

**MINUTES FROM A REGULAR MEETING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON NOVEMBER 18, 2009 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 Chairman Hernandez. Present and answering to the roll call were Utility Board members: Charles Bradford, Mona Clark and Peter Batty. Also present at the meeting: Lynne Tejeda, General Manager & CEO; Nathan Eden, Attorney; Jack Wetzler, Assistant General Manager & CFO; Suzanne Greager, Management Services Director; Dale Finigan, Director of Engineering/Control Center; David Price, Director of T&D, and Stan Rzas, Compliance Administrator.

**AGENDA ITEM #4 – SET AGENDA**

Mrs. Tejeda asked to remove Action Item 8b from the agenda. She stated that KEYS has not received signed contracts from AT&T and would like to postpone until December meeting.

There being no opposition from the Board and no additional request the agenda was set.

**AGENDA ITEM #5 – RECOGNITION AND PRESENTATION**

**Agenda Item #5a – Unveil 2009 Holiday Card Design**

Mr. Barroso stated that annually KEYS hosts a Holiday Card Design Contest which is open to KEYS' employee's children and grandchildren. This is the sixth year that the contest has been held. He presented a slide, which showed the 2009 Card Design.

Mr. Barroso informed the Board that this year's winner is Justin Tejeda and that he was present in the audience.

The Board congratulated Justin and presented him with a certificate.

**AGENDA ITEM #6 – INFORMATIONAL ITEMS**

**Agenda Item #6a – Power Supply Report**

Mrs. Tejeda informed the Board that the Power Supply Report is included in the Board meeting packet and staff is prepared to answer any questions they may have. There were none.

Mrs. Tejada stated that the most notable event on the report was a 24 minute outage which occurred on October 31<sup>st</sup> during the Fantast Fest Parade.

Mrs. Tejada advised the Board there were many contingencies in place that evening to guard against power outages. Unfortunately the outage was caused by a long streamer that was shot from a float and ended up in the line.

Mrs. Tejada said as a result of the outage KEYS has a list of ideas which will be provided to the City of Key West and the Market Share to advise them of public safety concerns and suggestions to be considered for the 2010 Fantasy Fest Parade.

Mrs. Tejada also said that there are concerns regarding the clearance of the floats and the people standing on the top deck of floats not clearing the lines.

Mr. Batty said there were crews strategically placed that evening and asked if it was instrumental in restoring power. Mrs. Tejada replied yes it was instrumental and the crews were stationed two blocks from where the outage occurred.

Mr. Bradford asked if there was any cost associated with the outage other than cost of crews. Mrs. Tejada replied no.

Mr. Batty asked if KEYS could suggest height limit of float to assure clearance of lines. Mrs. Tejada replied KEYS has made that suggestion in the letter being sent to the City of Key West this week.

### **Agenda Item #6b – Generation Report**

Mrs. Tejada informed the Board that the Generation Report is included in the Board meeting packet and staff is prepared to answer any questions they may have. There were none.

### **Agenda Item #6c – Rate Comparison**

Mrs. Tejada stated that Mr. Bradford asked staff to include a Rate Comparison in the board packet as an informational item on a monthly basis for future meetings.

Mrs. Tejada said the report will compare the cost of kwh to the previous 12 months of rate comparisons to Florida Keys Electric Cooperative (FKEC), other municipals and other investor owned utilities.

Mrs. Tejada said that KEYS is well above the averages compared to FKEC and KEYS would have to reduce rate by 12.5 percent to 31 percent to be in line with FKEC, other municipals and other investor owned utilities.

Mrs. Tejada pointed out that KEYS has greater cost due to location and on island generation.

Mr. Batty said that Mr. Bradford had asked for a dashboard several months ago that would provide the Board with a monthly report on a variety of different factors and asked if staff ever looked into. Mrs. Tejada replied the software that automatically populates information was very expensive and the rate comparison chart and changes made to power supply report were in response to Mr. Bradford's request regarding the dashboard.

Mr. Bradford said the program that Mrs. Tejada referred to was a mainframe loaded program which was very expensive. He said there are also macros for excel that will generate data once entered. He discussed with Information Technology (IT) Supervisor prior to the meeting and will discuss with him again at a later date.

Mr. Bradford said the Board receives reports on rates, generation and outages but he would also like a report on financials based on several items and run a report or dashboard on items the Board selects.

Mr. Wetzler asked the Board to supply him with the information they are interested in seeing and he will try to provide them with a report without having to purchase a program.

Mr. Bradford said he has discussions in the past with Mrs. Tejada and stated that KEYS can never lose sight of the fact that KEYS is expensive. He said he feels KEYS is justifiable in price because of reliability but if there was a time KEYS was unable to maintain the current reliability then the price would not be justifiable.

Mr. Hernandez stated it would cost KEYS up to \$14 million a year to match the rates of FKEC who buys their power from Florida Power & Light (FP&L). Mrs. Tejada agreed.

Mrs. Tejada said if KEYS was to sign the True All Requirements Project (TARP) Agreement it would essentially eliminate the cost of generation by \$3 million and would only be a fraction of what would be needed to compare to FKEC's rates. She said the cost would also be dependent on the rate KEYS is charged by FMPA. She said currently FMPA has the highest wholesale power cost in the State.

