

MINUTES FROM A REGULAR MEETING OF THE UTILITY BOARD OF THE CITY OF KEY WEST, FLORIDA, HELD AT 5:00 P.M. ON APRIL 28, 2010 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 Ty Symroski. Also present at the meeting: Lynne Tejeda, General Manager & CEO; Tom Sireci, Attorney; Jack Wetzler, Assistant General Manager & CFO; Alex Tejeda, Customer Services Director; Suzanne Greager, Management Services Director; Dale Finigan, Director of Engineering/Control Center; David Price, Director of T&D; Eddie Garcia, Director of Generation; and Stan Rzad, Compliance Administrator

AGENDA ITEM #4 – SET AGENDA

Mrs. Tejeda recommended that item 8a and 8b be moved to follow agenda item 5a - Recognition and Presentation. She said that Mr. Batty is out of town and would like to participate telephonically.

There being no opposition from the Board the agenda was set.

AGENDA ITEM #5 – RECOGNITION AND PRESENTATION

Agenda Item #5a – 2010-2011 Energy Conservation Calendar Art Contest
Winners

Mr. Julio Barroso recognized the winners of the KEYS 14th annual 2010-2011 Energy Conservation Calendar Art Contest. He said the contest was for all elementary school students in the Lower Florida Keys. One overall winner and two winners from each grade level were selected.

The overall winner was Morgie Lovette, a third grade student from Glynn Archer Elementary School. Her art work will be featured on the cover of KEYS' national award winning 2010-2011 calendar.

The winning artists whose work will illustrate each of the 12 months are:

Kindergarten

Nataly Cisneros & Cole McDaniel

First Grade

Raini La Beet & Skylar Larmel

Second Grade

Cole McCandless & Peyton Suits

Third Grade

Ashley Grimanelis & Summer Peralta

Fourth Grade

Daniel Valdez & Camden Switzer

Fifth Grade

Lauren Demchak & Talia Santiago

All of the winners were presented with a certificate and a \$50 U.S. Savings Bond in addition to having their art work featured in the KEYS' 2010-2011 Energy Conservation Calendar.

Agenda Item #8a – Discuss and Approve Possible Revisions to the current Mission and Vision Statements of Keys Energy Services

Mr. Batty joined the Board meeting telephonically at this time.

Mrs. Tejada stated that Mrs. Jean Freeman facilitated a Utility Board Strategic Pre-Planning Workshop about a month ago and at that time, Mrs. Freeman recommended that the Board adopt the Mission and Vision prior to the Strategic Planning Session next month.

Mrs. Tejada said that Mrs. Freeman spoke to each of the Board members as well as key members of staff to discuss options on the Mission and Vision.

Mrs. Tejada stated that the conclusion from Mrs. Freeman's discussions was that a majority of those interviewed felt the existing Mission Statement was acceptable, although many made comments. Most felt the Vision Statement was also acceptable, although there was substantial interest in making changes to the Vision.

After discussion the Board agreed the Mission and Vision Statements will be amended to the following:

Mission Statement: Provide safe, reliable energy and utility services at the best value while providing exceptional customer service.

Vision Statement: Provide the residents and businesses of the Lower Keys with outstanding service, environmental leadership, responsiveness and accessibility, as only a local utility can.

Motion was made by Mr. Bradford and seconded by Mr. Batty to Accept Revisions to the current Mission and Vision statements of Keys Energy Services as stated.

There being no further discussion the motion passed unanimously.

Agenda Item #8b – Discuss Future of Big Pine Key Customer Services Center

Mrs. Tejada said in 2008, KEYS reviewed all programs and services offered to customers. One service that was reviewed was the Big Pine Key Customer Services Center. In 2008, staff did a full analysis of the Big Pine Key Service Center and identified all the functions provided and considered alternatives available to provide such service.

Mrs. Tejada stated staff also sought and received input from the Advisory Committee who recommended closing the office.

Mrs. Tejada said in 2008, the Utility Board voted unanimously to keep the Big Pine Key Customer Services Center open. She said at that time the Board's decision was based on providing customer services to customers farthest from Key West versus saving approximately \$300,000. She estimated that 74% of the savings would come from the reduction of employee expenses which would happen through attrition and could not predict when the actual savings would happen. She recalls this being one of the major deciding factors.

Mrs. Tejada stated because there has been a change in circumstance she felt obligated to bring the issue back before the Board.

Mrs. Tejada informed the Board that one employee has resigned and there is a guaranteed savings of one employee. She said staff is reasonably certain that a management employee will be retiring at the end of this year and the Big Pine Branch Office Supervisor could easily transition into the position, which would be a guaranteed savings from the second employee.

