

## **AGENDA ITEM 2-a**

MINUTES OF REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, FEBRUARY 27, 2006, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

Chairman Para opened the regular meeting with the invocation by Pastor Walter Allen and the Pledge of Allegiance led by Commissioner Hall.

Chairman Para then continued with a roll call with all of the Commissioners present as follows:

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

Others in attendance during the meeting were as follows: R. Rodi, General Manager/CEO; R. Montalvo, Director of Finance; R. Mitchum, Director of Electric Operations; T. Beyrle, Director of System Ops. & Generation; D. Hoover, Director of Water & Wastewater; J. White, Director of Engineering; C. Crawford, Director of I.T.; B. Mudge, Director of Human Resources; E. Mahle, Public Relations/Marketing Manager; J. Lutz, Call Center Technician, Level II; J. Santrock, Repair Supervisor; M. Roberts, Electric T&D Lineman; D. Simmons, Executive Asst./Recording Secretary; and a few other UC employees; Bill Preston, Interim U.C. Legal Counsel; Melanie Stawicki-Azam, Reporter for the NEWS JOURNAL; Pete Slavin, Reporter for THE OBSERVER; Walter Allen, Pastor of Beachside Baptist Church; Bill Rogers; Bob Tolley; Robert Hunter, Mike Roberts' son; and an unidentified man; all members of the public.

### (1) Agenda Changes, Additions and Deletions:

Mr. Rodi stated he had one amendment he would like to bring to the Commission's attention. Item 8-b. has been modified and Mr. White will discuss that but we essentially added water, wastewater, and reclaimed water main extension policy, made the scope a little broader. That's a change and you have the new document at your position.

### (2) Approval of Consent Items:

Commissioner Reynolds then made a motion to approve the consents items, item 2-a. Minutes of Regular UC Meeting Held January 23, 2006, approve as submitted; item 2-b. Brent Millikan & Company, P.A. – Invoice No. 13652 – Supplemental Services, approve payment of \$24,800.00 as submitted; item 2-c. Bid No. 03-05 – Annual Agreement for Lawn Service – Extension of Contract, approve and award purchase order no. PON0003285, to Glencoe Lawns, Inc., the low bidder, in the not-to-exceed amount of \$25,000.00 for the first one year extension of Bid No. 03-05, for annual lawn services; item 2-d. Bid No. 11-06 – Two Vacuum Reclosers, approve and award purchase order

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

no. PON0003356 in the amount of \$32,143.00 (includes FSST) to Siemens Power T&D LLC, the low evaluated bidder; item 2-e. Bid No. 13-06 – Ameron Poles and Cooper Lights, approve and award purchase order nos. PON0003363 in the amount of \$133,749.50\* to Stuart C. Irby Co., and PON000334 in the amount of \$136,063.28\* to Electric Supply Incorporated, the low bidders, (\*both amounts include FSST); item 2-f. Bid No. 14-06 – South Glencoe 8” Water Line Extension, approve and award purchase order nos. PON0003357 in the amount of \$3,005.55 to Consolidated Pipe & Supply, PON0003358 in the amount of \$24,347.20 to Ferguson Waterworks, PON0003359 in the amount of \$2,451.00 to Hughes Supply, and PON0003361 in the amount of \$2,439.60, the low bidders meeting specifications; item 2-g. Bid No. 17-04 – Extra Crew for Annual Tree Trimming Service, approve and award purchase order no. PON0003366 to Trees Inc. for the not-to-exceed amount of \$97,500.00 for an additional crew and equipment to be added for tree trimming services; item 2-h. Upgrade of Itron Handheld Meter Reading Devices, approval of the reallocation of funds to award purchase order no. PON0003369 to AMCO Water Metering Systems, Inc. in the amount of \$26,102.50, the low bidder; item 2-i. Bid No. 16-06 (Rebid of Bid No. 12-06) – Wire and Cable for Central Stores, approve and award purchase order nos. PON0003382 in the amount of \$48,322.40 to Utilicor, PON0003383 in the amount \$36,408.00 to Gresco/Capstone Util Supply, PON0003384 in the amount of \$24,320.20 to Hughes Supply, Inc., PON0003385 in the amount of \$34,284.20 to Electro Cables & Wire, and PON0003386 in the amount of \$12,586.00 to Stuart C. Irby, the low evaluated bidders; and item 2-j. Interest on Customer Deposits, approve the interest rate of 3.50% to be computed on customers’ deposits during 2006, to be effective with the first billing cycle of March 2006. Commissioner Diesen seconded this motion and it passed unanimously on a roll call vote.

