

AGENDA ITEM 2-a

MINUTES OF FINAL PUBLIC HEARING (HELD AT 5:00 P.M.) AND REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD WEDNESDAY, JULY 17, 2006, AT 6:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

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

Chairman Para opened the final public hearing with a roll call and a majority of the Commissioners were present as follows:

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

Others in attendance 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; J. White, Director of Engineering; D. Hoover, Director of Water/Wastewater; B. Mudge, Director of Human Resources; R. Skog, Interim Director of I.T.; E. Mahle, Public Relations Manager; R. Walter, New Business Representative; D. Simmons, Executive Asst./Recording Secretary; and additional U.C. personnel; Bill Preston, Interim U.C. Legal Counsel; Mark Johnson, Reporter for D.B. NEWS JOURNAL; Jerry Shaw, Reporter for THE OBSERVER; Security Guards; and Donna Para, Sally Mackay, Bill Rogers, Tom Dever, Jerry Johnson, Derek Wainscott, Jim Morris, David Hood, Tom Harowski, a court reporter, Craig Dunlap, Dunlap & Associates; Bob Tolley, Rob Hunter, and a few other unidentified men and women, all members of the public.

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

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

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

Chairman Para then asked if there were any comments for or opposed to the addendum to developer agreements for the establishment of developer contributions to infrastructure costs.

Mr. Tom Dever, a resident at 765 Mission Road, addressed the Commission. He stated I have a little project called Smyrna South. I'm not real happy about this agreement and I'll give you a few reasons why. I started my annexation three years ago, I have a 46 lot subdivision at the end of Ingham Road which is where the Utilities Commission is down there, right next to the new High School. It's taken me three years due to many different reasons with the City, Tom Harowski left, this, that, there were a lot of things going on. The County took over the road down there which delayed me about six months getting into this, that was at the end of last year, 2005. When I did this annexation process I had an agreement with the City of New Smyrna Beach and we had terms. I met all those terms, I did exactly what I was suppose to do, and when they finally came and said okay, your last thing is go over to the Utilities Commission. You've got water there and you've got sewer 400' from your project. He stated that's why I had the place, I'm not on the other side of I-95, I'm not creating something new, this has been there.

Mr. Dever stated I'm then told in January, when I signed my development agreement and gave it to you people, the February meeting comes and I'm told, no, we're pulling you off and we're going to see if we can come up with some new structure; don't worry about it, it will be fine. Well, now the meeting is in May, so I've already wasted January, February, March, April, again, and now I'm told I owe another \$177,000. I know some of you people from business, if you were going into a venture or building a house or doing whatever you were doing and you did what you were suppose to do, and they throw this number on you and arbitrarily throw you in, like this giant, like Landmar or whoever. You know these people don't even own their property, I'm a property owner, I did this the way you're suppose to and I feel that I'm being looked at like just another guy, who cares. It does matter to me, it's personal, I've been here 30 years, I did what I was suppose to do and to me for no fault of my own, between the County, the City and now the Utilities Commission, you guys want, basically you're saying give me another \$177,000. Even though you're going to pay for your water, the lines there, and the sewer, it's okay, we just want this money, we decided after the fact, after you've signed the utilities agreement, that we want it.

Mr. Dever stated I just want to go on record, I'm not going to stop, I have to do this, I have no choice, except finding out if I can put my land back in the County and get reimbursed maybe in my \$300,000 I spent to get it in. But other than that, it's a non-feasible project and I know that profit or whatever isn't the main thing here but it's a business and when somebody does this, I've got to speak my mind. I'm not finished, I just want to say I'm going to continue, I'm going to sign your agreement because I have no choice, if I don't, I don't get my permits. He concluded by stating I think it's unfair

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

and I'm still going to continue to fight it as long as I can.

Chairman Para then asked if there was any other participation at this time. There being no further comments, Chairman Para stated he would close the final public hearing and added we'll stand down until 6:00 p.m. The final public hearing closed at 5:08 p.m.

REGULAR UC MEETING:

Chairman Para opened the Regular U.C. Meeting with the Pledge of Allegiance led by Commissioner Spangler and a roll call. A majority of the Commissioners were in attendance and various other attendees as listed above in the Final Public Hearing.

(1) Agenda Changes, Additions and Deletions:

Mr. Rodi stated when it gets to the General Manager's Report, after I make a presentation on the water harvesting, I'd like to add some discussion information on a multi-purpose trail and then talk a little bit about the new infrastructure process.

Chairman Para stated very good.

(2) Approval of Consent Items:

Chairman Para then asked for a motion on the consent agenda items.

Commissioner Reynolds made a motion to approve the consent items, items 2-a. Minutes of Special U.C. Meeting Held 5-31-06, 2-b. Minutes of Regular UC Meeting held 6-19-06, and 2-c. Minutes of Preliminary Public Hearing Held 6-22-06, approved all three as submitted; item 2-d. Bid No. 27-06 – Wire for Central Stores, approved award of PON003565 in the amount of \$60,529.80 to Electric Supply, PON0003566 in the amount of \$51,753 to Tri-State Utility Products, and PON0003567 in the amount of \$11,049 to Gresco/Capstone Utility Supply, the low evaluated bidders; item 2-e. Purchasing and Disposal Overview, information item, adding reference to purchasing policies in employee handbook; item 2-f. WWTP Biosolids Study, approved Black & Veatch to prepare the WWTP Biosolids Study for an amount not-to-exceed \$79,500 and authorize the General Manager/CEO to execute any and all documents associated with this project; item 2-g. Purchase of Milsoft Utility Solutions Software for a total cost of \$26,650 as per the quote attached to the agenda item and authorized the General Manager/CEO to execute any and all documents associated with this purchase; item 2-h. Software License Compliance and Needs, approved award of PON0003570 to Software House International (SHI) in an amount not-to-exceed \$131,640.00, to be paid over three years with an annual payment of \$43,880, for upgrading and bringing the licensing of the U.C.'s Microsoft software into an Enterprise Agreement; item 2-i. Independent

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

Contractor Agreement – Director of IT, approved the Independent Contractor Agreement by and between Robert Skog, dba MIS Solutions, and the Utilities Commission, and authorized the General Manager/CEO to execute on behalf of the Utilities Commission; item 2-j. Developer’s Agreement – Vizcaya at New Smyrna Beach, approved the Developer’s Agreement for Vizcaya at New Smyrna Beach and authorized the General Manager/CEO to execute the agreement contingent upon this developer executing the addendum agreement; and item 2-k. Collection Services for New Smyrna Beach Communications Customer Accounts, approved the collection service agreement with M.A.F. Collection Services and authorized the General Manager/CEO to execute the agreement on behalf of the Utilities Commission. Commissioner Diesen seconded this motion and it passed unanimously on a roll call vote.

(3) Public Participation:

Mr. Jim Morris, Esquire, street address 420 South Nova Road, Daytona Beach, Florida, addressed the Commission. He stated he represents a number of developers that have property on the western side of New Smyrna and I’ve been advised by your counsel that this is the proper place to speak to you about agenda item number seven. If it isn’t I’ll sit down, but if it is I’ll proceed. I do want to speak about that particular item but I want to follow your protocol as well.

Chairman Para stated if Counselor Preston has indicated that’s where to speak.

Mr. Preston indicated that was the Chairman’s call as well, if you want to provide opportunity at the time of discussion of item seven, that’s your call.

Chairman Para decided he would sample the Commissioners, would they rather have Mr. Morris participate at that point or here, he added it’s up to you.

Commissioner Reynolds stated I wouldn’t want to hold up Mr. Morris if he had something else.

Mr. Morris stated no sir, I intend to be here until you finish.

Commissioner Diesen stated I’d like to hear all the discussion around that item at the same time.

Chairman Para stated okay, then we’ll do that.

Mr. Morris stated he would come back up then.

Chairman Para confirmed there was no further public participation at this time.

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

and

(4-b) Budget Summary through May, 2006:

and

(4-c) Commercial Monthly Report for May, 2006:

Mr. Rodi stated I'll open it to questions as far as the General Manager's Report and at the completion of the questions, then I'd ask that we get the preliminary wastewater and Bright Water report, to move to Quentin Hampton, Brad Blais, at that point.

Chairman Para asked if there were any questions or comments regarding the Monthly Summary Report for June, 2006. There being none, Chairman Para moved on to the next item.