Mrs. Tejada stated that staff determined closing the Big Pine Key Customer Services Center would save approximately \$300,000 a year with an estimated 74% of the savings from employee costs, 22% from operating costs and the remaining 4% from depreciation costs.

Mrs. Tejada stated the vast majority of the transactions can be handled either by email, phone or fax. Customers who pay with cash will have the opportunity to pay at a local bank in the Big Pine Key area. She said in 2001 when the Big Pine Key Customer Services Center opened, customers did not have the ability to pay their bill through the automated phone system/ internet and there has been a significant improvement in the services offered to customers since 2001.

Mrs. Tejada said the only function that will require a trip to the Key West Service Building would be some of the meter locations, which require a stamp.

Mrs. Tejada said that staff is asking the Board to re-visit this issue given the new circumstances and give direction to keep the Big Pine Key Customer Services Center open or that due to the change in circumstances and the guaranteed savings, the Board will close the Big Pine Key Customer Services Center.

Motion was made by Mr. Bradford and seconded by Mr. Batty to take staff's recommendation and close the Big Pine Key Customer Services Center.

Mr. Batty asked that the motion be amended to state that KEYS will negotiate with a local bank to accept payments. Mr. Bradford said he would accept Mr. Batty's amendment to his motion.

Mrs. Tejada explained to the Board the process that would occur when the bank started to take payments.

Mr. Symroski and Chairman Hernandez shared the different concerns they have with closing the Big Pine Key Customer Services Center.

Mr. Bradford and Mr. Batty both expressed their rationale to close the Big Pine Key Customer Services Center.

Mrs. Tejada explained to the Board the operational issues that will occur if the item is delayed.

Mr. Batty reminded the Board that the Advisory Committee recommended that the Utility Board close the Big Pine Key Customer Services Center back in 2008.

Ms. Clark asked if the Board was to vote to close the office when the office would officially close. Mrs. Tejada said that the office would remain open through the month of May and staff feels it is important that the office remain open a full month to give the customers ample notification that the office would be closing.

Chairman Hernandez asked about the possibility of installing a kiosk in Big Pine. Mrs. Tejada said in 2008, staff spent a great deal of time researching the installation of a kiosk and the major concerns were excessive maintenance and the cost. Staff also received feed back from other utilities that have or have had a kiosk and determined they are very difficult to keep up, require a great deal of maintenance and most customers required assistance when using the kiosk.

Mrs. Tejada stated that Mr. Eden recommended that Mr. Batty answer to roll call last where he is participating telephonically.

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

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

The Board thanked Mr. Batty for his participation by phone.

At this time Mr. Batty excused himself from the Board meeting.

AGENDA ITEM #6 – INFORMATIONAL ITEMS

Agenda Item #6a – 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.

Agenda Item #6b – Rate Comparison.

Mrs. Tejada informed the Board that the Rate Comparison Report is included in the Board meeting packet and staff is prepared to answer any questions they may have.

Mrs. Tejada informed the Board that the Rate Comparison Report lags because KEYS awaits information from Florida Municipal Electric Association (FMEA).

Mrs. Tejada said the graph shows KEYS rates declining in February and that future graphs will show an additional reduction in April.

Mrs. Tejada stated she is pleased to report another reduction in May, which will be a negative \$2.95. She said the rate should stay in place the remainder of the fiscal year.

Agenda Item #6c – Quarterly Financial Report

Mrs. Tejada informed the Board that the Quarterly Financial Report is included in the Board meeting packet and staff is prepared to answer any questions they may have.

Agenda Item #6d – American Public Power Association (APPA) 2010 National Conference

Mrs. Tejada informed the Board that the American Public Power Association (APPA) National Conference was published.

Mrs. Tejada said that the APPA National Conference was not itemized in the budget and that several Board members have expressed an interest in attending.

Mrs. Tejada stated there are remaining funds in the budget for Board travel but where the conference was not approved in the budget, she needs a consensus from the Board that the APPA National Conference is an acceptable travel expense.

Motion was made by Mr. Bradford and seconded by Ms. Clark to approve Board travel for APPA National Conference.

There being no further discussion the motion passed unanimously.

AGENDA ITEM #7 – CONSENT AGENDA

- a) Approve Minutes - Regular Meeting - April 14, 2010
Approve Minutes- Pension Workshop - April 16, 2010
- b) Approve Disbursements Report
- c) Approve utility pole rate reduction with Utilities Structures, Inc. unit price contract for one year
- d) Declare Miscellaneous Wire and Metal as Surplus
- e) Declare Vehicles #17, #20 & #96 as Surplus

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

AGENDA ITEM #8 – ACTION ITEMS

Agenda Item #8a and #8b were addresses and approved earlier.