Mr. Preston then asked for a point of order to Chairman Para. He stated at the top of the agenda there was a presentation (Presentation of Certificate for Completion of Apprenticeship for Line Maintainer from Florida Department of Education to Michael L. Roberts), and asked if Chairman Para wanted to make that presentation now or later in the meeting?

Chairman Para answered he was going to do that later but would go ahead and do that now. He read the Certificate and then asked Mr. Roberts to come forward to accept the certificate. Those in attendance applauded Mr. Roberts’ accomplishment of completing his apprenticeship for line maintainer.

(3) Public Participation:

There was no public participation at this point in time.

(4) General Manager’s Report

(4-a) Monthly Summary Report for January, 2006:

Mr. Rodi stated he had three items to bring to your attention before I ask Mr. Montalvo to comment on the financials. He stated in our reliability performance chart we added, this month, what our tentative or preliminary goal is, and this way the numbers should start to make more sense. As we start to roll these things out, you'll be able to compare our performance compared to goal.

Mr. Rodi stated the second item is our evolving communications municipal. What you're seeing in this month's report is the expansion of the fiber system, so as we're starting to formulate this you can see the thinking that's going into the fiber project and how we intend to move forward with that, and they'll be other pieces of it as we move along.

Mr. Rodi stated in the back of the General Manager's Report is a summary of our work orders. I had mentioned to you previously, and at the last budget hearing, the joint meeting with the City Commission, I promised that we would come forward with this. Mr. Montalvo has taken each of the projects, reconciled, finished all of his postings, and what you see there are ongoing projects and how much money is allocated to them, how much money has been spent and how much money is encumbered in some fashion or another. Internally what we're doing now is we've established a priority system and we will reorder these based upon the priority system to make better use of the dollars that we do have. I think that's an important element that we said we would come forward with that before the next budget round and I wanted to bring it to your attention. Mr. Rodi then turned the financials over to Mr. Montalvo.

(4-b) Budget Summary through December, 2005:

and

(4-c) Commercial Monthly Report for December, 2005:

and

(4-d) Work Order Summary – Preliminary/Still Under Revision:

Mr. Montalvo stated the good news is the external auditors finished their field work about two weeks ago and they are going to present the financial statements probably within the next two weeks or so. We're not sure yet whether they will be presented at a workshop or at a regular UC meeting but they are almost ready with the external financial statements audit. Mr. Montalvo stated staff incorporated all the adjustments from the external auditors to our financial statements. He stated right now we are working on the month of January which means when we present you the January financial statements, they are going to have every single item that was adjusted by the auditors. From now forward we will be working on that.

Mr. Montalvo stated Mr. Rodi requested the Finance Department prepare the financial statements between the tenth and twelfth day of the next month. We are doing adjustments downstairs in order to comply with that, and believe we will be able to accomplish that too.

(4-b) Budget Summary through December, 2005 (cont.):

Mr. Montalvo stated the budget summary for the month of December, the Electric, Water and Wastewater, followed the trend of the budgeted amounts. As you know, Communications is the one giving us difficulties, and the loss was about \$225,000 more for the month of December. He stated that is something, this coming Wednesday, that we will be making a decision on.

(4-d) Work Order Summary – Preliminary/Still Under Revision:

Mr. Montalvo stated regarding item 4-d., the Work Order Summary, it took staff a lot of time but he believes a very good job was done reconciling all the items there. He stated this report will be presented every month and you will be able to see all these reports together with the financial statements. That way you will be able to see everything in just one place, and can make references. He stated we are also trying to describe those better, to see if we can expand the description field, so in that way you can see the work order we are working with. In addition to that we are trying to combine some of them. We are working right now in the new accounting system and in the future we will have an excellent work order system which will allow us to have different reports, more detailed reports, and the information will be better at that time. Right now we are at the designing stage and working with the consultant, don't know exactly when we're going to implement that, but hopefully this fiscal year we can have that ready.

Commissioner Reynolds stated to Mr. Montalvo that this is excellent, is good visibility. He then asked if there was a way for when these projects rolled through, that you could have a completion sheet so that we know that item is completed, or a drop sheet, for instance if you decide to reprioritize things.

