

## **AGENDA ITEM 2-b**

MINUTES OF A JOINT PUBLIC HEARING OF THE UTILITIES COMMISSION AND THE CITY COMMISSION OF NEW SMYRNA BEACH, FLORIDA, HELD FRIDAY, MARCH 9, 2007, AT 1:30 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

(This Joint Public Hearing was held in accordance with City Ordinance No. 19-05, specifically Chapter 82, Article I, Section 82-5(c) of the Code of Ordinances. The Joint Public Hearing Notice was posted on the U.C.'s website and placed on the bulletin boards at the Utilities Commission's office at 200 Canal Street and at City Hall, 210 Sams Avenue on February 26, 2007. This notice was advertised and appeared in The Observer, published February 28, 2007. Proof of publication of advertisement for this hearing will become a part of the minutes.)

Mayor Vandergriff opened the Joint Public Hearing with roll call of the City Commission, with a majority of the City Commissioners present as follows:

Mayor James L. Vandergriff  
Vice Mayor James W. Hathaway (ABSENT)  
City Commissioner Randal R. Richenberg  
City Commissioner Jack S. Grasty  
City Commissioner Lynne Plaskett

Mayor Vandergriff then requested a roll call vote for the Utilities Commission, with all of the Utilities Commissioners present as follows:

UC Chairman Kevin J. Para  
UC Commissioner Richard L. Spangler  
UC Commissioner Walter Allen, III  
UC Commissioner Jeanne K. Diesen  
UC Commissioner William E. Hall (Initially in hallway)

Others in attendance at the joint public hearing were: J. Hagood, City Manager; Greg McDole, Asst. City Attorney; R. Rodi, UC General Manager/CEO; B. Preston, Interim UC Legal Counsel; L. Klinkenberg, UC Director of Finance; C. Roberts, UC Controller/Budget Supervisor; J. White, UC Director of Engineering; R. Mitchum, UC Director of Electric Operations; T. Beyrle, UC Director of System Ops. & Generation; D. Hoover, UC Director of Water and Wastewater; P. Perez, UC Director of H.R.; C. Montgomery, UC Director of I.T.; E. Mahle, UC Public Information Manager; M. Rodriguez, UC Electrical Engineer, M. Rakowski, City Development Services Director; and a few other unidentified City and UC staff members; Joel Addison, Reporter at THE OBSERVER (1:38 pm); Vicky Koren, Reporter at the NEWS JOURNAL (1:45 pm); Bob Tolley, and a few other unidentified men and women, all members of the public.

(1) Presentation of Proposed 5-Year Utilities Capital Program  
(In accordance with City Ordinance No. 19-05):

Mayor Vandergriff commented that Vice Mayor Hathaway would be late and believed City Commissioner Richenberg was on his way. He added I don't know how long we're scheduled and asked how long do we think this presentation will take.

Ms. Klinkenberg, the U.C.'s Director Finance, answered I'm hoping it will be short and sweet.

Mayor Vandergriff stated okay, I know that there are two or three that have to be other places by 3:00 p.m., so I'm hoping an hour at the most for the meeting. He then stated to the City Clerk, until they come we won't discuss that meeting until they get here, then we'll kind of break and do that. He then turned the meeting over to Ms. Klinkenberg.

Ms. Klinkenberg addressed the Mayor and Chairman and all Commissioners. She stated for those of you who don't know me I'm Laurie Klinkenberg, the Director of Finance. To my left here is Claudia Roberts, she's our Controller/Budget Supervisor, and to my right here is Jim White, he's the Director of Engineering. Ms. Klinkenberg then stated up on the screen is all the Directors who had input with their staff to the current CIP that I believe you all received yesterday. I just wanted to give you an overview of where we're at right now. For 2007 we showed less than anticipated growth based on the CIP from last year so that helped us to reduce our financing needs and we delayed a few projects from starting, which are listed up there, most of them were due to growth.

Mayor Vandergriff interjected do you have a handout for this presentation or we don't have anything.