(4-d) Presentation of Wastewater and Reclaimed Water System Analysis – Quentin L. Hampton & Associates – Jim White:

Mr. Brad Blais, of Quentin Hampton & Associates, stated this is just a preliminary glance of where we're at and added I'll just pass these handouts around. He distributed a preliminary project list and preliminary budget estimate for the wastewater and reclaimed water systems.

Mr. White formally introduced Mr. Blais and stated he was in the process of conducting the last of the several infrastructure studies, the facilities studies, on our utility systems. If you have been following this process through the last year you might note that we had a facility study for our electrical system, also had one for our water distribution system, and our water treatment production and storage systems. This analysis that Mr. Blais has been working on is on our wastewater and reclaimed water systems and it will, by and large, follow the same focus in that he's doing an analysis of what systems and what facilities we have, what our customer demands are and likely to become, based on known and projected growth numbers, and develop a best snapshot that we can of the facilities that we're going to need to repair, replace, or construct outright for our new customers. Mr. Blais has a preliminary snapshot of some of the components of that at this time that he would like to brief you on.

Mr. Blais addressed the Commission and thanked them for the opportunity of being here. He stated this is a preliminary look, we've been asked to go ahead and put this out here at this point. He stated I would like the opportunity to come back at a later date when staff has gone through the document, made their comments, and we've incorporated those comments. Then we can do a PowerPoint presentation similar to what we've developed in the past for the other two elements. At this point in time, we divided this report into three sub-elements, wastewater collection and transmission which is essentially gravity sewer elements, wastewater lift stations and force mains. Followed by the wastewater treatment and effluent disposal which is primarily your treatment elements at the wastewater plant, what is needed to either maintain the facility and/or expand the capacity of the facility, in addition to your effluent disposal into the Indian

(4-d) Presentation of Wastewater and Reclaimed Water System Analysis – Quentin L. Hampton & Associates – Jim White (cont.):

River Lagoon. The final element is the reclaimed water project list, this is essentially your Bright Water projects, what kind of main trunk lines will be necessary, storage, pumping, to serve new customers of the reclaimed water system.

Mr. Blais stated we'll begin with item 1 of the wastewater collection and transmission projects, currently the item WW-1, or the sewage lift station conversions. You have quite a few, what we like to call, can lift stations out in your system. These are lift stations with essentially a dry pit, a wet pit configuration. They create confined space entry problems for maintenance staff, and they have to go below grade into the stations to work on them. Many of these are 30 years old, some even older. All of these are candidates for complete replacement with new technologies, submersible pumps, and/or wet well Nano type stations. So we've identified a preliminary budget for converting all of these identified lift stations and we're going to be developing implementation schedules similar to the other, i.e., immediate projects which need to be done right away, short term, less than five years, and longer term, greater than five years.

Mr. Blais stated we've also looked at the remaining sewage lift stations and identified certain manholes that need to be relined, certain pumps that need to be replaced, and have come up with a general list of upgrades and repairs, in an approximate amount of \$2.8 million. Your system, i.e., your gravity collection system, is subject to infiltration and inflow. We've done an analysis generally defining how much inflow infiltration occurs in the system, i.e., when you have big rain storms, and extended wet periods. Your plant flows can increase by 30%, 50%, and in some cases, during the major hurricanes, you've seen nearly 100% increases in your plant flow. That's due to a variety of elements, primarily leaking sewers and leaking manholes and wetwells. It's beyond the scope of this report to do a comprehensive assessment, however what needs to happen is you need to get in there and televise all of your vitrified clay pipe, do flow studies on all of the sub-systems to identify that night time flows, daytime flows, and wet weather flows, to see which are most subject to infiltration. Between the flow reports and the televised camera assessments, you'll have a good look at what really needs to be repaired and which of the elements are the culprits for most of your infiltration and inflow. As such we've identified your sewer lining and repair program at a to be determined price, at this point in time its really impossible to assess exactly how much needs to be done. All of the vitrified clay pipes are 30, 40, 50 years old and essentially the design life on a lot of that equipment is 40 to 50 years. So the technology to replace it is generally lining with either polyethylene or fiberglass lining, and it's not a cheap undertaking but is really something that's going to need to be addressed in the near future.

Mr. Blais stated looking at force main replacement projects and lift station upgrades associated with that, WW-5, that list of projects is essentially at \$3.5 million at this point. Additionally, we've identified the need for regional lift stations west of I-95, basically an additional one on the northwest, which would be north of SR 44 and west of I-95, and another regional lift station and force main to be south of SR 44 and west of I-95.

(4-d) Presentation of Wastewater and Reclaimed Water System Analysis – Quentin L. Hampton & Associates – Jim White (cont.):

So at this point in time that's the primary list of projects that we've identified for wastewater collection and transmission.

Mr. Blais stated for wastewater treatment and effluent disposal, currently the first project you've already funded and under construction at this time, your capacity expansion. Also, we're looking at getting rid of the one ton gas cylinders out there which are a significant safety risk. I don't know if you've read or heard it on the news or other elements, but any time you're handling one ton cylinders in areas where you have growth within close proximity to the plant, it can be a bad situation. A lot of your neighbors are converting to liquid bleach. Essentially, it's a much safer product to handle, and it's relatively an inexpensive fix to buy yourselves some cheap insurance.

Mr. Blais stated the additional projects here, upgrade of your outfall facilities, influent structure upgrades, and rehabilitation of a lot of equipment that has design lives of 10 to 15 years. Your plant was built in 1999 so you're coming up on the need to do some R&R type work in the plant and we've got these projects broken out in the report. He stated the "biggie" here is, at some point in time, probably in year 10 to 12 time frame, you're going to be looking at capacity expansion at the wastewater plant. So you need to start thinking in the planning stages of when and how you want to expand the existing process. We recommend putting on a third process train which matches the existing two process trains. You're looking at, currently today's pricing, about a \$5.00 per gallon as the range of cost. I would say that's only going to go up as time increases but it is going to be something that is going to need to be planned for because its over \$17 million worth of expansion.

Mr. Blais stated on reclaimed water projects, project number one, I don't know if its been bid yet but it is planned and designed. That is your additional substandard storage for your capacity increase. Next project is the extension of the reclaimed water main which is essentially a \$1.6 million project going west on SR 44. Then the western storage tank and pump station, which is at this point in time, at preliminary cost estimates of about a \$2 million project. Then additional reclaimed water main extensions on Pioneer Trail and possibly the Williamson corridor and looping projects south of S.R. 44. We've identified minor costs for reuse interconnect projects potentially to share the resource either receiving or otherwise with your neighbors to the north and south. He stated the big project which is somewhat of an unknown at this point is reuse augmentation. It's going to become necessary sooner than later to develop some type of augmentation system so that during the dry periods you have reuse water to offset potable water demands. Reclaimed water is a funny thing, when it rains you don't know what to do with all of the water you have at the plant but when it's dry you run out. So the peaking factors that affect your reclaimed water system are twice to three times the peaking factors that affect your potable water system. Currently your reclaimed demand annual average is less than three million gallons per day, however, during your peak demand times it can be up over six. So you do have a need at this point in time to begin design

(4-d) Presentation of Wastewater and Reclaimed Water System Analysis – Quentin L. Hampton & Associates – Jim White (cont.):

and implementation of some type of a reuse augmentation program. We've identified some options, horizontal wells, and possibly large reservoir storage with recovery from the storage. Because when you're talking storage, you're really talking 100's of millions of gallons, not two or three millions of gallons, which really is the limit of what you're going to do with tanks. So you're looking at a different type of a mechanism for that type of a project.

Mr. Blais then added he's here to answer some questions but the project is in a draft at this point. We estimate delivery of the draft probably this week, and pending receipt of comments, getting the final report delivered in September.

Mr. Rodi stated we had asked Mr. Blais to come here to give us some idea, and these are all very preliminary, and the reason for that is noting the discussions we've been having with the public hearings about the addendum to the developers agreements, and trying to provide more finite numbers with regard to what these overall ERU's are going to cost in each of the areas. Mr. Blais was reluctant to come but you needed to hear at least on a very high level, these are the issues that he's looking at so as we can refine these and define the numbers for these components of this last study. That was the purpose of why he came tonight and I promised him I would make that statement.