Mr. Montalvo stated that is a very good idea. These are the things we're taking into consideration. Right now, Mr. Rodi wants us to put priority there which I think is a very good idea and he brought to us approximately six categories for priorities. Next month we are going to do that and we can do your suggestion too.

Mr. Rodi stated there is no existing work management system. For example, we don't have what's normally called a pipeline sheet that would tell us what projects are in the pipeline and when they're scheduled to be built and how much time it takes because we don't have estimating units and different project management concepts. We're still trying to define what we mean by project. That may sound simple but it has a lot of ramification from a standpoint of the accounting for all of these projects. There's a lot that's being developed right now and it will take many resources so don't be surprised if I come back and say I need some help with these aspects just to get this up and running. We're trying to put in the new version of Great Plains which has a number of modules that we really need and we don't have that structure in place yet in order to execute it.

Chairman Para stated I look at this as an opportunity for more of a living document because my guess is some of these priorities might change back and forth a little bit. I

(4-d) Work Order Summary – Preliminary/Still Under Revision (cont.):

love the fact that you all have, as a team, brought this through and under Mr. Rodi's leadership, are creating something that gives us kind of a real close time representation of what's taking place in our expenditures and what requirements are ahead of us. I think that's a really good step and something that I've always wanted to know about.

Mr. Rodi stated one of the things I want to cascade the credit to, it isn't me, it's the staff. The staff has known how to do this, they're now doing what they know how to do, and in fact many of them have had to implement these systems, what I call below the line, just in order to get their work done because there's so much of it. So now if we can incorporate it into a system that will do the work for them, and allow them to manage it that way, it will help.

Chairman Para stated to Mr. Rodi that goes back to that document you started a long time ago, it makes them more in charge of the compartments that they're working.

Commissioner Spangler stated he had one question for Mr. Montalvo, on the last line, 149 Field Street station, explain those numbers to me please. It says budget approved \$690,000, and amount funded as of February, \$2,090,000. Does that mean we've spent \$2,090,000 of our \$690,000?

Mr. Montalvo stated no, what happened is we originally funded \$1.5 million, then later through an agenda item the Commission approved \$690,000 more, which means we have funded \$2,090,000.

Mr. Rodi stated we will be talking about that particular item tonight because I think it's important for us to be able to move on with having that substation transformer installed.

(5) Commission Counsel's Report:

Mr. Preston stated he had three items. On February 2<sup>nd</sup> we received a notice from the law offices of Rue & Ziffra, of a notice of pending claim on behalf of Timothy Lofton. The claim is based on negligence for failure to maintain an uncovered meter box in safe condition causing alleged injury on January 20, 2006. No suit has been filed at this point, this is procedurally what needs to be done prior to suit and it doesn't necessitate that a law suit will be filed.

Mr. Preston stated in regards to the Rob Hunter law suit versus the Utilities Commission, a mediation is scheduled for May 18, 2006.

Mr. Preston stated and the third item, last month, it was reported that water lines were in conflict with the County's widening of the Tenth Street area which provides access to the new high school. It was estimated that the project would cost around \$750,000 to resolve the conflicts. Time was of the essence because of apparent poor communication and you had directed that I, along with members of the staff, negotiate with the County in this

(5) Commission Counsel's Report (cont.):

regard. Thanks to the efforts of Mr. White, Mr. Hoover, and Mr. Rodi, the matter was negotiated and there's recommendation that a construction company by the name of Built-Rite perform the construction services to the amount of \$475,324.50, less \$255,252.00 for negotiated arrangement for the south water line. So there was a significant reduction in expectation of what it was we were to pay for this project and I congratulate them on negotiating this to that level.

Chairman Para interjected well done.

Mr. Preston added this is an item on the agenda for your consideration, the joint project agreement, item 7-c., but I just wanted to raise that issue. He then stated that was all he had at this point in time.

Commissioner Diesen stated that item on our agenda states it is the First Amendment, does that mean the first of many?

Mr. Rodi stated I hope not. The way in which the JPA was written, this change is an amendment to that JPA so it is the first; we hope there aren't others. I think everyone involved in this have worked very hard to come to a mutual conclusion and I don't want the County's efforts to be overlooked either.

Commissioner Reynolds stated I presume that we took a look at this water main that's going there to determine whether we need to upgrade it in size or not.