Ms. Klinkenberg stated it's what you received yesterday.

Mayor Vandergriff stated it's inside here, these files.

Ms. Klinkenberg answered yes, and added if you want more information about exactly where we're at right now I do have another handout if you want to see that. What I was trying to represent is that as of the end of February we had already funded \$9 million of Unrestricted R&R (Renewal and Replacement) projects and \$5 million of Restricted R&R projects. What we still need to provide funding for, it's been approved, funded that way but we haven't allocated money yet, is another \$3.5 million that will come from the mandatory R&R transfer and the Restricted R&R, and then we'll have to be going out for about \$8 million, \$8.5 million, worth of alternate financing and some grants, which we'll be bringing before our Commission and the City for approval to finance some of those. Last year's CIP we had estimated \$15 million worth of funding.

Ms. Klinkenberg then stated so "where we're going", in the new CIP that you were handed out, water obviously continues to be a major focus so we have a lot of projects for that. We want to improve, increase, and maintain our systems, and we have 26 water

(1) Presentation of Proposed 5-Year Utilities Capital Program  
(In accordance with City Ordinance No. 19-05) (cont.):

supply projects, 18 of which are infrastructure fee related which are due to growth, 19 wastewater treatment projects, four of those are infrastructure growth related, eight reuse supply projects and five are infrastructure related. She stated for electric we have 28 projects to maintain and improve reliability and cover peak usage, of which nine of those are infrastructure and growth related. Those are all broken down separately on your CIP that you received.

Ms. Klinkenberg stated some more of “where we are going”, the City provided us with a listing of projects and those are the list of the ones that you said that you thought we would have some take in and so we have allocated funds under the Road Project Relocation/Interagency Co-op Project heading. They’re throughout, each division has that and we’ve provided funds in there to cover your projects.

Ms. Klinkenberg stated the next is just kind of a little pie chart that shows each division and how much their projects cost for a total of \$83 million.

City Commissioner Plaskett commented you say that so easily.

Ms. Klinkenberg commented we deal with millions everyday, it’s just a number. She then went on to the next chart and stated this is how we plan on getting the funds. I intentionally left the infrastructure funds out of the graph because that’s something we’re not going to be budgeting for, that’s something we’re planning through the infrastructure fees that the developers will be paying so they have been left off of here. They are included in your CIP separately but they’re just not in our graph.

Ms. Klinkenberg then stated for your information, I guess the mandatory R&R transfer, I’m not sure if all of you understand that part. We’re required to transfer 8% of revenues from two years prior to maintaining our system, so we did estimates on all of that. Then the Restricted R&R transfers we were expecting to get funds from capacity fees and extensions to cover. She then concluded by stating short and sweet, any questions.

Mayor Vandergriff commented sure was.

City Commissioner Plaskett stated she had a question and asked if the projects were prioritized in any way.

Ms. Klinkenberg answered not on this list they’re not. We have been working, all the Directors have gotten together to plan which ones to start first, but they’re not listed in a priority order on what you’ve received.

City Commissioner Richenberg stated priority as far as, if I remember right we had the map that showed all the needed extensions and all the infrastructure work that needed to be done on the water distribution system and I believe that map had priority, color coding

(1) Presentation of Proposed 5-Year Utilities Capital Program  
(In accordance with City Ordinance No. 19-05) (cont.):

priority or something. He asked Mr. White if he was familiar with that.

Mr. White stated I don't have a picture of that in my mind as a prioritized map.

City Commissioner Richenberg stated I just remember that we saw the map, had overlaid the incoming development, it was a very informative map. I know when I gave it to Planning and Zoning they were really ecstatic.

Mr. White stated there was actually a series of those, one for water, wastewater priorities, and they had preliminary priorities assigned in a rough magnitude, short term, medium term and long term.

City Commissioner Richenberg stated I know it wasn't specific but it did have them.

Mr. White stated some of them subject to ongoing and breaking news and changing events.

City Commissioner Richenberg stated I understand you've got to have some flexibility built into to it too.

