

MINUTES FROM A REGULAR MEETING AND PUBLIC BUDGET HEARING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON MARCH 21, 2007 AT THE WILLIAM ARNOLD SERVICE BUILDING LOCATED AT 1001 JAMES STREET, KEY WEST, FLORIDA

The above referenced meeting of the Utility Board of the City of Key West, Florida, convened at 5:00 P.M., on the above date and location and was called to order by Vice-Chairman Hernandez. Present and answering to the roll call were Utility Board members: Peter Batty, Charles Bradford, Lou Hernandez, and Mona Clark. Also present at the meeting: Lynne Tejeda, General Manager & CEO; Nathan Eden, Board Attorney; Suzanne Greager, Director of Suzanne Greager, Director of Management Services; Alex Tejeda, Customer Services Director; Dale Finigan, Director of Engineering/Control Center; Dan Cassel, Director of Generation; and Stan RZad, Compliance Administrator.

AGENDA ITEM #4 – ADDITIONAL ITEMS

Power Supply

Mr. Dale Finigan reported that since the last Utility Board meeting there was one transmission outage, four feeder outages, and nine feeder reclosures. The feeder reclosures were mainly cause by inclement weather. He reported that one of the outages was a result of a construction crew working on South Roosevelt Boulevard, the total outage time was twelve minutes.

A brief discussion ensued regarding the method used to notify the Board regarding outages.

Generation Report

Mr. Dan Cassel reported that there is currently 50 megawatts of generation available for service and that the synchronous condenser is online. CT #3 is out of service. Staff is waiting for a water pump to come back from Buffalo Pump. When the pump arrives it will be installed and an alignment and vibration test will be conducted. The estimated back in service date is next Friday, March 30, 2007. High Speed #2 is in a scheduled outage for a power pack change, it is estimated that the unit will be back in service next Friday. MSD #1 is in a forced outage due to a broken exhaust valve rocker arm assembly. It is scheduled to go into a scheduled outage next Monday and will be out of service until May 9th. Beginning on Saturday, MSD#2 will be out of service for the scheduled emission monitoring

upgrade. The unit will be back in service next Thursday. CT #4 was taken out of service this afternoon due to communication issues with the CEM's.

Mr. Cassel continued to say that staff is currently working on the replacement of 600 feet of fuel piping which will be replaced with stainless steel piping. The project is scheduled for completion by April 6th. This project does not affect the availability of the units.

Mr. Batty asked if the balance problem on CT #2 has been resolved. Mr. Cassel responded that it has been resolved. Mr. Batty also inquired on the installation of the fin fan coolers.

Mr. Cassel stated that staff plans to bring that item to the Board for approval at the next Utility Board meeting.

Mrs. Tejeda took this time to introduce Mr. Eddie Mims with CoElectric who is working along with the Generation Department for possible improvements to the section.

Sponsorships Report

Mrs. Tejeda reported that since the inception of the program \$10,000 has been budgeted and requests have never been received to that level. However, this year, only half way through the year, \$7,700 has been spent which is typically more than what has been spent in the past. If the same non profits that approached KEYS last year approach this year, the account will be \$4,800 shy. The policy states that KEYS will stop offering the sponsorships as soon as the budgeted maximum is reached.

Mrs. Tejeda stated that staff recommends remaining within the budget, especially in light of the fact that sales are currently below budget. She stated that staff wants to make sure the Utility Board is aware since KEYS may leave some agencies disappointed.

A brief discussion ensued on how to handle the issue. The Board elected not to increase the budgeted amount for this program.

Discuss Wireless Network Pilot Program

Mrs. Tejeda stated that the Horizons Committee is working on a project that could result in KEYS, along with a partner, offering a new wireless service throughout the City and potentially up the Keys. In addition, it could be a potential new source of revenue. She informed the Board on the following events.