Mr. Batty questioned if Vero Beach was still with FMPA. Mr. Tejada stated that Vero Beach gave their Contract Rate of Delivery notice and as of December of this year Vero Beach will only buy from FMPA what they do not currently generate. Anything in excess would have to be bought in the market or they would have to add generation to the City.

Mr. Batty asked if that was a deal that Vero had with FMPA or was it part of the exit strategy. Mr. Tejada said it was in the original contract and there are no deals and FMPA is holding everyone to their contract.

### **Agenda Item #6d – Fiber Committee Update**

Mrs. Tejada stated a little more that two years ago the Board gave approval to install a fiber network. Since that date KEYS has installed a 96 strand network, which cost \$3.1 million in addition to substation electronics and network electronics.

Mrs. Tejada said over the course of the last two years the internal operations have been very reliable and certainly better than the AT&T leased lines. There has already been a savings of \$99,000. a year on lines converted from AT&T lines to fiber. She said KEYS anticipates an additional savings of \$40,000. as additional field devices are converted to the fiber network.

Mrs. Tejada informed the Board that Florida Keys Aqueduct Authority (FKAA) is the only agency that is connected to KEYS Fiber Network and they currently have three locations that utilize the network.

Mrs. Tejada advised the Board that KEYS continues to speak to the Department of Transportation (DOT), Housing Authority, Monroe County and the City of Key West about opportunities. She said agencies have expressed different levels of interest but due to upfront cost and budgetary reasons they are unable to commit.

Mrs. Tejada said that KEYS has a possible opportunity with TeleCuba, which is a company that has received a license to have sub aqueous lines from Key West to Cuba for telecommunications.

Mrs. Tejada stated that staff has had conversations with TeleCuba regarding them riding KEYS line from Key West to Tavernier.

Mrs. Tejada said KEYS has not received confirmation but they have shown interest early on and KEYS has the infrastructure and they have the need.

Mrs. Tejada said she will provide the Board with additional information when received.

### **Agenda Item #6e – Holiday Events**

Mrs. Tejada informed the Board of the upcoming holiday events as listed below:

Thursday, November 19<sup>th</sup> – Thanksgiving Luncheon at noon – Board Room  
Saturday, December 5<sup>th</sup> – City Holiday Parade at 7pm – Bayview Park  
Saturday, December 12<sup>th</sup> – Awards Banquet at 6:30pm – Casa Marina  
Thursday, December 17<sup>th</sup> – EAC/IBEW Holiday Trolley Tour – 6:30pm- Board Room

Mrs. Tejada advised the Board the information is also included in the board packet.

## **AGENDA ITEM #7 – CONSENT AGENDA**

- a) Approve Minutes - Regular Meeting – October 28, 2009
- b) Approve Disbursements Report
- c) Approve payment to the Florida Municipal Electric Association for Fiscal Year 2010 annual dues
- d) Approve Purchase of four (4) pickup trucks and one (1) brush-chipper and Declare existing KEYS' vehicles #19, #28, #68 and #71 as Surplus
- e) Award Sole Source Contract for Five- and Ten- year major maintenance overhauls of the Aerial Device on Vehicle #1 and Vehicle #9, respectively

Motion was made by Mr. Bradford and seconded by Ms. Clark to approve the Consent Agenda. The motion passed unanimously.

## **AGENDA ITEM #8 – ACTION ITEMS**

### **Agenda Item #8a –Approve Impasse Hearing Procedures**

Mrs. Tejada said there was an executive session held regarding Union negotiations and during the session it was decided to move forward with impasse procedures. The Labor Attorney suggested having very specific procedures drawn up in advance for the Board's approval.

Mrs. Tejada stated a draft of the procedures was included in the board packet and the Board could discuss and approved tonight or discussed and make any additional changes per the Boards request and approve at the next meeting.

Mrs. Tejada highlighted what the procedures would allow:

- Three minute comments from rate payers
- 30 minute presentation from both Union and Management
- 5 minute rebuttal from each of the two parties
- No interruption and if a disruption occurs during the hearing that person/persons will be removed

Motion was made by Mr. Batty and seconded by Ms. Clark for discussion purposes.

Mr. Bradford stated the procedures are what the Board had discussed at executive session with the attorney and he saw no changes.

Chairman Hernandez stated he feels it is a fair process for both parties. Ms. Clark agreed.

Mr. Batty asked if comments from ratepayers would include family members of KEYS employees. Mrs. Tejada said it stated that members of KEYS or the Union and individuals representing other bargaining units shall be excluded from ratepayer input.

Ms. Clark asked if the hearing will be advertised. Mrs. Tejada said it is a public meeting and hearing and yes, the hearing would be advertised in advance.

Mrs. Tejada said the impasse hearing will likely take place towards the end of January and that KEYS has sent four different dates to the Magistrate to choose from. She said the reason for the push back is the Union has agreed to go to mediation which will occur in December. If there is an agreement the hearing with Magistrate will be cancelled.

There being no further discussion from the Board the roll was called and the following vote was recorded:

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

#### **OTHER BUSINESS**

There was none.

#### **ADJOURNMENT**

Motion was made by Mr. Batty to adjourn the Regular Utility Board meeting of November 18, 2009 at 5:25 p.m.

APPROVE:

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Lou Hernandez, Chairman

ATTEST:

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Lynne E. Tejada, General Manager/CEO & Secretary

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