Mr. White stated now the infrastructure related to growth the priorities will be growth driven rather than internally driven. In other words if one developer steps back to wait for market improvements and another one moves forward then circumstances on the ground, the priorities are going to have to adapt to those kinds of situations.

City Commissioner Richenberg thanked Mr. White for his comments.

Mayor Vandergriff stated one thing that was in here I noticed there were phases of 2004 storms, I think some of the lines that run out east of US 1 and those things, you're going to be removing all those and a cost for a couple of other things; I can't remember what it was as I went through it a little bit. Were those FEMA funds that you kept track of that we're going to follow through to be paid for those items?

Ms. Klinkenberg stated she would have to look into that exactly, I wasn't here when we got the FEMA funds, I know we received some, I'd have to look into it.

Mayor Vandergriff stated the next question is have you closed that out from the hurricanes of 2004.

Ms. Klinkenberg stated we didn't file individually with FEMA, we filed under the City so I do not know if the City's closed out yet.

Mayor Vandergriff stated and you don't know if you received all the funds you actually

(1) Presentation of Proposed 5-Year Utilities Capital Program  
(In accordance with City Ordinance No. 19-05) (cont.):

asked for through that process.

Ms. Klinkenberg stated correct.

Mr. Hagood stated we have not closed those projects out.

Mayor Vandergriff stated well you're still reviewing some of that stuff because they're ready to pay whatever is left on those accounts but the funds for doing those, I guess what I'm asking is, are you looking for FEMA funds that you're utilizing those for the hurricanes to take those back out, is that what you're looking at.

Ms. Klinkenberg stated I was planning on just spending them through the R&R, I hadn't thought about the FEMA funds. If there are still FEMA funds available I would use it for that, I just don't know what there is at this point.

Mayor Vandergriff stated okay, we'll find that out because we're looking at closing ours soon and going back through and reviewing all those at this point.

Ms. Klinkenberg stated once you close yours, I can work with the City's Finance Director (Kathleen Eichlinger) to get what we have already received from the City, because the City has paid us some.

Mayor Vandergriff stated well that's why we need that communication, you need to make sure that you've received all your funds before, if you didn't through the City, before we close our accounts, to make sure that happens.

Mr. Hagood stated I'll get with Ms. Klinkenberg and hook her up with Ms. Eichlinger and make sure that we give her that, they've got a website that's got every document written, on that FEMA website, and I'll make sure that we get you access to that and give you a password.

Ms. Klinkenberg stated I do have access to that because we're filing separately now, we filed separately for the tornadoes, I just wasn't involved in the hurricane part and we didn't file separately there; I'll work with Ms. Eichlinger on it.

City Commissioner Grasty stated he had a question, on forecasting so far this year there's been no commercial building permits issued in New Smyrna Beach and only 28 (residential) the first three months of the fiscal year. Has there been any effect on your annual growth forecasting rate?

Ms. Klinkenberg asked for the revenue forecasting?

City Commissioner Grasty stated for growth, extensions, or anything, if things slow

(1) Presentation of Proposed 5-Year Utilities Capital Program  
(In accordance with City Ordinance No. 19-05) (cont.):

down what happens.

Ms. Klinkenberg stated it impacts the infrastructure, developer part of it with the growth. The other projects are not really projected on commercial, they're just projected on general growth in the area.

Mayor Vandergriff stated I think you said that as a matter of fact it's less than what you anticipated, I mean the growth really has slowed down everywhere, not just here, but it's happening everywhere. If I looked at last year's presentation and what you did, how many of these projects have been added as part of that.

Ms. Klinkenberg stated I can show you, I developed a handout.

Ms. Roberts distributed a handout to both Commissions.

Ms. Klinkenberg stated what I did was a spreadsheet to show the difference between the CIP that we're presenting this year for 2008 and the CIP that we presented last year for 2008, explaining why there's such a difference in them. Some of them are due to infrastructure and some of them we've either pushed out or we decided not to do, and some of them we've added. Overall there's a \$16 million difference between the two CIP's.