Chairman Para thanked Mr. Blais for his presentation and added the factors you pointed out certainly are weighty. The issue of getting infiltration into our system is basically wearing out the system because we have to deal with more effluent. I like the idea of larger ponds to store our water surplus so that we're not pulling down, and I like kind of having it in the bank.

Mr. Blais then stated he looks forward to coming back in September and delivering the final product.

(4-e) Water Harvesting Concept – Roberto Rodi:

Mr. Rodi stated this is an ongoing dialogue with regard to water supply for New Smyrna Beach, how some of the relationships of one area affect another, and added this will make a little more sense. What has prompted the presentation tonight, and this is a preliminary draft I'm using for discussion purposes, but as you can see, this correspondence was scanned, and in May of this year, I along with other entity providers, received this letter from the St. John's Water Management District. This is just to show you that the document existed and some of the items, which I'll go through rather quickly, are very important. Item number one, the water supply development project options identified for your water supply entity must be considered. Now if you look at this one it says Intracoastal Waterway at New Smyrna Beach and this is a project that was identified a few years ago that is basically a RO salinization plant, that's what it amounts to. If you look at item two, a response is required from your water supply entity and its talking

(4-e) Water Harvesting Concept – Roberto Rodi (cont.):

about within a year of the date of this notification, so by May of next year, we are required to provide a response on what we're going to do with regard to alternate water supply. What are we going to do with this one that's listed and if we're going to move forward with it, then we have annual reports, and then, other water supply development projects. Simply stated, if we don't pick that one, what are we going to do for an alternate water supply. Then the last item here, if the project forwarded is included with the District Water Supply Plan, there may or may not be funding for it, just saying that they'll put it in there.

Mr. Rodi stated he would move on, and stated this is from page 104 of the St. Johns 2005 Water Supply Plan. In looking at the projects that are here, you can see they have the brackish ground water and sea water supplies, and it starts to identify the different projects and what their costs are for each particular one. I'm looking here for the sea water, the Intracoastal Waterway at New Smyrna Beach Project, you can see this is a 15 MGD capacity, construction costs and total capital costs, and then over here the unit production costs per \$1,000's. In looking at this, this is a very expensive project. And there are a lot of ramifications with it, and we have not studied what this means, so our first reaction was what is this. This was supposed to be at the Swoope site and that's what leads me to talk about this a little bit.

Mr. Rodi stated the next slide you've seen previously and this shows the number of hurricanes over the last 100 years within this radius around New Smyrna Beach. These were the hurricanes and their dates and what category they were. The only reason why it becomes meaningful, and you've seen this slide previously, and it's posted on the wall in the administrative offices, this is the area where Swoope is. He stated this is an old flood zone map, and added they're currently being updated as being understating in the effects of storm surge for hurricanes. But you can see clearly, under category one, the Swoope site goes under water. I'm presenting it here because if you think about putting your water supply, especially this type of water supply that would be critical in nature, you're exposing it to any type of a really lower level hurricane to be impacted unless you design for it.

Mr. Rodi stated this next part of the presentation starts to become complicated in its explanation so I'll try to be clear. You've seen this chart previously and it just shows the historical data. In 2005, if we take the average daily flow or the total amount and divide it by the number of accounts, you get about 200 gallons per account, and this will become important later on. He stated this notation over here (on bottom of the slide) basically says that this number, this 1273 is 80% of your total production. So what I'm trying to convey there is if you have a certain amount of water that's produced, you have to end up treating about 80% of it. As new subdivisions come on line, they will have wastewater systems. Many of these previous line water extensions, a lot of the folks still had septic systems, so the percentage of return treated water may go up but I think it works for purposes of our discussion to start to look at a forecast here. This note says that when water production reaches the 6.6 million gallons a day on average for three consecutive

(4-e) Water Harvesting Concept – Roberto Rodi (cont.):

months, additional wastewater plant capacity is indicated and we must act on it. What this essentially means is we're upgrading our plant to a 7 MGD, it hits 75%, and this is the 80% of the 75%, and the trigger on it, just looking at water supply, is this 6.6 MGD. If you just look at the water supply of the plant itself, the 75% level triggers additional water plant capacity. So what we see is a range here, it starts at 6.6 to 7.6, starts to trigger another water plant and a wastewater plant, and that's the only message I'm trying to convey.

Mr. Rodi stated so what's really happening out there, here are the numbers for 2005 and 2006, and you have this in your General Manager's report. This year we're seeing that the number of homes is only 33% of what it was at the same time for last year, condos is up much higher, and the total amount is only 50% of what it had been. Now if I back up and you look at these numbers as far as the change of accounts, you can see here plus 3, plus 5, plus 2, a minus 5 and a plus 8. The number of new accounts being added seems to be very much in the positive range and what I'm trying to forecast then is what happens as far as build out rate with 16,000 potential new homes already approved and that at the 200 gallons per account translates into another 3.2 million gallons of demand on the water system, that's if you use 2005 performance or 3.5 million using 2004. If we look at the Bright Water, you heard Brad Blais just refer to that, we're going to be short on Bright Water of some 2 MGD, then it puts us in a position of having to make up for that 2 MGD. What seems to be interesting here is that this time period, depending upon build out rates, will hit these CUP allowance numbers in this time frame. If they don't build out then, you can see we're flat everywhere after 2011 through 2024, as it was listed in the WAV Water Master Plan. This table was taken from that plan and it shows in 2025 that New Smyrna Beach demand is going to be the 7.63 and our CUP is this, so we have a little bit of a cushion. If you look at Edgewater, they're behind. If you look at Port Orange, they're just slightly behind. And then the County, there's a tremendous deficit.

Mr. Rodi stated the next slide is another indicator, it came from the WAV Master Plan, showing the well locations. Another change that has occurred is this priority water resource caution area, we've been told, has been rescinded. So that has an impact and we're not quite sure what that means. He then said he would like to point to the aquifer for those who are not that familiar with it. You can see we end up with this shallow well and the surficial aquifer. These are the kinds of things we're talking about in this area, putting in like horizontal pipes with holes in them to pull off water when there's plenty there. Then there's different depths of wells and then, of course, the springs. That's how our system works as far as the recharge goes. The next particular map shows there is a dividing line for the Volusia Groundwater Divide. It seems as if this has been recognized from a standpoint of providing water for the eastern side versus the western side and they are separate from each other.

Mr. Rodi stated the next slide, and the importance of this, it's the land that the U.C. owns and this chart over here, the color codes came from one of Brad's previous reports, it shows the recharge rates. This color code is indicating that we're not in a heavy recharge

(4-e) Water Harvesting Concept – Roberto Rodi (cont.):

zone compared to some of these other areas as far as how the moisture gets down through the land back into the aquifer. The next slide is intended to show the property and the wetlands area. What's remarkable about this is that the use of this land for purposes of water harvesting seems as though it will be good but its also very limited. When we get into the dry season, if you've been out there now looking at some of the harvesting we're doing with trees, its super dry. So that raises a question about where we will get, not only our potable water source, but also our Bright Water/Reuse source.

Mr. Rodi stated this leads him to another part of the discussion and commented the misery will end soon. This is from St. Johns and their plan, and I'm just making a comment here, it talks about upward leakage. In a previous meeting you authorized me to engage Tom Missimer who's a recognized, International expert, and I think what's happening about water in Florida is that we're learning more and more about how it really works. There's some discussion now that this upward leakage may not occur, and that is with regard to salt migration up through the layers from one part of the aquifer to another, and that becomes important in what I'm about to say. This is a cross sectional view and you can see the surficial aquifer, then this confining unit and the upper Floridan, which is where we get our water from. Then this middle confining unit and then you see this lower Floridan aquifer. The possibility for us to pull water from this area right here, in the upper most part of the lower Floridan, seems as though it could be possible. A lot of the concentrations that previously had been conveyed was that there may be like 5,000 milligrams per liter of chlorides there. Well, what we're being told is there may be 400 or 500, and drinking water standard is right around 250. So all of a sudden we may have, with a deeper well going down to the 1,200' to 1,400' level, the ability to have water so that we could use surficial wells to pull the water off when there's a lot there, and store it in some fashion, in maybe a very, very large pond using the U.C.'s highland. Because you would think you could just dig out the lowlands but you can't, you have to preserve the wetlands.

