Water 3/2006, 8/2006
 - Electric T&D 5/2006
- Growth Infrastructure
 - Water T&D System 12/2005, 1/2006, 3/2007, 4/2007
 - Waste T&D System 3/2006, 8/2006, 3/2007, 4/2007
 - Bright T&D System 3/2006, 8/2006, 3/2007, 4/2007
 - Electric T&D System 5/2006, 8/2006, 3/2007, 4/2007
 - Developer Addendum 2/2006, 5/2006, 7/2006, 3/2007, 5/2007, 6/2007, 7/2007
- Cost of Service 3/2006, 2/2007
- Water Strategies 3/2006, 1/2007
- Energy Strategies 3/2006, 1/2007
- 5 & 10 Year Capital Improvements
 - Telephone/Cable Communications 3/2006, 2/2007, 3/2007
 - IT/Security 8/2005, 9/2005, 3/2006, 7/2006, 9/2006, 1/2007
 - 2005 & 2006 Audit 4/2006, 8/2006, 3/2007, 5/2007, 6/2007
 - Water Supply/RSQ/WAV 4/2006, 6/2006, 8/2006, 9/2006, 1/2007
- Energy Supply/RSQ/RFP 10/2005, 3/2006, 5/2006, 7/2006, 8/2006, 1/2007, 2/2007, 3/2007, 5/2007, 6/2007
- Energy Supply/RSQ/RFP 9/2005, 10/2005, 12/2005, 5/2006, 1/2007, 5/2007, 6/2007, 7/2007

UCNSB Events Recap (7-31-07)

- In May, 2005, the City requested that the UC I-95 landholdings be sold.
- A comprehensive strategic initiatives plan for the UC was developed and implemented in November, 2005, and updated in November, 2006.
- Assessments and plans for remediation of existing infrastructure and of resultant growth impacts were completed and presented through six comprehensive formal reports, listed in projects beginning in December, 2005, and continuing through the present time.
- A comprehensive cost of service study was conducted and implemented.
- 5- and 10-year capital improvement plans were developed and submitted.
- Serious IT security issues were corrected.
- Growth infrastructure policy and funding requirements regarding SB 360 were implemented in July, 2006.
- After \$13 million in total losses, telephone and cable operations were terminated on 9-1-06.
- In December, 2005, TECO electric power contracts were secured and were not as advantageous as the then-terminating Progress Energy contract.
- A year 2000, \$13 million generation investment has resulted in uneconomic energy at 25 cents/kwh (@\$2/gallon fuel).
- Electrical transmission system congestion in central Florida resulted in termination of TECO supply and resulted in expensive fuel and purchase power during peak summer periods in FY 2006.
- \$43 million in WAV master plan proposed allocations to NSB would not have provided timely, if ever, water for NSB, and consequently the UC requested that NSB exit from the WAV Interlocal Agreement.
- A formal water harvesting/electrical generation RFQ was solicited in April, 2006, and received minimal interest.
- UC irrigation water supplies are expected to be exhausted within three years at a build rate of 125 units/month.
- Contentious and protracted local investigations and State criminal investigation of previous UC administrations were ended and a Federal appeal was unanimously requested by the Utilities Commissioners through their legal counsel.
- Initiated new potable well project to realize new CUP authorization on UC I-95 area landholdings.
- Initiated transition of SJRWMD 2005 alternate water plan requirement from a 2003 era, ~\$176 million desalination Swoope 15 MGD plant to the UC's modular ~\$12 million deep well-harvesting-storage I-95 plant designed for drought tolerant irrigation and back-up potable supply.
- Developed equitable, flexible infrastructure contribution payment agreements in partnership with participating developers.
- Issued renewable electrical energy RFP after US Supreme Court decision and prior to Governor's Executive Orders.
- Completed repairs for commercial RFP offering of UC's 2004 vintage communications tower.