Mayor Vandergriff stated in your presentation you did say that you're going to be looking at \$8 million or more in alternative financing, I guess you're talking about bonds or whatever, looking out for a financing package.

Ms. Klinkenberg stated yes, bonds, grants, and maybe not revenue bonds, I'm working with a financial advisor for some flexible options because so much of our projects depend on growth. We don't want to spend money before we have to so I'm looking at something we can draw down on. Revenue bonds are kind of locked in and I'm not sure I want to go that way yet but I'm working with financial advisors to determine that.

Mayor Vandergriff asked would you be looking at that through this next year or the year after or...

Ms. Klinkenberg stated for the \$8.5 million that's required for this year's budget.

Mayor Vandergriff stated it's required in this part.

Ms. Klinkenberg answered yes.

Mr. Hagood then asked Ms. Klinkenberg if she was contemplating those through the bank qualified.

(1) Presentation of Proposed 5-Year Utilities Capital Program  
(In accordance with City Ordinance No. 19-05) (cont.):

Ms. Klinkenberg stated yes.

Mr. Hagood stated because the City's is also anticipating some bank qualified financing.

Ms. Klinkenberg stated we've been working with the financial advisors and I've talked to Ms. Eichlinger on a couple of occasions to make sure we're separate enough to both be able to do the bank qualified.

Mr. Hagood stated and they have indicated that?

Ms. Klinkenberg stated we're pretty sure we are, they're going to get verification obviously before that's an option for us.

Mr. Hagood stated this is loan agreements that you can get through a bank, a financial institution, and they only allow \$10 million on an annual basis to be under bank qualified financing. We've (the City) got a number of refinancing projects such as the golf course construction project that were all financed out of internal funds, some of our property acquisitions, things like that which we were also looking for bank qualified funds.

Mayor Vandergriff stated and the other part of that is probably you might have to look at phasing that, we need to have some communication between now as part of that.

Ms. Klinkenberg stated I started communicating with Ms. Eichlinger earlier this week.

Mayor Vandergriff interjected okay, good.

Ms. Klinkenberg added to see what her requirements were, what her anticipated needs were.

UC Chairman Para stated so what we're saying is that we don't want to get into the position where we end up disqualifying you all in competing for the same pot.

Mayor Vandergriff stated well when it comes to us to approve it, we're not going to let you do that, let's face it.

UC Chairman Para stated I anticipated that.

Mayor Vandergriff added but I don't want to get to that point, I'm trying to do that early on so that we don't get to that point, and I think that's what Ms. Klinkenberg just said.

Mr. Hagood stated I think we just need to get our two Finance Directors together and make sure that we've got, maybe there's some certain limitation that we can do and then we'll have to look at some other funding options.

(1) Presentation of Proposed 5-Year Utilities Capital Program  
(In accordance with City Ordinance No. 19-05) (cont.):

Ms. Klinkenberg stated so far everything we're finding is that when it comes to financing needs and bond issues and debt service, that we've been completely independent. We haven't found anything that linked us together enough other than you requiring to approve it for us, that would limit how much we could go for, but we're digging to make sure before we proceed.

Mr. Hagood stated well our financial advisors have previously indicated to me that we would be one entity under that limitation.

Mayor Vandergriff interjected tied together.

Mr. Hagood added but I have no problem looking elsewhere.

Ms. Klinkenberg stated okay, we'll work together.

UC Chairman Para stated yes, because some of these projects are important to the whole community.

UC Commissioner Diesen commented they're all important to somebody.

Mayor Vandergriff stated well, yes, all projects are important to the community, you know there's not just one side, all projects are important and we don't know where we'll be next year this time looking at what might come down as a restrictive for everybody. He stated unfunded mandates are a reality any more.

City Commissioner Plaskett stated you should take the word fund out of it.

Mayor Vandergriff stated yes, that's right for a fact. He then asked if there were any other questions the Commission has at this time.