- In November, Mark Moore with DTNet who is in the audience presented the new wireless technology to the Horizons Committee.
- In January the committee spoke with Mr. Barry Moline, Florida Municipal Electric Association, to gain a better understanding of legislative restrictions in offering such a service.
- In February, KEYS and DTNet signed an agreement for a pilot program that will last for six months. KEYS and DTNet will install fifteen radios to provide wireless coverage in the Bight area.
- In March two radios were installed. Shortly after the radio boxes were installed four people were using the wireless system.

Currently Mark Moore is looking for candidates to use the system and provide feedback. He will share evaluations of the project with the Horizons Committee upon completion of the pilot program. The next step in the project is for the Horizons Committee to explore the various levels of participation that KEYS would have in deploying the wireless system along in DTNet and examine the risk/reward associated with the various levels and make a recommendation on how KEYS should participate.

Vice-Chairman Hernandez informed that the Horizons Committee will review all of the information and determine whether to make a recommendation to the General Manager who in turn would make a recommendation to the Board.

Easter Egg Hunt

Mrs. Tejeda informed the Board that the annual Easter Egg Hunt will be held on March 31st at 10:00 a.m. at Poinciana Elementary School.

Customer Satisfaction Survey

Mrs. Tejeda stated that Mr. Julio Barroso sent a draft copy of the Customer Satisfaction Survey to all the Board members and he would like to receive any input by tomorrow in order to keep the process moving. As soon as staff approves the questions for the survey a test will be conducted for several days. Three weeks will be spent conducting the actual survey; it will take one week to run reports and another week to prepare the presentation. At that point the results will be presented to the Board, which will most likely be in late May or early June.

AGENDA ITEM #5 – CONSENT AGENDA

- a) Approve Minutes - Regular Meeting - February 28, 2007
- b) Approve Disbursements Report

- c) Approve Amendment #1 to the R.W. Beck Master Services Agreement - Change in the Personnel Benefits Multiplier
- d) Approve Resolution #749 – Ratifying Resolution #74 Amending Article Eight, Section 8.02, Terms of, Office of the Plan Document of the Retirement System for the General Employees of the Utility Board of the City of Key West, Florida
- e) Declare Non-PCB Transformers as “Surplus”
- f) Award Bid - Purchase of Remotely Read Programmable Meters and Mobile Collection System - Bid #18-07
- g) Award Bid - Purchase of #1/0 AAAC Triplex Wire - Bid #28-07
- h) Award Bid - Installation of Heating, Ventilation, and Air Conditioning (HVAC) System at Warehouse “C” - Bid #26-07
- i) Award Bid - Installation of Roofing System on the Medium Speed Diesel Building - Bid #22-07

Vice-Chairman asked if there was any discussion, there being none motion was made by Ms. Clark and seconded by Mr. Bradford to approve the Consent Agenda. The motion passed unanimously.

AGENDA ITEM #6 – ACTION ITEMS

6a – Approve Professional Services Agreement with R.W. Beck, Inc. to Prepare an Analysis of Properties

Mrs. Tejeda stated that staff is requesting that the Board approve a Professional Services Agreement with R.W. Beck, Inc. to prepare an analysis on some of KEYS' properties. On January 17, 2007 the Utility Board conducted a Land Use Workshop. One of the major topics was the use of the Service Building. As a result of the discussion the Board directed staff to arrange for the preparation of an Economic Cost/Benefit Analysis.

Mrs. Tejeda stated that R.W. Beck, Inc. will work with local agencies conducting interviews with realtors, architects and KEYS' land use consultants Ty Symroski and Don Craig to develop a model. The final report is expected in July.

Mrs. Tejeda stated that staff is seeking approval for the Professional Services Agreement with R.W. Beck, Inc. to prepare an analysis of properties, for the not-to-exceed cost of \$38,000.

Motion was made by Mr. Batty and seconded by Mr. Bradford to approve the Professional Services Agreement with **R.W. Beck, Inc.** to prepare an analysis of properties, **for the not-to-exceed cost of \$38,000.**

Mr. Batty commented he sees no reason for the Board to vote in favor of the study if they are not open to potentially moving the Service Building. Otherwise, it will be a waste of money.