Mr. Rodi continued by stating so we would have a source of water even with some type of minor treatment but in order to work our way through this, and this next slide is just another cross section from north to south of that same area. What we're envisioning is on that property to be able to put in a well, to pull the water out, either use it directly for reuse or put a couple of RO systems in there to end up with potable water. Now there's a problem even with the potable water developed in that fashion. Everyone would think distilled, pure water is really pure, but the unfortunate of this is water seems to have a characteristic to it where it has a memory for the kind of chemicals that it will attract. Like some of the calciums and magnesiums, so if you remove that from the water and you drink it, what I'm told happens to you is it removes that from your body so it starts to remove your calcium or if you have piping systems that can contribute these minerals back into the water, it will thin those out too; so you really need mixing areas.

Mr. Rodi stated but you can see, the basic message that I'm trying to convey is I think there's some opportunity for us to use the land for a very important purpose. I've been

(4-e) Water Harvesting Concept – Roberto Rodi (cont.):

articulating this for months, different parts of it, in a way to get public judgment on this. A lot of the assumptions are being challenged and some different answers are coming forward, it's got a lot of risk with it, but there aren't many alternatives and it seems as though we have a very important resource that can help to secure New Smyrna Beach's future from a standpoint of water supply in all of its different forms. So my purpose tonight is to make you aware and secondly, we would like to continue to look at some alternatives, to be more finite now and engage Mr. Missimer more in starting to prove out some of these ideas, to see how workable they are. He stated so that's what this part of the presentation was about. Mr. Rodi then offered to answer any questions.

Commissioner Reynolds stated it seems to me if we're, as you say, we have to look at this land as a different sort of value as opposed to the old traditional ways of land here in Florida, and since the County is looking to run Williamson Road through this property, it would seem to me that we need to talk to the City Commissioners and give them this conceptual overview and the fact that we may want to resist an urge to let Williamson Road run directly through this property. At least until we've found whether our assumptions on how we may harvest water will take place or will be proven to be a possibility or not.

Mr. Rodi stated yes, I think that's probably very good advice. We don't know exactly, and I don't hold any position about whether it should or it shouldn't, but noting that there is only so much land available to use as far as the high ground out there. For example, part of that land, we're talking to FPL to put in a 230 KV substation, it's essentially going to take more property than even the old Duke Power Plant site. If we move along and have a private partner to build, even if we have a renewable fueled power plant that also helps to process this water that we would extract from that lower Floridan aquifer, then we need even more space. So depending upon the lay of the land, we have five new wells that are going on along that corridor out there now, and these are part of our CUP allowance. We probably need to have more definitive information so that we can say yes it can go over here, it can shift a little bit to the left, you know to the west, and there have been some of these discussions I guess in the past. But we really don't have answers at this stage so the only thing we can do is just as I'm doing now, make people aware of it, I'm sure I'll get some comments, and then take the next steps but we have to start to prove this out if we're going to move forward with it.

Commissioner Diesen asked what's the category of this property now? It was at one time listed as excess, I hope we've removed that.

Mr. Rodi stated it was removed from the surplus list when I first came here because one of the questions I had, and it was an intuitive thing based upon understanding what impacts all of the new housing units would have and what role does this property play. Should there be a power plant out there, should there be water plants, and what could it do; so this has been an evolutionary process.

(4-e) Water Harvesting Concept – Roberto Rodi (cont.):

Commissioner Diesen stated so its been removed from that.

Mr. Rodi stated it has been for over a year.

Commissioner Diesen stated good, okay, because there's some question out there about that.

Chairman Para stated I think that came from staff and it was vigorously opposed by this Commission, and now other Commissioners in the past, that be placed on that category. I'm very much in approval of researching further concepts and echo what Commissioner Reynolds said, although I think I'd like us to stay away from engaging on a more official capacity until we can gain a better understanding from fact finding and further research on Mr. Rodi's part. I think it's too early in the game to really determine exactly how it's going to shape up. I think what you're saying to us is that its crucial to the long term public trust and that's what we have to be concerned with.

Mr. Rodi interjected yes, that's right.

Chairman Para stated as one Commissioner, I'm very much interested in that line of thinking, that it is a long term public trust that needs to be held until we sort out exactly the semantics of it.

Commissioner Diesen asked Mr. Rodi if he needed their authority to move forward with this.

Mr. Rodi stated the only authority I would need is I'm at this point limited to the \$25,000.00 based upon my own authority to move forward with the contract. As we start to get to that level, we haven't spent very much money, I think we've met a couple of times with Dr. Missimer and confirmed that with Mr. Hoover. He stated when we get to that point, I can come back and ask for that, I'm not asking for that at this point.

Chairman Para then asked for any further comments or discussion. He then thanked Mr. Rodi for his presentation and indicated to move on to the next item.

Mr. Rodi stated the reason the next item is here, I guess Randy Walter received from Mark Rakowski this proposal, a few days ago, and I thought it was worth bringing forward. Mr. Rodi showed another slide, a map, and stated this yellow line represents an area that as a project to take the U.C.'s 115 KV transmission line corridor and convert it into a multi-use trail. One part would be for pedestrians and one part I guess would be for horses. This is I think a spin off of maybe "Rails to Trails" and as you know this is an old railroad bed and it continues on across I-95. So the concept here is what can be done with this. I do know this idea had been presented to the U.C. Commission previously and some of the questions centered mostly about liability. Right now what happens along this area, it's just a dirt path that line trucks go up and down to

(4-e) Water Harvesting Concept – Roberto Rodi (cont.):

patrol that, but there are people who discard stolen cars and they burn them up, and refrigerators, and the gates that we have are more to keep folks out of there from throwing their trash in there than for any other reason. He confirmed that statement with Mr. Mitchum.

Mr. Rodi stated part of the going forward idea, and this next slide is just a cross sectional view which really looks nice, and I think there's some merit to this idea so that's why I'm pushing it forward because it would be a nice attraction. If you think of this going forward 10 or 15 years, if our trucks run up and down even on this part of the trail here or if its even stabilized, I don't know what effect that's going to have. Part of our thinking is we may have to bring water and reuse lines down that area too. So after its been established there's sort of a sense of dominion, and we can talk about the liability aspects and all that, but after a certain amount of time and everyone likes it, when we say we have to tear it all up and make a mess out of it so we can put in another 20' line or whatever it might be, then there's going to be an issue. So it gets down to a use standpoint but I do think that there's merit to this idea. So there's nothing to decide, my first approach is to bring it forward again to your attention so you have time to think about it. There's no reason to act on this at this point. Part of the funding for this project has to be an application from the owners of the land which happen to be the U.C. so we have some other things I think to work through but there's been a whole study done a couple of years ago and its coming forward again. He stated I think there's probably money available that's why its coming forward again.

Commissioner Reynolds asked what's the total width of that right-of-way?

Mr. Rodi stated all together it's 100' in most places, in other areas it tapers down to 60', so there's still some room on the sides of it but all of the U.C.'s traffic obviously would be in this area. Of course, as you run up and down in the same areas where there are pedestrians and others, especially during emergencies or other times. And they're talking about putting fences and some property owners would like to have access, others don't, but they want to make sure if they have a right of access that it be maintained as a right of access. There's a lot of little odds and ends to deal with this.

Commissioner Diesen then asked if there was water on either side of this?

Mr. Rodi stated water, what kind of water, in pipes?

Commissioner Diesen stated I'm thinking we had a problem before with an area.

Mr. Rodi stated well, what happens is some of these areas flood, and in some of the areas, depending upon what's happened on the other property owners sides, can cause damming. So I would imagine there would be some problem areas to work through.

Commissioner Diesen stated right now, you say that people are trespassing on it.

(4-e) Water Harvesting Concept – Roberto Rodi (cont.):

Mr. Rodi stated they do, Mr. Mitchum's crews put up posts and they put chains around them and tear them out.

Chairman Para stated we're going to be potentially interfacing with an entity, is that a state level entity, the "Rails to Trails" group, is this a professional group, or is this something that you're advocating or just saying posture ourselves for an approaching group.

Mr. Rodi stated I think there are a number of entities involved in this. If you look at the study and I can pass that around or have a copy made, where funding comes from a dozen different groups, and so there's a number of groups involved in this. I'm not here saying yea or nay for it, I'm here trying to convey information.

Commissioner Diesen commented I think we've seen it before, Mr. Harowski right, when I was on Planning and Zoning I remember it came up.