Mr. Rodi stated yes and the answer was no because of its location and the area it's intended to serve. He confirmed that statement affirmatively with Mr. Hoover.

Commissioner Reynolds stated never again are we going to have to worry about the size on that particular main.

Mr. Hoover stated this is right on our southern border of our service area, to the north side of it.

Commissioner Reynolds stated okay but added just go 4" versus 6", not a lot of cost.

Commissioner Diesen commented on the location, we shouldn't ever have to worry about that again.

(6) Committee Meeting Reports:

(6-a) Approval of Commissioners' Travel Expenses – Commissioner Reynolds – IPED Conference:

Commissioner Diesen made a motion to approve Commissioner Reynold's travel expenses in the amount of \$1,427.23, for the IPED Conference entitled "Coal Power: Understanding the Challenges of Ownership and Development in the Next Decade". Commissioner Hall seconded this motion.

After a few comments on Chairman Para's recent attendance to a couple of conferences, Chairman Para asked Commissioner Reynolds if he would like to give a report.

Commissioner Reynolds had distributed to the Commissioners at the meeting tonight copies of PowerPoint presentations from the conference he attended. He stated the conference was named "Coal Power" however if you forget that first word, this is a wonderful document in terms of expertise in various energy sources, transportation sources, bond ratings, locations of plants, regulations, EPA and others, State and all, which are in here. He added I think we can certainly provide copies to our engineering and others. As you thumb through it, it is fairly well organized and he reiterated don't let the "Coal Power" be a bias because this meeting was not on coal power, it was showing where coal power had limitations in areas and EPA concerns in some areas, etc.

Chairman Para stated that's what I found at the meetings he attended, but he was not going to get into that today. There was a guy giving a presentation from the coal industry but he was comparing it to the different technologies, natural gas, nuclear and renewables. We walked through a lot of information and a lot of stuff. He added there's a lot of thinking out there that's being changed and I love that.

There being no further discussion, Commissioner Diesen's previous motion then passed unanimously on a roll call vote.

(7) Old Business:

(7-a) Design/Build Contract for Field Street Substation Modifications:

Mr. Rodi stated Mr. White will be addressing the Commission on the next few items.

Mr. White stated the reason we're here on this item is the Field Street Substation, and we've talked about that briefly a time or two over the past few meetings. We have a substation there that has a 60 MVA capacity. We need to raise that by the addition of a third transformer, a switchgear, and assorted appurtenances to add another 30 KVA capacity. The load at that location has grown to the point where there are only two times a year we can do that, in which we can reduce our loads to the point where we can upgrade that, in the spring and fall when our loads are the smallest.

Mr. White stated we solicited bids and received them on the 10<sup>th</sup> of January and have been evaluating those with the able assistance of our technical support rep. from R. W.

(7-a) Design/Build Contract for Field Street Substation Modifications (cont.):

Beck. Six bids ranged from \$2.5 million to well into the \$4 millions. We're here tonight recommending the bid of Aubry Silvey company. It is not the low bidder, is the second low bidder. We spent a substantial amount of time evaluating these bids and some of our staff, including Mr. Mitchum and our technical advisor, traveled to Palm Beach County to visit their offices and facilities and help evaluate their capabilities. Based on their information, their visit, and our evaluation, we concluded the low bidder was not a responsive bidder. Their projects had been largely smaller projects or sub-contractors on larger projects. Initially, after our discussions, they immediately offered to raise their bid a little bit to increase our confidence, which it did not.

Mr. White stated the Aubry Silvey company is world wide known quality provider of this type of project. The upshot of that is their bid is \$3.3 million and we're comfortable in recommending this bid over the other one because if that other contractor started this project and was unable to properly and expeditiously complete it, it could virtually swamp us. By the time it was apparent that he was going to fail we would not be able to carry our loads. So largely for that reason we are recommending this award, and added it is design build. The first two or three months of the project will be the design process, value engineering, and that will be followed by preliminary construction. Ordering of the transformer will be tomorrow if you approve this tonight. The reason for that is transformers are going up about \$200,000 a day. He reiterated that is our recommendation and he would answer questions at this time.

Commissioner Spangler stated he had one more question, a curiosity, looking at these numbers that you pulled out of each of these bids. Some companies were ten times the amount of others and it wasn't just the low bidder who obviously did what low bidders do, he understated a lot of things, but there's just such a big difference in what each of these bidders puts in to each category; I guess it just all evens out. What causes that?