Agenda Item #8c – Approve the Sixth Addendum to Real Estate Purchase Agreement related to Sale of Parcel-A (BAMA leased) property, Bid #21-08, to Fishbusterz, LLC

Mrs. Tejada stated that the Agenda Item was written with staff recommending that the Board approve the Sixth Addendum to Real Estate Purchase Agreement related to Sale of Parcel-A (BAMA leased) property, Bid #21-08, to Fishbusterz, LLC, however staff has not received any form of response from Fishbusterz, LLC, to extend the contract to purchase property. She said the documents were prepared based on an earlier conversation with Fishbusterz that they wanted to extend contract.

Mrs. Tejada informed the Board that the Fifth Addendum for the Sale of Parcel-A (BAMA leased) property, Bid #21-08, to Fishbusterz, LLC, expires on Friday April 30, 2010.

Mrs. Tejada reviewed the following scenarios with the Board:

- 1) The Contract will lapse and the sale will not happen
- 2) Fishbusterz will seek an extension in the form of a 6th Addendum
- 3) Fishbusterz will be able to close on Friday

Mrs. Tejada said that in the event that Fishbusterz, LLC, is prepared to close on April 30, 2010, Dan DeCubellis, Land Use Attorney has advised that it is in the best interest of the Board to authorize the General Manager/CEO to sign the quit claim deed and execute all necessary documents. She said that Mr. DeCubellis advised her, he will send a letter to Fishbusterz, LLC, tomorrow stating that KEYS is ready, able and willing to close per the terms of the contract and the Fifth Addendum.

Motion was made by Mr. Bradford and seconded by Mr. Symroski to authorize the General Manager/CEO to sign the quit claim deed and execute closing documents for the sale of the Fishbusterz property as described in bid #21-08.

Mrs. Tejada explained that if the contract is not signed on April 30, 2010, Mr. DeCubellis will notify Fishbusterz, LLC, that the contract has lapsed. She said at that time if the Board desires, Fishbusterz, LLC, would be given the option to move forward with the Sixth Addendum or the sale will not happen.

There being no further discussion the motion passed unanimously.

Agenda Item #8d – Approve Change Order #2 to Waste Management for Waste and Recycle Disposal Fees

Mrs. Tejada said that staff is seeking a change order for waste and recycling disposal fees, to Waste Management in the amount of \$2,289.72.

Mrs. Tejada informed the Board that Monroe County approved increasing contract rates with Waste Management, which will increase expenses above the General Manager/ CEO spending limit. The item is also a change order which needs Board approval.

Motion was made by Mr. Bradford and seconded by Ms. Clark to Approve Change Order #2 to Waste Management for Waste and Recycle Disposal Fees.

There being no discussion the motion passed unanimously.

Agenda Item #8e – Approve Change Order #2 to Motor City Electric Co., for Electrical Substation Construction and various Miscellaneous Construction Services, and Budget Amendment #10-17

Mrs. Tejada informed the Board Change Order #2 to Motor City Electric Co., is for a very large project the Board approved several years ago for numerous substation improvements. The contract is coming to a close and KEYS is currently in the process of completing close outs with Motor City.

Mrs. Tejada stated that the Change Order is a decrease in the total to the original contract price.

Mrs. Tejada said that KEYS is completing three separate changes which are:

- 1) KEYS added in material and labor associated with installing/ constructing a firewall at the Kennedy Drive Substation, which was recommended by KEYS insurance carrier.
- 2) KEYS has requested demobilizing and remobilization for Motor City because of late delivery of the Substation Transformer Kennedy Drive Substation, which Niagara Mohawk will issue KEYS a credit for the amount when transformer is delivered

- 3) Prior to construction of the transformer and switchgear at the US 1 Substation, KEYS re-engineered the project, which was bid out separately.

Mrs. Tejada reviewed the changes with the Board and the associated costs.

Mrs. Tejada said that staff is asking the Board to approve the change order reducing the contract by \$11,458.00.

Motion was made by Ms. Clark and seconded by Mr. Bradford to Approve Change Order #2 to Motor City Electric Co., for Electrical Substation Construction and various Miscellaneous Construction Services, and Budget Amendment #10-17

There being no discussion the motion passed unanimously.

OTHER BUSINESS

There was none.

ADJOURNMENT

Motion was made by Mr. Symroski to adjourn the Regular Utility Board meeting of April 28, 2010 at 5:52 p.m.

APPROVE:

Peter Batty, Vice Chairman

ATTEST:

Lynne E. Tejada, General Manager/CEO & Secretary

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