

MINUTES FROM A REGULAR MEETING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON JULY 8, 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, Peter Batty, Mona Clark and Ty Symroski. Also present at the meeting: Lynne Tejeda, General Manager & CEO; Nathan Eden, Board Attorney; Jack Wetzler, Assistant General Manager & CFO; Alex Tejeda, Customer Services Director; Suzanne Greager, Management Services Director; Eddie Garcia, Director of Generation and Stan Rzas, Compliance Administrator.

AGENDA ITEM #4 – SET AGENDA

Mrs. Tejeda requested to pull item 7e – Declare Miscellaneous Wire and Metal as "Surplus". There being no opposition from the Board and no additional request the agenda was set.

AGENDA ITEM #5 – RECOGNITION AND PRESENTATION

Item #5a - KEYS' Outstanding Employee of the 3rd Quarter – Dan Sabino

Chairman Hernandez stated that the Utility Board is extremely pleased to recognize Dan Sabino as the Outstanding Employee for the Third Quarter of 2009.

Chairman Hernandez said that Mr. Sabino came highly recommended from his fellow employees for this award.

Mr. Sabino thanked the Board for the recognition.

Item #5b - Completion of Apprentice Substation Electrician Training Program – Alvaro Rodriguez

Chairman Hernandez stated that the Utility Board would like to recognize Alvaro Rodriguez for completing the Apprentice Substation Electrician Training Program.

Mr. Rodriguez thanked the Board for the recognition.

Item #5c - Completion of Apprentice Lineman Training Program – Barry Travis & Josh Yarbrough

Chairman Hernandez stated that the Utility Board would like to recognize Barry Travis and Josh Yarbrough for completing the Apprentice Lineman Training Program.

Mr. Yarbrough thanked the Board for the recognition and Mr. Travis was not in attendance.

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.

Agenda Item #6b – No Name Key Update

Mrs. Tejeda informed the Board that No Name Key has been in the news lately and wanted to provide the Board with an update.

Mrs. Tejeda informed the Board that Ms. Donna Bosold with the Craig Company is in the audience. Ms. Bosold has been working with a number of residents of No Name Key regarding the electrification and has volunteered to provide an update.

Ms. Bosold approached the podium and advised the Board that at the last Board of County Commissioners (BOCC) meeting on June 17th, homeowners of No Name Key asked the BOCC for a letter of support in the form of a resolution, which they would provide to the Utility Board.

Ms. Bosold said that the BOCC unanimously decided to keep the item open indefinitely based on four different criteria, which were:

- For the County Attorney to review the previous case and how it fits into the context of the 1951 resolution which was extended by the BOCC that grants KEYS to extend electrical service from Key West to Pigeon Key.
- The BOCC encouraged homeowners of No Name Key to continue to work closely with KEYS to identify the design criteria and associated cost, including the possibility of going underground.
- To get clarification regarding some issues on habitat conservation plan
- Obtain a request for an updated clarification for the status of the Fish and Wildlife Service letter from 1998 which stated they have no objections to having electrical service extended to No Name Key.

Mr. Batty asked if the homeowners association was comprised of all homeowners of No Name Key. Ms. Bosold replied that currently there are 43 developed properties on No Name Key and does not include all homeowners, it includes 70 percent of the homeowners.

Mr. Symroski asked how many undeveloped properties exist that could be developed in the future. Ms. Bosold replied there are less than 20 undeveloped properties.

Mr. Batty asked if undeveloped properties were primarily Tier 1 properties. Ms. Bosold said yes and there will only be 7 permits issued in the next 20 years, which will be issued to Tier 1 properties on either Big Pine Key or No Name Key.

Mr. Symroski asked where 70 percent of the homeowners support and 30 percent do not support, what happens to the 30 percent and how will the developable lots be treated. Mrs. Tejada stated that normally the developer pays for all upfront cost and cost associated with installing lines. She said that staff is currently working on how to set up the line extension agreement.

Mrs. Tejada stated that staffs preference is for the No Name Key Homeowners Association to form a group and have homeowners pay upfront cost and it would be their responsibility to collect as new homeowners come on during or after the process.

Mrs. Tejada informed the Board that currently the estimated cost is \$756,000.00, for overhead construction and \$1,808,000.00 for underground construction.

Chairman Hernandez asked if there has been any discussion with the Florida Keys Aqueduct Authority (FKAA) if the project was to go underground. Mrs. Tejada said that staff has met with FKAA but there has been no recent discussion.

Mr. Symroski asked if there are any foreseen issues on attaching to bridge. Mrs. Tejada said that staff has had conversations with the Engineering Department at the County and they have stated from a structural standpoint there would be no issues attaching to bridge.

Mrs. Tejada said that staff has also had conversations with AT&T regarding attaching to their existing conduit system and they declined.

Chairman Hernandez asked if there was a possibility that this would qualify for stimulus money. Mrs. Tejada said that after reading the Department of Energy's Funding Announcement it does not look like this project would qualify. Mrs. Tejada said there will be a consultant visiting KEYS in a few weeks and she will discuss again with him regarding the possibility.

The Board thanked Ms. Bosold for her update and in return Ms. Bosold thanked the Board for their time.

Agenda Item #6c – Eco Discovery Center

Mrs. Tejada stated that the Florida Municipal Power Agency (FMPA) All Requirements Executive Committee approved the Eco Discovery Center Solar Project.

Mrs. Tejada said that currently KEYS is working with the National Oceanic and Atmospheric Administration (NOAA), to make a contract amendment to transfer \$90,000.00, which they have committed to KEYS project.

Mrs. Tejada informed the Board that FMPA is working with Advanced Green Technologies on finalizing contract which will go back before the FMPA Executive Committee for approval in August.