Mr. White stated it's fairly typical of the design build process as compared to the design bid build. Whereas the contractors employ the best of their experience and creative energy and their competitive advantages to compete tighter in certain areas and they include taking advantage of their certain expertise and advantages they may have.

Commissioner Spangler commented sort of like a good basketball team, one team will have a good center and the other team will have two good forwards.

Mr. White interjected yes, and one's hired a couple of guys from the other team, sub-contract is game.

Commissioner Spangler made a motion to approve and award the Field Street substation modifications to Aubry Silvey Enterprises, Inc., in the amount of \$3,307,773, as recommended by R. W. Beck, and authorize the General Manager/CEO to execute all documents associated with this matter. Commissioner Reynolds seconded this motion and it passed unanimously on a roll call vote.

(7-b) Private/Semi-Public Water and Wastewater Systems:

Mr. White stated this proposal is the result of a problem that happens when public water utilities interact with private companies that become quasi-utilities. Examples of that everyone has probably seen might be a mobile home park that rents spaces and has a master meter out at the road. They pay one master water, or water and sewer bill. Over time what frequently happens is the systems deteriorate, the water begins to leak and/or the wastewater system begins to leak. They start losing water, may become a health condition, the sewer lines may be backed up and you get a health emergency. Our bills are still being paid but we have no jurisdiction or control over the system. Typically that comes to a head late in the summer on a Friday afternoon when its 95 degrees and somebody decides this is a health emergency and somebody has got to do something. They look around and you always know who that becomes.

Mr. White stated we have this situation existing in our service area, a similar situation, not going to name names or make accusations or cast aspersions but we have an applicant who wants the U.C. to accept an old system, a master meter, and a lift station. We don't think that's a good idea. What we want them to do is leak test their sewer system and make sure we're not taking in a lot of ground water with the wastewater, and smoke test it to make sure when it rains it's not going to leak even worse. We're not going to allow them to build a private owned and operated lift station that would be to a less performance standard than we or the health department would require. This does not necessarily mean or guarantee that their system would forever work well or work properly but it would just give us a little confidence that it is not leaking profusely now.

Chairman Para thanked Mr. White and stated this was just for information only.

(7-c) First Amendment to Joint Project Agreement – Tenth Street Widening Project:

Mr. White stated this is the first amendment to the Joint Project Agreement and we think and hope this is the last amendment. Although, he added, when you are digging in the ground, sometimes you unearth things that no one knew were there and things happen, and that's possible. But we have an item here that for everyone involved, including the contractor, Volusia County, and the U.C., is a comprehensive contract that is turn key, all inclusive.

Mr. White stated the net is \$450,072.50, that includes essentially constructing a new water line in replacement of the old existing line, constructing it outside the paved areas, near the north right-of-way line of that thoroughfare, connecting all intersecting lines, relocating fire hydrants, and all assorted work. Also includes a little bit of a problematic force main and lift station which has a very low flow. The pump station and force main serves about a handful of customers who are in the traditional service area of Edgewater. Edgewater wants them back and we would kind of like to help them out in that manner. Edgewater has indicated that they would like to do that and take over that lift station and force main and route it, rather than down Tenth Street, down through their city and their

(7-c) First Amendment to Joint Project Agreement – Tenth Street Widening Project  
(cont.):

system. They have tentatively agreed to have that done by the first of July and at which time we will abandon, plug, and fill that existing 4” force main.

Mr. White stated with that he would be glad to answer any questions. He stated at this point he would also like to address that this project did cause a kicking up of a bit of dust and I think everyone of us involved could have done a better job of managing it where we were managing it, but everybody from me to my staff before and after I got here, and the owner, Volusia County, had the opportunity to do this better and we didn’t, and for whatever part of that is my responsibility I’ll accept that. I recommend approval of this change, it’s the best alternative available given the conditions on the ground that are there today.

Commissioner Spangler stated he would like to say having been at that first meeting with the County, you came a long way. He commented perhaps in another month you could get them to do the whole thing for nothing.

Mr. White commented he would not count on that and added he thought some of them might be in attendance tonight, but they were not.

Commissioner Spangler made a motion to approve the First Amendment to the Joint Project Agreement with the County of Volusia for the above referenced project and authorize the General Manager/CEO to execute any and all documents associated with this matter. Commissioner Reynolds seconded this motion.