Chairman Para stated I like the idea and I would be very receptive to hearing more about it and it would be interesting who ends up taking the lead because there has to be somebody that organizes it and administrates it.

Commissioner Diesen asked where does it go to and from, right now is there a trail to this point, to our property?

Mr. Rodi stated no, I think this is the first phase here and they're talking about, I think this is Sugar Mill here, they're talking about doing this section, coming to this point which I don't know if this is Wallace. You can see there's some bus stops and discussion about different areas for people to be able to rest and what have you. He stated that's all I can say, I'm no expert at this.

Chairman Para stated its good information.

Commissioner Diesen stated we've seen it before and in concept it's a great idea.

Mr. Rodi concluded this item by stating so this is just the preliminary. He then stated the third item, as Commissioner Diesen had stated she wanted all the comments to occur with regard to the addendum, I'll just wait until that time if that's acceptable. He stated it's talking about more of the process about how to do projects as opposed to any policy aspects of it.

Chairman Para stated okay and with that we'll go to the next item, the Counsel's Report.

(5) Commission Counsel's Report:

Mr. Preston stated I have no report.

(6) Committee Meeting Reports:

Chairman Para stated for committee report there really is none, but Commissioner Reynolds will be up later on the agenda on the good hard work you've been doing.

Commissioner Reynolds stated no this was the staff.

Chairman Para interjected I realize that but I'm taking a second to thank you for your efforts on our behalf.

(7) Old Business

(7-a) Addendum to Developer Agreements for Establishment of Developer Contributions to Infrastructure Costs – Proposed Resolution No. 11-06 – Jim White:

Chairman Para stated I guess what we'll do is have staff's presentation and then we'll open the floor up for public participation at that point regarding that subject.

Mr. White addressed the Commission and stated I really haven't prepared a separate or another presentation on this subject in anticipation of mostly comments and questions and that sort of interaction here. The basic function of this entire exercise has been to develop the best picture we could of the facility needs that we have that are needed because of growth and around the community from new developments. To devise a system by which those costs could be somewhat equitably allocated to those elements participating in the development, in the growth. To some degree, to the degree possible, to insulate the long term rate base from those investment impacts that this growth will bring with it. In developing that, I assisted Mr. Rodi and Mr. Montalvo and Directors of Water/Wastewater and the Electrical Power Systems. We developed what we have in the system that we have proposed, basically it allocates those costs directly to those projects that we are aware of or that are projected, to sites that are projected to develop, and tried to do so as equitably as we could. In doing so we split the allocation across projects based on the long standing equivalent residential unit concept, the origin of which is the land use planning for all those sites, which is the level of development that those sites could essentially see. We allocated the project costs in half directly to all equivalent residential units projected to be built. The other half was allocated to those same units based upon the relative remoteness or nearness to the major utility infrastructure elements that are currently in place. In other words, that was to allow some consideration to the location of the property and more remote projects would reasonably and equitably cost a bit more to develop than closer in projects. He stated that kind of summarizes the system that we developed and with that he would like to pass the baton over to those that want to speak, pro, con or question.

Chairman Para stated I'll ask you if you could, in anticipation of possibly some conversations, rather than you "jack in the box" popping back up, where are the rubbing points that seem, or that jump out at you. Do you anticipate any or are we just going to hear it all from them.

(7-a) Addendum to Developer Agreements for Establishment of Developer Contributions to Infrastructure Costs – Proposed Resolution No. 11-06 – Jim White (cont.):

Mr. White stated there are concerns related to how efficiently and effectively the Utilities Commission as a public agency can install or construct those improvements relative to the comparable costs, speed and efficiency by which the private sector could do that, and we recognize that those differentials exist to some degree. To a significant degree, the law influences how we can work with them. There's the concept of fairness, versus the concept of equity, which we've tried to follow. The concept of fairness, as most people think of it, is a perfect situation and if something is said to be fair then it is perfect, everyone having equal standing before the law, before the court, before God if you don't mind. Whereas in the development world it's a little more rough and tumble and things are often not fair on many levels and we've recognized that we probably cannot create the ultimate in fairness so we've not steered toward that concept but toward equity. With the hope that the end result being a concept by which all needs presented could be met, that is the developers, the builders proceed, the community grows, the existing rate base is protected to the degree possible and equitably from the impacts of those investment costs. We think we've, by and large and within reasonable bounds, achieved that. He stated I'd guess that some of these folks have probably thought of some things I haven't mentioned.

Chairman Para stated right but its good to get your interpretation so we kind of know what point we're starting from. He then asked if the Commissioners had any questions of Mr. White before he sits down.

Commissioner Spangler stated no, but I'd like to say to Mr. White that was well said. I particularly liked "insulate long term rate base from infrastructure costs".

Chairman Para then asked who would like to go first.

Mr. James Morris, street address 420 S. Nova Road, Daytona Beach, Florida, addressed the Commission. I represent a number of developers that have property on the western side of New Smyrna. He stated the concept of the addendum, fairness or equity I don't intend to challenge, but rather instead I would like to speak to you about conversations that Mr. Rodi and I have had regarding the ability to do design, build alternatives to meet the needs. Because as I understand the objectives outlined by Mr. White, as I've understood them prior to this evening, the object of the exercise is to provide facilities that the City needs at the cost of the people that will derive benefit from those facilities. And in further, the City's objective isn't to derive a profit or windfall from that but rather to get what you need as identified by your system analysis. I work with developers in a lot of areas and its frequent that the cities say, okay, you're going to have a certain type of development out here, we need this size of line and we need various things that our infrastructure, or will be our infrastructure, to be extended by you at your expense. The

(7-a) Addendum to Developer Agreements for Establishment of Developer Contributions to Infrastructure Costs – Proposed Resolution No. 11-06 – Jim White (cont.):

way that is ordinarily done is that the project or developer's engineers will design the system, the city will have review engineers that review the system, ultimately the plans are agreed upon between the city's engineers and the project's engineers as to yes, this is the design that meets the City's standards and then the objective of construction is placed upon the developer. The City's control is that it has inspectors paid for by the developers that continually inspect the work and ensure the work is in fact done in the form of the design that was agreed upon by the parties. Ultimately when the work is finished, the work is inspected and completed and if consistent with city's standards and the approved plans, accepted by the city as a part of the city system.

Mr. Morris stated that methodology does all of the things that the city has said, and Mr. White just outlined in his speech to you, regarding what your needs are and what it also does is avoid what you refer to as the rubbing points, Chairman, in regard to timing and costs. Because private developers, for whatever reason, have a better ability to bargain for cost of work, better than the city. It may be that part of that is the public bidding process. They also have the opportunity, if it's their money, to control the rate of construction and delivery of what's needed. From a city perspective I would look at it and say, okay, what are my risks if I let this happen. I think your risks are costs to do the work and then also perhaps employees to manage the work while it occurs. If you do the work though in the form where I suggest, wherein you would have consulting engineers. Quentin Hampton is well recognized in this community as a consultant to cities that reviews designs, and then inspects designs, and they have a full crew of people to do that work. You actually have a contract basis so you don't have city employees, and if the cost of that work is paid by the developers by paying it to the City and the City in turn pays those consultants, they are your consultants, therefore you have control over that methodology.

Mr. Morris stated Mr. Rodi and I have had these conversations and I think the fair summary of his response to me has been the agreement permits that but that the city has not had a lot of experience with that methodology. So my purpose in standing up before you this evening is to ask for confirmation from Mr. Rodi that in fact the agreement as submitted does permit that, and when the opportunity comes then I probably will be back with you for presentation regarding a design, build proposal. As you know from various meetings I've attended and spoken at, I've said to you consistently that my clients are not opposed to paying their fair share. In our mind fairness and equity are roughly, approximately the same thing, so I'm not going to differentiate between one or the other. I think that you pay your share, whatever that share is, it is what you pay, and you can call it what you want to, we have no resistance to that concept. But probably we would want to have the ability to say to you in an exercise, we want to be able to go ahead and do the design, build and facilitate the work so that we know the timing. I likewise, however, don't object in some other situations that I can imagine where Mr. Rodi has said look, here's a cost, you pay this cost today, you fix your costs, and now if costs increase in the future, the risk of that lies with the city because you've said here's my cost

(7-a) Addendum to Developer Agreements for Establishment of Developer Contributions to Infrastructure Costs – Proposed Resolution No. 11-06 – Jim White (cont.):

in terms of ERU's and so on, I'll pay it. So you know that concept has value as well and I guess the last thing I would say in regards to what Mr. White referred to as the 50/50 approach regarding distance and demand. Distance and demand, certainly distance is a function of it, it will take you more money to lay three miles of pipe than it will one, but you may have five individuals served by that three miles of pipe as it goes, so from an equitable standpoint or fairness standpoint everyone should participate in that. As it happens the way that the properties on the west side are clustered, there's the opportunity for people to share those expenses, provide the facilities that the city needs. The city doesn't have the exposure they would have if you hired your own contractors, you don't have the time delays, there's a lot of benefits in it being done. I couldn't say to you tonight that there is one or the other situation that will perfectly fit what I'm outlining to you. I just wanted to be sure that the board agrees that the agreement as written permits that option to be exercised so that someone coming to you subsequently, and it very well may be me with engineers, have the opportunity to present that concept to you and that you are not forbidden by the agreement that you're endorsing from moving forward with that approach.