City Commissioner Plaskett stated I just have a comment, I don't know who put this together but it's very comprehensive and very easy to understand, I really appreciate that.

Ms. Klinkenberg thanked her for that comment.

UC Chairman Para added you're welcome.

City Commissioner Plaskett added I don't like the numbers, but you know it's put together well. She then asked Mayor Vandergriff if he was going to let the public speak or not.

Mayor Vandergriff stated well normally, they would have already had public hearings on this issue. He then asked haven't you already had public hearings on the capital?

(1) Presentation of Proposed 5-Year Utilities Capital Program  
(In accordance with City Ordinance No. 19-05) (cont.):

Mr. Rodi answered this is the first.

Mayor Vandergriff stated then yes, any questions the public has on any issue. But before I do that, he stated to Mr. Hagood, I had asked Khalid Resheidat, but did he talk to you about anything that might be part of this that we might, that might be some effect to the city other than the projects that were shown up here.

Mr. Hagood stated we've got Paige Avenue that's kind of...

Mayor Vandergriff stated well Randy Walter is aware of that, he was there today.

Mr. Hagood added for next year but otherwise they're all, Mr. Resheidat's aware of everything, and everything's been submitted to the utilities.

Mayor Vandergriff stated we've kind of taken on a project, everybody's well aware of how bad Paige is and what happens out on Paige Avenue between the shopping center and Old Mission. Just to bring everybody up, I'm taken that on to make sure that Paige gets improved. If we don't start now it will never happen and one of the things that's happened is that intersection is failing. That's why you see the double turn lanes and some other things out there to bring it back to where it's not a failing intersection. So we've had a couple of meetings with the County and our local people and our staff to look at that and do something with Paige. Mr. Walter was good enough to meet in our meeting today and bring us all the infrastructure that's in that right-of-way that goes out there. We're only talking about Paige from the shopping center to Old Mission, not interested in all the rest of Paige, I don't care, that's out there it can stay where it's at and I don't think the County can ever rebuild those bridges right now. But the rest of that Paige, the shopping center can be a tremendous reliever of the intersection and S.R. 44, and we need to do something with it so that's kind of where we're at and what we're looking at, but there is a lot of problems and we're going to try to work through those as quick as we can to make it happen.

(2) Possible Other Business - Time for Commissioners:

Mayor Vandergriff then asked if anyone would like to ask any questions on this. Seeing none, he then asked any other questions the commission or the utilities have. He stated I hate that Vice Mayor Hathaway misses the whole meeting because he's a little bit late.

City Commissioner Plaskett commented that happened to me last time.

Mayor Vandergriff stated yes, when you walked in, and that was the fastest meeting we've had in a year or more, a couple of years I guess. He then checked with Mr. Hagood to see if he had anything else. He stated okay, then we have one other thing, I

(2) Possible Other Business - Time for Commissioners (cont.):

know that Ms. Lowry (City Clerk) wants to discuss and that's the meeting that was scheduled, the joint meeting with the U.C. and us on the 15th. I'm not sure, I know City Commissioner Richenberg's going to be out of town, he's going with his son somewhere I guess.

City Commissioner Richenberg stated a civics trip with twelve classmates to Washington D.C.

Mayor Vandergriff stated I guess the question's come up do we want to cancel that meeting or still have that meeting or try to reschedule. He stated rescheduling meetings anymore is like a nightmare, trying to get ten people together to do it.

UC Chairman Para stated I'd like to push it back if we could, I've got a pretty tight schedule, our annual event comes up on Saturday and it's become a hardship on me too, I mentioned that to you the other day when we spoke, so further back personally, and I'm glad to hear from other Commissioners.

City Commissioner Richenberg stated I also appreciate any effort to reschedule that meeting so I can attend because I definitely would like for all to attend.

UC Chairman Para agreed, I think it's important to us all.