Commissioner Diesen stated she would like to know about the handful of customers, how long have they been ours, and do they have any say in this, or is this just one of those things where we’re straightening out a little glitch.

Mr. White stated he would like to defer those answers to Mr. Montalvo and Mr. Rodi. I don’t know the actual count, Mr. Montalvo probably has a pretty good handle on that as far as the history of it. He added I believe Mr. Hoover can tell you when this happened but I believe it is also inside the Edgewater city limits.

Mr. Montalvo stated he believed Mr. Hoover would be better prepared regarding that situation.

Mr. Hoover stated this is Mission Oaks and it was in the early ‘80’s that Mr. Pete Korelich decided to accept these customers, at the request of the people developing a small mobile home park or manufactured home park. It’s very small, probably about 20 connections there, a small section of gravity sewer system, that we inspected, was put in, a little force main and a small lift station. He stated it is a very small distribution system and has always been sort of a satellite off of our main grid. Its south of Gabordy Canal so typically it would have been Edgewater’s service territory but they didn’t have

(7-c) First Amendment to Joint Project Agreement – Tenth Street Widening Project (cont.):

anything that way. It's just a big oak hammock and now there's going to be a place, appropriately called Oak Leaf Preserve, that's building in off of Park Avenue from the east and will build toward the north and come back and actually about this little development. Probably, what was the original phase two and phase three of Mission Oaks will be absorbed into this, so it makes a lot of good sense for Edgewater to pick them up as customers and it's very timely for us, it saves us a lot of costs for this Tenth Street job.

Mr. Rodi stated he would like to add that the water portion will also go with that once they get the water line built for the new subdivision there. During the City Commission retreat there was at one point some discussion about the boundary line between New Smyrna and Edgewater, specifically relating to these kinds of incidents where in this case transfers occurring to Edgewater, in other cases they'll come toward New Smyrna. So this was an opportunity to address that as well.

Mr. Hoover stated the other part is these were all developer installed infrastructure improvements so it's nothing that we put our money into other than the operating costs.

Commissioner Spangler commented I think it goes a lot further than that, does the name Al Davis mean anything to you?

Mr. Hoover commented yes, it's coming back to him now.

Commissioner Spangler commented he used to own all of the property on the north of Mission Oaks.

There being no further discussion, Commissioner Spangler's previous motion then passed unanimously on a roll call vote.

(8) New Business:

(8-a) Engineering Services for Wastewater and Reclaimed Water System Analysis:

Mr. White stated as I think probably all of you know we've had some engineering analysis ongoing for several weeks, a few months, on our water system and we've had the rate study underway to take advantage of that new information to better balance our information on our rate and to provide assurances that the people that are growing the system are paying for the growth.

Mr. White stated the water system study was composed of two parts. Part one you saw a couple of months ago and has become an integral part of our capital improvements plan. Part two is also becoming a part of our capital improvements plan, of which the preliminary report is already in and the final report will probably be in this week.

(8-a) Engineering Services for Wastewater and Reclaimed Water System Analysis (cont.):

Mr. White stated we had planned for next year to undertake similar analysis of the wastewater and reuse system. With some discussions about the rate study with Mr. Montalvo, Mr. Hoover, and Mr. Rodi, we concluded that analysis should be done sooner rather than later so we've solicited proposals from the consultant who has been doing those studies on the water system. We solicited a proposal to do a similar master plan, facilities plan, for the wastewater, reuse, gravity, and force main or lift station system. This is item 8-a. before us tonight and the consultant has proposed that he is able to do that for the fee of \$74,290. The results of this study would also be incorporated into capital improvements planning and rates analysis.

There being no questions or further discussion, Commissioner Reynolds made a motion to approve and authorize Quentin L. Hampton to provide engineering services for wastewater and reclaimed water system analysis as outlined in the attached proposal for an amount not-to-exceed \$74,290, and authorize the General Manager/CEO to execute all documents associated with this matter. Commissioner Hall seconded this motion and it passed unanimously on a roll call vote.