There being no further discussion the motion passed unanimously.

6b – Approve Property, Boiler & Machinery Insurance Coverage through Key West Insurance, Inc., effective April 1, 2007 through March 31, 2008

Mrs. Tejeda reported that this year, for the first time in several years, KEYS issued bid specs for its property, boiler and machinery insurance. Through Key West Insurance several submittals were received from different markets. The submittals enabled KEYS to make a good comparison on the costs and the different programs that are available.

Mrs. Tejeda continued to say that staff is recommending approval for KEYS to bind and renew the Property, Boiler & Machinery insurance coverage through Key West Insurance, Inc. with Liberty/Hartford Steam Boiler and Landmark American for a total coverage of \$96,552,685, with a \$2,000,000 deductible for a total estimated premium of \$701,000. The bidding process seems to have been very successful. The estimated premium of \$701,000 is \$265,000 less than last year's premium. The deductible was also lowered from \$5,000,000 to the \$2,000,000.

Mrs. Tejeda pointed out that the \$701,000 is an estimated premium. Staff is still working out some details:

- Considering covering the CT #1 unit from replacement cost to an actual cash value
- Clarifying that replacement value on the Service Building could mean a full rebuild at another location instead of restricted to 1001 James Street
- Looking at including coverage on some recent equipment purchases such as the mini-digger, forklifts, and skid steer loader.

These clarifications will involve minor premium adjustments, most likely downward. Additionally, the TRIA (Terrorism, Risk Insurance Act) is not included. The premium can be obtained at \$19,681. Staff does not believe there is enough value in this insurance because of the narrowly defined coverage.

Mrs. Tejeda told the Board that Mr. Bill Brown and Ms. Barbara Valentine from McNeary are here tonight to answer any questions the Board might have

regarding the insurance and current market conditions. Mr. Tommy Stevens and Ms. Vivian Swofford of Key West Insurance; Mr. Marty Crow of AmWins; Mr. Larry Kunts, and Ms. Velma Vanegas, Liberty International are also in the audience to answer any questions regarding the policies and the premiums they have quoted.

Motion was made by Mr. Bradford and seconded by Ms. Clark to approve the binding and renewing of the Property, Boiler & Machinery insurance coverage through Key West Insurance, Inc. with Liberty/Hartford Steam Boiler and Landmark American, at a \$2,000,000 deductible level, effective April 1, 2007 through March 31, 2008.

Vice-Chairman Hernandez commended the insurance companies and Mr. Tommy Stevens for doing such a good job.

The motion passed unanimously.

OTHER BUSINESS

Under Other Business Ms. Mona Clark recommended granting Good Friday as a day off to KEYS' employees.

Mr. Batty made a motion to place Good Friday as a day off to KEYS employees on the agenda, seconded by Ms. Clark.

The roll was called and the following vote was recorded:

Mr. Batty	Yes
Mr. Bradford	Yes
Ms. Clark	Yes
Mr. Hernandez	Yes

Under discussion Mr. Bradford made an inquiry as to why Good Friday is not budgeting as an additional day off for employees.

Mr. Batty stated that he concurred with Mr. Bradford stating that it should be a part of the budget process.

Ms. Clark made a motion to grant April 6, 2007, Good Friday as a day off for KEYS employees and to consider including Good Friday as a holiday in the budget process for future years. Motion was seconded by Mr. Bradford.

Under discussion Mr. Batty stated that he will vote in favor of granting KEYS employees off on Good Friday this year. However, in future years he will not vote in favor of the day off unless it is a budgeted item.

The roll was called and the following vote was recorded:

Mr. Batty	Yes
Mr. Bradford	Yes
Ms. Clark	Yes
Mr. Hernandez	Yes

There being no further business to come before the Board motion was made by Ms. Clark and seconded by Mr. Bradford to adjourn the Regular Utility Board meeting of March 21, 2007 at 5:35 p.m.

APPROVE:

Robert R. Padron, Chairman

ATTEST:

Lynne E. Tejeda, Secretary