Mrs. Tejada said if approved in August construction will commence and installation of panels to begin in September and will be operational in October.

Mrs. Tejada stated that both FMPA and NOAA are excited about the opportunity and NOAA would like to start working on the display within the Eco Discovery Center, which will be a joint effort between KEYS, FMPA and NOAA.

Mrs. Tejada said she suggested to FMPA that an upcoming Executive Committee meeting be held at the Eco Discovery Center to allow them to see first hand what they are supporting.

A brief discussion ensued on the Florida Electric Cooperatives solar project and all the changes since it was installed.

Agenda Item #6d – Smart Grid

Mrs. Tejada informed the Board that KEYS received the Funding Opportunity Announcement from the Department of Energy (DOE) regarding the Smart Grid Initiative Grant.

Mrs. Tejada said that the DOE will fund up to \$3.9 billion in projects that can be as large as \$200 million per entity applying. She said that applications are due in August and if there is still funding available, again in November and March.

Mrs. Tejada stated that initially KEYS was working with Florida Municipal Electric Association (FMEA) and FMPA on participating in a joint submittal and as of last week it was decided to have one group submit in August and others in November.

Mrs. Tejada said if KEYS participates with FMEA/FMPA, KEYS would not submit application until November and by then funds might not be available.

Mrs. Tejada informed the Board that KEYS had the opportunity to meet with a consultant that has experience with federal grants and knows utilities and thoroughly understands the communications platforms that are necessary for the smart grid to interface with customers.

Mrs. Tejada said the consultant will meet with KEYS staff the week of July 20th, to develop a plan and proposal for KEYS.

Mrs. Tejada advised the Board that KEYS has reviewed the budget and identified more than \$4 million in projects over the next 3 years, which would be considered smart grid initiatives. She said that the consultant may be able to identify other matches that staff was unable to find.

Chairman Hernandez asked if the fee for the consultant would come out of the grant. Mrs. Tejada replied that it is her understanding that consultants are reimbursable at 50 percent if grant is awarded.

Agenda Item #6e – Upcoming Dates

Mrs. Tejada informed the Board of the following upcoming events:

- Next week – FMEA/FMPA Annual Conference
- July 21st – Utility Board Executive Session at 10 a.m.
- July 22nd – Budget Workshop as part of Utility Board Meeting at 5 p.m.

AGENDA ITEM #7 – CONSENT AGENDA

- a) Approve Minutes - Regular Meeting – June 10, 2009
- b) Approve Disbursements Report and Budget Amendment #09-13 Navy Trumbo Housing
- c) Approve Cost Sharing Agreement with FMPA for a Professional Service Agreement (PSA) with RW Beck to Evaluate Upgrading KEYS Import Limit and Approve Budget Amendment #09-14
- d) Approve Unit Price Contract for Coating Utility Steel Power Poles – Bid #14-09

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

AGENDA ITEM #8 – ACTION ITEMS

Agenda Item #8a – Approve Emergency Change Order #1 to Powerserve Technologies for US1 Substation Design/Build Relay Panel Replacement

Mrs. Tejada informed the Board that the project is to upgrade multiple electromechanical protective relays on the 69kv Transmission System to digital electronic relays. The installation of the relays will enhance the reliability of the system.

Mrs. Tejada stated that the increase is a result of necessary design changes to the relays as identified in the bid. Change Order is in the amount of \$14,497.00 of the original contract price.

Mr. Batty asked if there are any additional change orders anticipated at this time. Mrs. Tejada replied that she does not foresee any.

Motion was made by Mr. Batty and seconded by Mr. Bradford to Approve Emergency Change Order #1 to Powerserve Technologies for US1 Substation Design/Build Relay Panel Replacement. The motion passed unanimously.

Agenda Item #8b – Approve Resolution No. 764 – Waive Fiscal Year 2010 Monthly Salary Increase for Utility Board Chairman and Board Members

Mrs. Tejada informed the Board that at the last Utility Board meeting Mr. Batty asked the Board to consider waiving the monthly salary increase for the Utility Board Chairman and Board Members for fiscal year 2010.

Mrs. Tejada stated the Boards increase is based on the US Department of Labors Consumer Price Index (CPI), which will not be available until the end of July.

Mrs. Tejada advised the Board that the Utility Board would resume their monthly salary increase next fiscal year unless the Board decided to continue to waive which would result in the form of another resolution.

Motion was made by Mr. Batty seconded by Ms. Clark to Approve Resolution No. 764 – Waive Fiscal Year 2010 Monthly Salary Increase for Utility Board Chairman and Board Members.

Under discussion Mr. Symroski expressed that he did not feel the approval of Resolution #764 was a good idea.

Mr. Symroski said that the Board passed a resolution in 2006 establishing a regular process based on the CPI index.

Mr. Symroski stated that depending on the CPI this would probably amount to a penny per residential customer per year and feels it is insignificant and should be discussing smart grid and the possibility of nuclear power plant among other things.

Mr. Batty stated he agrees wholeheartedly that the Board should be discussing bigger issues but does not feel the two issues are mutually exclusive. Mr. Batty also said that there is a really tough budget year ahead and agrees it is not a significant amount of money but feels it is a good place to start.

The roll was called and the following vote was recorded:

Mr. Batty	Yes
Mr. Bradford	Yes
Ms. Clark	Yes
Mr. Symroski	No
Chairman Hernandez	Yes

OTHER BUSINESS

There was none.

ADJOURNMENT

Motion was made by Mr. Batty to adjourn the Regular Utility Board meeting of July 8, 2009 at 5:42 p.m.

APPROVE:


Lou Hernandez, Chairman

ATTEST:


Lynne E. Tejeda, General Manager/CEO & Secretary

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