REVISED (8-b) Water Line Extension Policy:

Mr. White stated we are making a proposal tonight, based on an existing resolution and non-written policy amendments thereto, that have happened over the past several years. He commented you probably have previously been furnished copies of UC Resolution No. 13-04. We had a written policy that required certain requirements be met when a petitioner requests extension of a water or sewer line to serve their property. Basically that policy was that a) it had to be practical and feasible, b) they had to pay for it, and there was an allowance of 50', essentially free, that the Commission would pay. I don't know the source of the 50' but I suspect it originates back when lots were 50' wide at the front and they thought it was only reasonable that if they paid their capacity fees and connection fees, bought a meter, and agreed to pay the monthly bill, that the utility extend the line from the lot next door, so that it would service them. That's the gist of the past written policy. Some time in the intermediate past, I guess, so that we could increase extensions and thereby our number of customers and probably revenue by making that a little bit easier, what was done is the requirement was changed from that the petitioners, instead of paying for the full cost, would have to pay only half the cost less the 50' requirement and I believe they even made some concessions from time to time on the capacity fees and maybe some other things. As it turns out we're carrying a portfolio of projects that have been done over the past several years that the unpaid 50% has still not been paid up and typically that was to be caught up as the rest of those property owners along the route connected. Some have, some haven't, so essentially we're carrying paper on that at zero interest or some unknown rate of interest.

REVISED (8-b) Water Line Extension Policy (cont.):

Mr. White stated we got into situations where we would be putting in investments in order of tens of thousands of dollars just to pick up a very, very small, one, two, three, four or five customers. No economic sense whatsoever although it did benefit those new customers it was a significant financial burden on the existing ratepayers. So, we're proposing to change that so that those people petitioning for line extensions to serve their properties pay the costs thereof.

Commissioner Reynolds stated it makes imminent sense.

Chairman Para stated he would probably get into it during time for Commissioners. There was a gentleman that approached him, by the name of Andy West, said that he's got some property and I think this is something that would kind of come into play. He needs service down his road, on Paige Street or something, and he said that the U.C. refused to do it because it didn't make economic sense, so this is something that kind of addresses that. He was making me aware also that he had been very helpful to the U.C. in the form of a right-of-way so this doesn't preclude you, Mr. Rodi as the CEO, still visiting individual issues, correct? Or is this a policy unilaterally that stops you from any of those conflicts or digressions.

Mr. Rodi stated from my view it would require me to follow the policy unless I wanted to have an exception with it, because it's in the policy category which is set here by the Commission.

Chairman Para stated all right, that's all the questions I had.

There being no further discussion or questions, Commissioner Hall made a motion to schedule two public hearings regarding water, wastewater, and reclaimed water main extensions policy for March 20, 2006 and April 17, 2006, for preliminary and final hearings respectively, at 6:00 p.m., prior to the regular U.C. meetings on those dates. Commissioner Spangler seconded this motion and the motion passed unanimously on a roll call vote.

(9) Possible Other Business – Time for Commissioners

Commissioner Spangler stated I don't have a thing to say except congratulations to our staff, they've had a busy couple of weeks.

Chairman Para interjected and they have done a good job.

Commissioner Reynolds stated I would like to add the same thing. I think the staff and Mr. Rodi, it's nice to see this professionalism rise up from the top. He stated I do have one thing and I guess it's a public perception. I'm sure all of you saw the editorial a couple of days ago about the words about WAV that were in the paper. It seems to me that from our perspective that backlash could be why aren't we doing something or how

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

are we doing something. Of course the costs were not mentioned in here, as if it's free, and I don't know whether it's worthwhile to perhaps have staff take a look at perhaps writing a letter to the editor on that, just pointing out some of the things that are not political, but just the cost of it to people, so that the customers of all the water utilities around can understand that this undertaking doesn't give them cheaper water. Just a thought.

Mr. Rodi stated thank you and if I could comment, for our capital improvement plan discussion this particular item will be a part of that plan. Obviously, there's a cost involved and we're allocating a line item for some kind of water plant, either owned by WAV or owned by us, but there needs to be, I think, some joint discussion with regard to that issue noting how sensitive it is. In thinking about this, I think you had mentioned to me that you had met Roger Fontes from FMPA and if you look at the way in which that joint agency functions from the electrical side of the house, there's some parallelism being drawn between WAV and how FMPA functions. But for purposes of their All Requirements customers which this would be a similar concept, there is equity ownership in those plants, so there really should be, I think, some focused conversation about all of this because the aspect that I'm trying to address in the internal aspect, the internal allocation of water and what we do and how we conserve, is from a perspective of the worse case. So that if we happen to have a drought, I was asking Mr. Hoover what happened, I think it was 1982, in the period when there was a severe drought and what happened to the water levels in the wells and those kinds of things so that these topics would all naturally lend themselves to a collective view. So if I may defer until then.