Mayor Vandergriff stated we've been doing these on a Thursday, because Wednesday is kind of out for you (UC Commissioner Allen), is there any other day, I know there's no good days and believe me I understand that. We'll sit down and try to reschedule but making it where everybody can be there is sometimes very tough. Anybody have any ideas Monday through, not Fridays please I don't like, nobody likes Fridays; so Thursdays seem like the best day.

After someone suggested Monday, Mayor Vandergriff stated Monday or Thursday, that's what we'll kind of strive for and send a list over and we'll do a couple, actually we'll probably add a couple at a time of what we're going to do so we can get together.

UC Chairman Para suggested pushing it maybe 30 days out.

Mayor Vandergriff stated now you don't want it until 30 days.

UC Chairman Para well we're waiting on a report from R.W. Beck right.

Mr. Rodi stated the RFI.

After a few comments, Mayor Vandergriff stated this month's gone we can't do anything the rest of this month.

(2) Possible Other Business - Time for Commissioners (cont.):

Mr. Rodi stated I don't know what the topic will be or the agenda but the U.C. is doing the RFI with R.W. Beck.

UC Chairman Para stated that's an important part of this and do you want to wait until we get that?

Mayor Vandergriff stated well I think there's other things that might come up that we need to talk about, we can just have an open forum and let the Commission talk together on issues.

UC Commissioner Diesen stated so you're talking April.

Mayor Vandergriff stated it will definitely be in April because this month's gone for us, we're in Tallahassee the whole last week of this month and we have our other Commission meeting that Thursday because we moved it so we could all be in Tallahassee for that. This month is shot, if we don't do it that day on the 15th then we're in to April some time; probably would be 30 days out actually.

UC Commissioner Spangler commented then you'll be getting into my scheduling problems.

City Commissioner Richenberg stated well if we're going to have more important information it would only make sense to wait for that important information to be here.

Mayor Vandergriff stated well on that topic but I'm talking about other topics that we might want to discuss.

City Commissioner Richenberg stated I know it's kind of hard but we need to kind of develop an agenda as far as what the possible topics can be because I've tried to nail down what the topics are going to be for that workshop and I'm having a hard time figuring out what exactly it is.

Mayor Vandergriff stated it was actually scheduled to continue where we were at the last one and that's why we did it.

City Commissioner Richenberg stated about power generation.

Mayor Vandergriff added and move on from that.

UC Commissioner Diesen stated well why don't you offer up some alternative dates and see if we can all attend.

Mayor Vandergriff stated okay we'll do that.

(2) Possible Other Business - Time for Commissioners (cont.):

UC Chairman Para stated and if you have stuff that you want us to talk about or you want information from us then I think that's what we can kind of do to develop an agenda right. That way there's no mystery to it, we just kind of all show up and know what direction we're going in as far as conversation.

Mayor Vandergriff stated okay.

City Commissioner Richenberg added and make a list of topics and we can pick from them when we sit down.

UC Chairman Para commented we don't usually get past about two or three and then get into the "weeds".

After a couple of comments on that, Mayor Vandergriff stated anybody have anything else. He stated I appreciate the presentation and any questions arise from this, it will certainly be stressed at our next meeting to ask.

UC Chairman Para stated I would just like to thank Ms. Klinkenberg again for the wonderful presentation, you and your team have done a great job, and Mr. Rodi for his leadership in recognizing that kind of talent, so thank you again; this is a lot of work you did and you did it in a good timely fashion.

Mayor Vandergriff commented the only thing you're missing is us looking at a check for \$84 million.

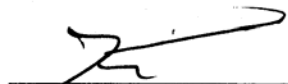
UC Chairman Para stated we want to see more grants and less loans right.

Mayor Vandergriff stated that would have topped it if you would have walked in here with a check for that.

Ms. Klinkenberg commented she's trying to get a letter.

There being no further business to come before the Commissions, Mayor Vandergriff adjourned the hearing. The Joint Public Hearing closed at 1:55 p.m.

APPROVED:

  
\_\_\_\_\_  
CHAIRMAN

ATTEST:

  
\_\_\_\_\_  
SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their March 19, 2007 meeting.