Chairman Para stated I think what you're saying is that you want to make sure, and I think Mr. Rodi is, through you and through this conversation, is to make sure he's got it right from us giving him the authority to do that. So it's a specifically design, build concept to this issue, correct?

Mr. Morris stated yes sir and I think from the conversation that Mr. Rodi and I have had, the text doesn't have to be amended to permit it. That the text presently permits it but its not a concept that had been discussed much.

Chairman Para stated well I think for clarity we'll just start with Commissioner Spangler and run down, and either yes we endorse it, no we don't endorse it, or there's more questions.

Mr. Rodi stated if I may, I want to confirm what Counselor Morris is saying that we've had these conversations and I do see it as an option for executing the installation of infrastructure.

Chairman Para stated yes, it makes sense.

Mr. Rodi stated part of what we've talked about, there are times when we're limited as a public institution for acquiring certain kinds of bids in order to make sure that we're being competitive in getting the facilities installed according to Florida law. There's also a recognition that as a public entity that many times you see bids come in that are high compared to what the private sector can do and you often, especially in a very tight market where there's a lot of demand for a certain kind of skill, see that there are premium costs. An example of that is what the costs were on Tenth Street, that project

(7-a) Addendum to Developer Agreements for Establishment of Developer Contributions to Infrastructure Costs – Proposed Resolution No. 11-06 – Jim White (cont.):

had it gone on without any modification, would have cost us \$750,000.00. As it was it cost us \$500,000.00 and we had no benefit out of that work; what I'm talking about is any added value. What I would like to address here though is that these numbers that Quentin Hampton have put together are meant for budget estimate purposes, they aren't locked down solid. So, for example, if we have a project that's listed at \$3 million and the private sector can do it for \$2 million, the cost of that project is \$2 million, it's not \$3 million. So likewise if we go out and we bid it and it comes in at \$3 million or \$3.5 million, the cost of that project is what it is then. So I wanted to express that many times by using the leverage of individuals that are already involved in executing this work to U.C. standards, there could be a win win for all of us and that's what I wanted to support.

Mr. Morris thanked Mr. Rodi for his comments.

Commissioner Spangler stated we've established, I guess, that this concept is legal and I don't know whether there is a precedent for this or not, but I think probably the Commission needs to endorse this method and allow Mr. Rodi to pursue this path, am I correct?

Mr. Preston stated he would like to comment. I don't know if we have determined this to be legal yet. It is an interesting concept, it is one that is complex in nature because you're not just dealing with running from the Utilities Commission to one developer, you're talking of others that are going to participate in some way. So I had a moment to think about this and I think on the one hand it's Christmas, on the other hand, however, the relationship between developer and the Utilities Commission and the development in relation to other developments along the same corridor, would have to be considered as to how we structure such an agreement whereby a developer would in fact pay for the infrastructure improvement that is in fact going to be benefiting other developments as well and how they participate. My answer though to the question that Mr. Morris raises is that this developer agreement does not deal with the implementation or development of the actual infrastructure, it deals with the funding of the infrastructure, so I can support the fact that this developer agreement addendum does not impair his clients' ability to negotiate with us in the actual implementation of it.

Mr. Morris stated if I might say so, impairment or the lack of impairment is all that I'm seeking and that the concept in its fine detail, it could be evaluated by Mr. Preston in the light of reasonable opportunity to evaluate it, would come before you. There are other cities that have ordinances that deal with infrastructure extension and cost sharing for people that tie into those, but it can also be done with separate agreements because I think in the instance of New Smyrna you're going to see large scale projects that the primary players are already known. But the lack of impairment is all that I seek this evening so that I can come to you another day, or someone else can come to you another day, and all the other issues. Mr. Preston fairly mentions some, and I'm sure there are many more, that you'll have the opportunity, and he'll have the opportunity to advise you in that light.

(7-a) Addendum to Developer Agreements for Establishment of Developer Contributions to Infrastructure Costs – Proposed Resolution No. 11-06 – Jim White (cont.):

Commissioner Spangler stated so you're saying that you don't want the Commission to fight you while you deal with Mr. Rodi and come up with an equitable way to put this infrastructure in, is that what you're saying.

Mr. Morris stated well, I wanted it to be clear that option is available and the Commission has that option, and that's really the purpose in my appearance here this evening. In terms of what the actual transaction would be, none of us could say this evening and as Mr. Preston said, it could be Christmas or it could be something that creates problems, and we'd try to bring Christmas.

Commissioner Spangler stated personally I wouldn't want to stand in the way of that process, it sounds like what we need to be doing. I don't know what our alternatives would be other than maybe for the U.C. to hire a couple hundred people and go out and do it and charge you for that. I don't think that's where we want to go. I think the concept is very sound and personally I would be willing to support that.

Commissioner Reynolds stated Counselor Preston eloquently stated what was going through my mind which was a vision of pipes going out to a specific development and we say this needs to be a 20" pipe, and the development says 10" is really all I need out here. Suddenly, we've got two or three other developments going on and the complexity of that in practice is really tough and it may be one of those deals where we have to do a should cost bid to see whether what it takes could be equitably distributed among developers who may be simultaneously trying to develop various lands in the general area. So I think that the concept is good, I agree with the statements made. I think that the implementation of this on a case by case basis is going to keep Mr. Rodi quite busy and his staff, but I appreciate you coming up and I think that it's a good plan.

Commissioner Diesen stated I think you're looking for flexibility and you don't want to be precluded from doing something that seems reasonable so, do we need a motion on this?

Mr. Preston stated I would make no motion at this point, just for discussion purposes. I think the clarification as to the relationship between the actual developer agreement addendum and the desires presented, just the clarification that they were not precluded by this addendum.

Commissioner Diesen stated then I would support that.

Commissioner Spangler stated we know that this is what is going to go on and we don't have any problem with it, without a motion.

Chairman Para stated yes, I think that's what we're sort of doing, checking our pulse tonight, making sure that members of staff, our CEO, are aligned with where our thinking

(7-a) Addendum to Developer Agreements for Establishment of Developer Contributions to Infrastructure Costs – Proposed Resolution No. 11-06 – Jim White (cont.):

was and you're saying hey, give us that interpretation, have it be a part of the record so that you can go back on it some day and say yes, ya'll were very affirmative in that. I think you're right that there's going to be some brinkmanship down the road and we'll walk through that at that point. But I would agree with my colleagues, that I think the flexibility and the nature of this whole process lends itself well to this kind of an agreement.

Mr. Morris stated thank you, and that's all that I seek this evening, is the opportunity in the future. He concluded by stating I appreciate you time.

Chairman Para then asked if there was anyone else who would like to discuss this issue. He stated seeing none, he would close the public side of that participation and look for a motion.

Commissioner Diesen made a motion to approve the resolution authorizing the addendum to developer agreements for the establishment of developer contributions to infrastructure costs of the Utilities Commission. Commissioner Spangler seconded this motion and it passed unanimously on a roll call vote. Upon passage, this resolution was numbered 11-06 and became effective immediately.

(8) New Business:

(8-a) U.C. Health Care Provider Selection – Fiscal Year 2007 – Waters Risk Management – Barbara Mudge:

Mrs. Mudge stated Mr. Waters is on his way, should be here within ten to fifteen minutes.

Chairman Para asked Mrs. Mudge if she would mind starting this item and asked if there were any objections to that.