Commissioner Spangler stated I'm sure most of us read the emails to Mr. Rodi from Mr. Comfort in Ponce Inlet that sits on the WAV board. I have a question, I don't know who to ask this of, somebody up here. When I read those emails and the replies and the responses to those replies, I couldn't believe what I was reading. I wrote this email that I wanted to send to Mr. Comfort because the man, and he sits on the board of WAV, so for those people who don't know what happened, Mr. Comfort sent an email wanting us to explain our excessive water use and he got his numbers from some kind of a study done by B&A or someone, and they didn't bear, weren't very close to our numbers. So Mr. Rodi sent him back an email and explained exactly what our consumption was and said he could not explain the consultant's figures, Mr. Comfort would have to ask them. So Mr. Comfort came back and said to Mr. Rodi you're absolutely wrong because we have a study that we paid for that we're using for our planning that says you're wrong. I wanted to say we got our numbers from the meter readers and the billings, where on earth did you get yours? I haven't sent that email and if I do send it to him, how many other people can I send it to, as many as I want, certainly everybody on this Commission?

Mr. Rodi commented I think the Internet is a wonderful tool.

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

Commissioner Spangler reiterated here's an individual that sits on the board of directors at WAV and he's using as his information for their decisions, stuff that they just got out of nowhere and then telling us that we can't even read our own meters.

Mr. Rodi stated if I may make another comment because all of us collectively aren't using the same terminology. For example in the way in which the U.C. keeps tracks of things, we keep track based upon account because we know we have one meter and it serves this location, but when we start or someone else tries to draw figures based upon per capita, then there's a translation that occurs. And if there's 1.5 persons per household, however you can manage that, you would have a certain per capita result, if there are 2.0 you have another per capita result. Some of the terminology that's used, between some of the professional terms that are used versus how everyday folks might understand it, so when we start to engage this kind of dialogue there is some room for misunderstanding and I think that in and of itself is something that would need to be cleared up, because I think those emails reflected some of those differences.

Chairman Para stated I think the statement that you had was would there be a statement and I don't know that right now, I think when we get together with folks from the City, because there's also another dynamic to this that needs mentioning and that is our elected officials have entered into this agreement with WAV. We come along sometimes with a unique perspective and we have to marry all that stuff up in a conversation that I presume we're going to have on the 13<sup>th</sup>, and generating that will be probably a summarization of both our opinion and the City Commission's opinion which might address these. Sometimes editorial folks, as you said Commissioner Reynolds, don't have all the facts, as you so well stated, and they kind of go off in different directions.

Chairman Para stated Mr. Hoover has attended these meetings (WAV), I've attended quite a few of them, and I'm comfortable with my position on it and I'll be glad to share that on the 13<sup>th</sup>. I had an opportunity this last week, up in Gainesville, to gather more information on that kind of global perspective on it and some of the new philosophies that are coming out. We're all certainly aware of our water issues but I think we need to be very diligent in those decisions.

Commissioner Reynolds stated what I'm saying is we have customers out there and these customers are reading articles like this and wondering why we're not hopping aboard and if we owe anything it is to our customers. I realize the City Commission, they have to look at it from a different perspective, we provide the numbers to the City Commission, we don't have to get political about it, we can just say here's what it's going to cost for option A, B, and C. I think that our customers, which includes all of us here, should know what it's going to cost and should be able to make a statement that's based on fact. Something that says okay if we do this, this is the cost of this, if we don't do it, this is the cost to me. I think if we are not loyal to our customers, I'm not so sure we're doing the correct thing. That's all I have to say.

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

Chairman Para commented you'll get no argument from me. He then asked Commissioners Diesen and Hall if they had any comments.

Commissioner Diesen and Commissioner Hall passed, they had no further comments.

Chairman Para commented he was now a proud grandfather of an 8 lb. 2 oz. baby girl by the name of Bella Hope Black. He thanked all for allowing him to share this personal side of his life. Many of those in attendance congratulated him on the birth of his granddaughter.

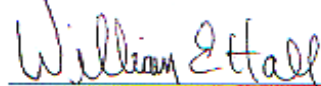
There being no further business to come before the Commission, Commissioner Diesen made a motion to adjourn. Chairman Para closed the meeting at 6:58 p.m.

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their  
March 20, 2006 meeting.