Mrs. Mudge addressed the Commission and stated we are waiting on Mr. Waters who represents Waters Risk Management. In his absence, I will go ahead and start the procedure that we went by this year. We had three teams, the first team was the client team. In your notes you have read this most assuredly, that team was of all the employees and what their qualifications for their health care provider for this year would be. We took that, we gave that to the steering team and Mr. Waters. The steering team also was made up, not of employees, but of myself and others, a representative from the IBEW Local, Business Manager, and Mr. Joe Eastman, the Director of Human Resources at the hospital. That committee took three qualified people from Waters Risk Management that met the qualifications of the client team and those three were Aetna, Florida Health Care, and United Health Care. The steering team broke that down to just the two, United Health Care and Florida Health Care. Aetna was very level with United

(8-a) U.C. Health Care Provider Selection – Fiscal Year 2007 – Waters Risk Management – Barbara Mudge (cont.):

Health Care but being United Health Care was the incumbent and they were equal, we took United Health Care and Florida Health Care to the sponsor team. Mr. Rodi, our CEO, General Manager served, Mr. Waters led the sponsor team, and Mr. Steve Harrell, from Bert Fish Medical Hospital, the Chief Operating Officer there, also served on the sponsor team; so there were three on the sponsor team. The sponsor team has come forth to you with their vote and I will not present that to you, I would rather have the sponsor team do that and with Mr. Waters not being present, I would ask Mr. Rodi what he would like to do from here.

Chairman Para asked do you want to table this.

Mr. Rodi stated yes, until Mr. Waters gets here because I think it would do a disservice to continue on at this point.

Chairman Para stated then without objections we'll go to Other Business and Possible Time for Commissioners.

(9) Possible Other Business – Time for Commissioners:

Chairman Para confirmed Mr. Rodi had no further business to discuss and then went on to Commissioner Spangler.

Commissioner Spangler stated he had one loose page from June 19th, we were talking about RSQ's for private partners for renewable fuel source and 100 MW power and potable water plant, have we moved a little bit on that?

Mr. Rodi stated we have but I think a lot of this is hinging upon whether or not the development concept would get support from the Commission. When we went out for the RSQ we did have a company say that they would like to participate and help us develop it. They were very strong on the water side of the business, they weren't very strong on the electrical generation side. We had another consultant who was interested on the generation side but not necessarily the water side. So what I think we're about doing now is to start to prove out the concept and I think that becomes important from a standpoint, do we need above ground storage or can we use any part of the aquifer for storage. So there are those kinds of questions that we need to answer and probably most important of which, can we use the water from that lower Floridan, the very upper part of it, just directly for irrigation purposes and then with modest treatment and adding minerals back in again, can we move forward with that. So there are a lot of aspects of this before we take that step, before we can go there.

Chairman Para stated so following up to his comment, the question is, have we posted the RSQ.

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

Commissioner Diesen interjected that's what he said.

Chairman Para added and the answer is no we haven't, we're waiting for further studies.

Mr. Rodi stated we had a couple of months ago gone out for an RSQ and had received information back and I thought it was only partial in its response so I did not follow up any further with it.

Commissioner Reynolds then stated I have two items. The residential wiring and surge protection plan, which I guess we are exiting out of that particular plan. I would just like to comment that I have that, I really liked it, I feel like I'm getting protection from it, and I'm going to continue doing it. I would hope that we would look at it in the future to see whether it's a worthwhile business. I was amazed at the small number of people that participated. For instance, I had a wiring problem, a guy had to come out and he spent two days finding it which probably would have cost me \$300 to \$500, so I thought it was a good plan.

Mr. Rodi commented it cost somebody \$300 to \$500 though.

Commissioner Reynolds stated probably the Utilities Commission based on the fact I was the only customer.

Mr. Rodi stated no, not us.

Commissioner Reynolds stated the second thing I would like to bring up and I discussed this with Mr. Rodi and I'm not so sure we've had an opportunity to talk to the City Manager. We talked about Bright Water and the use of Bright Water and Mr. Rodi expanded this thought, and that is when it comes down to crunch and dry seasons and that pond begins to dry up out there, what are the priorities, have we established priorities. It seems to me that the first priority should go towards the maintenance and support of the public facilities in New Smyrna Beach as opposed to watering somebody's yard. I would like to say that if we could put some more effort in it, since we have a new City Manager, and I've talked to him briefly about it, seeing if we can establish some type of priorities for where that Bright Water goes in times of drought.

Commissioner Diesen asked if the golf course would be one of those.

Commissioner Reynolds stated so would the City ball parks and all of that stuff.

Commissioner Diesen then stated I have one item that I would like to bring up. As you know I attend meetings, I'm a "political junkie", so I'm at almost every meeting, other than City Workshops which I find too time consuming and not doing very much. But I attend the Planning and Zoning Board meetings regularly and we talk about all these things, the infrastructure and the problems, but there is a gap somewhere, and now that

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

we have an interim City Manager I don't know whether the two of you need to talk (she directed this to Mr. Rodi), but a process needs to be put in place so that when somebody is going to develop something, we don't get way down the road before somebody says wait a minute you have to get signed off at the U.C. While they say they have water, we didn't say how it was going to get there. She stated there is definitely a missing link and I don't know what it is or who it is but I certainly would like to identify it and if a process needs to be put in place, then I'd like to see that done.

Mr. Rodi stated let me suggest that maybe there was a timing issue and I think that's a lot of what we're dealing with now. Prior to starting to ask very simple questions, for example, how many units were approved for construction, oh, that many. Then the next question is what will it do to our system, that's a very reasonable next thought, and that's why all of these studies were executed because prior to that there was no reference point. There were some piece meal examinations, for example, well if you take this circuit or the water line and examine the demand on it, there was one answer; and Venetian Bay and the 12" line is an example of that. Did you really need it then, reasonably you could say the subdivision was only going to grow to x size then you could wait and not make more investment and do it in the future. That's why we took a very comprehensive view of how many, where are they, what impacts will there be on existing, what happens with normal growth rates within the systems, and how do we meet our conservation goals with St. Johns. We tried to roll all of this into an understandable package and that's sort of where we are now. I do think there have been conversations, recently now, with Mark Rakowski, Jim White and Randy Walter, starting to talk about well, water in the area isn't quite good enough any more. It's like is there going to be a sufficient amount of water and that's why even in the execution of this infrastructure implementation it has to be built to what we're referring to as master plans. That it's meant to accommodate all of this, regardless of when, at some point you reach that determination. So I think there are better reference points now where previously there weren't, and as we learn more, and that's why I think Brad Blais was hesitating tonight. He still has a lot of work to do with his modeling to give us more finite answers for the wastewater and Bright Water part of this. So I think we're doing better and it won't preclude the conversations but I do think Randy Walter now, in the meetings he participates in, has something definitive to refer to for a new project. He then added if that's helpful.

Commissioner Diesen stated yes it is, but I've had some conversations from folks from Developmental Services too and the thing is that kind of information needs to be early on at the comp plan amendment and future land use, at that point, not down the road; not just yea there's plenty of CUP. She stated I can't tell you how many times, I was on the P&Z for five years, and I can't tell you how many times I heard that. Now we've come a giant leap forward since then but I still think that there's a level of ambiguity there that we haven't been able to nail down and I think, I know from talking with some of the P&Z folks they'd like to have something more concrete and that's where I was going with this. We're putting the things in place to get there but I just wanted to bring that up and make sure that we can get that missing link, so that would work. I do think that perhaps, I

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

know you Mr. Rodi go, but does someone from the U.C. attend in a sort of semi-official capacity of the P&Z meetings. She commented she sees Randy Walter there sometimes.

Mr. Rodi stated there's a planning portion where developers bring their projects in and Randy Walter sits in that meeting and now he's saying he knows a certain area of the City is weak or strong. So he's now able to say for the number of housing units you have it appears as though there's adequate supply and backup and this is becoming more and more definitive. Part of what happens is, just like ourselves, I think we're out in front of this, to communicate it so that it becomes meaningful for others to use is going to take several iterations. We're more familiar with it because we've been working with it more to be able to give an answer and I think the idea of communicating more as to what all of these maps and plans mean, especially from another persons perspective to meet their responsibilities, is important. That's what I hear you saying, it needs to be carried more.

Commissioner Diesen stated right, and something, we use to give a letter I think from the U.C. about this, because when you just sign off, the U.C. says okay and everybody signs off or hasn't signed off that's one thing, but what did we sign off to and maybe that needs to be more explicit as well. Just something to get that gap closed so that everybody understands exactly where we are, and we're working towards that.

Mr. Rodi stated sure and thanked Commissioner Diesen for her comments.

Commissioner Spangler stated I have a thought or two on that too. I think one of the things where its sort of grey is when the U.C. says to Developmental Services yes, we have water and electric in that area. I don't think there has been an instance, I think what we're looking for is do they come over to us and say is it available now, will it be available at build out time, is it not there at all, and we can't say whether it will be 12 or 24 months. I don't know how definitive what we've been saying to them is but as you said Mr. Rodi, it's now at a point where just the pipes are there doesn't necessarily mean there'll be the pressure. I don't know that Developmental Services has been getting any negative input from us and I don't know how well they look at our studies and I don't know, as you say, it's a very big complex thing. I don't think there's any mechanism in place right now that says well in this particular location you won't have water until such and such a date. I don't know whether if that's what we're looking for or not but the thing is if we can't provide it, they need to know it and is that what's happening?

Commissioner Diesen stated or how long it will be until we can provide it, given their approximation of their build out.

Commissioner Spangler stated otherwise I think that from the developers' attorney's point of view that's the last thing on their list. The sense that I get is they want everything approved, all the infrastructure in the ground and construction started and then they may want to think about whether there's fire flow or whether we can hook up more water meters or anything, and I think they need to have a little bit of input prior to that

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

point. That's probably where it's all sort of grey because this whole new development thing is unprecedented in the demands that it's putting out there. So this is probably a thing that's coming with the process, and coming because of what's happening, and I don't know exactly where it is either.

Commissioner Reynolds asked Mr. Rodi if he had an opportunity to perhaps give the Planning and Zoning Board a conceptual briefing of where we are, what we're doing, and where you perceive the problems to be? I think it would be well worthwhile if we could set that up.

Chairman Para stated he would like to say one thing before we get into that because I really want to kind of weigh in on this. I think there's a ship and I don't want to go too deep into other issues that aren't really relevant at this point for discussion, but I think three people can be in a room and if they have a mutual respect for each other and a strong desire for a working relationship, things can go very, very well, and the converse could be true as well. I think that there really is a new "sheriff" in town on the City's side and I'm very, very pleased with our CEO and I think we should give that process some time. I think what we're all saying is we recognize that regardless of where the finger points, in the past it was really dysfunctional. Sally Mackay brought this to my attention some time ago, she sits on the Planning and Zoning Board, and rightly said, you folks have a conversation over here, the City has a conversation over there, and we have a conversation, and that's what Commissioner Diesen is saying, we're not communicating.

Commissioner Diesen interjected there was never any attention to finger point, that's not it, it's just a simply a process I think that hasn't been put in place. When you're working with two entities you have to kind of have a bridge and we didn't have that.

Chairman Para stated alright, well my thinking is with good strong leadership, and it really comes down to leadership, and I think that's what we're going to see is maybe a better level of continuity. That's at least my perspective that would be what it would take to fill the gap, rather than giving Mr. Rodi another assignment, another responsibility, I think that's already managed and well within Mr. Rodi's purview. He stated that's my take on that, and then asked if that was it.

Commissioner Diesen stated so be it, that wouldn't be the way I would have summed it up but since you're the Chairman I'll give you that opportunity to end however you want.

Chairman Para then stated the issue I would like to bring up is renewables. I had the privilege of attending, along with Tim Beyrle, a conference last week, and it was very exciting. I think they anticipated 50 or 75 and there was probably over 200, there's a very strong interest out there. Part of my official capacity there, as I announced, was to listen. Then I clearly denoted the separation and went on as a citizen, I gave a proper disclaimer. Mr. Beyrle will verify that, he'll swear to it. Anyway, it was a really good time, very informative from the standpoint of measuring the community's interest and

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

also recognizing that there's a gap out there, there's an information gap in the area of renewables and what there is as far as rebates. Our local Representative Hukill championed the really cool bill that went in under Senate Bill 888, and there's some really nice facets to it but it's so green. I asked the gentleman there from DEP, the process now goes to the actual interpretation, the procedures, and how to administrate it. Once that ink has dried off then they're going to go on and tell us how it's going to work. I asked him if he would be willing to come and possibly be a part of a workshop and I guess that's what I'm saying if we could sponsor, and again not to give you another assignment, but if there's some desire on staff level to interface that way. Let's say in 30 days to talk about the structure of a symposium where we could get contractors and people in the community and to develop some sort of conversation along that, I'd like to see that happen.

Commissioner Diesen asked if Chairman Para was talking about solar.

Chairman Para stated the full gamut of renewables, the bill primarily geared around solar but it also had some components for research and development of renewable projects. There's money out there that's waiting for agencies such as ours to simply apply for and get those research dollars. And those, by the way, there is a component of water research and has the two interfaced. I think if I could be so bold to say as that's where we're heading as a culture of renewables minded people is that there has to be a connectivity from solar to wind to water, like a matrix that fits together. That's kind of where I see us heading and I'll be glad to bring some more information back when I receive it.

(8-a) U.C. Health Care Provider Selection – Fiscal Year 2007 – Waters Risk Management – Barbara Mudge (cont.):

Chairman Para then stated I think Mr. Waters has arrived so if there's no other business before us on that, we can dismiss after Mr. Waters.

Mr. Waters addressed the Commission and apologized for his tardiness. He stated I left a little after 3:30 p.m. from the Tampa Bay area, and with the rain and accidents and attempting to avoid I-4 made it worse. He stated for the record my name is Al Waters, my firm is Waters Risk Management. We're independent consultants, no sales, and we specialize in Florida public entities, having done work for 152 since 1978, and continuously involved in group medical solicitations as we've helped you conduct this year.

Mr. Waters stated my report is simple at this point, I understand much of the background has already been given. It was an objective attempt to determine which of the best of three insurers is to be chosen and it was unanimous from the committee that voted on this that they would like to remain with United Health Care. He stated I stand open for whatever questions you might have regarding the process, not having heard what went on before.

(8-a) U.C. Health Care Provider Selection – Fiscal Year 2007 – Waters Risk Management – Barbara Mudge (cont.):

Commissioner Reynolds stated I might explain when we took a look at this that the bids from last time and the bids this time for our health insurance coverage, it was pretty apparent that companies do try to buy in to cover our employees and the next year the rates go up. We could see the buy in process in this particular cycle and what I think we reached the common agreement on was that the coverage from our present provider is good, we haven't had I think one or two complaints early on and that's been it, and it's a flexible policy that lets our employees and their families see the doctors that they want to see; that was a big point. Even though the insurance increased, I think Mr. Rodi is working a process now which will reward those that don't want the coverage but also will give better coverage at a reasonable price, is that correct.

Mr. Rodi stated yes, I think what we're doing is looking at years of service as a break point. For example, if you're not a participant in the plan, everyone gets the same amount of money. What we're talking about is that for a non-participant it need not be as high and then we wanted to take those dollars for those people who are participating in the plan and not focus just upon the individual, which was the prior philosophy, but look at the individuals' entire family situation. In that way, what we're able to do is have a scale of dollars where we're covering anywhere from a half to 100% of what those costs are based upon service.

Commissioner Diesen commented as long as everybody is assured that it was fair and equitable.

Chairman Para stated without any further questions, I want to thank Mr. Waters for his professional service he provided the U.C., and for all those members on staff that participated in this. This was a big process, we want to always do that, to remain as Commissioner Diesen stated, fair and equitable, and Commissioner Reynolds for all the hard work he did; thank you all very much.


Commissioner Diesen then made a motion to accept the proposal from United Health Care, to approve this healthcare carrier as presented and recommended by Water Risk Management for the Utilities Commission for fiscal year 2007. Commissioner Spangler seconded this motion and it passed unanimously on a roll call vote.

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

There being no further business to come before the Commission, and without objections, Chairman Para closed the regular U.C. meeting at 7:41 p.m.

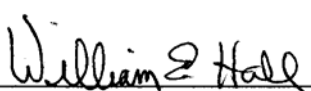
(9) Possible Other Business – Time for Commissioners (cont.):

APPROVED:



CHAIRMAN

ATTEST:



SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their
August 21, 2006 meeting.