AGENDA ITEM 3-a

MINUTES OF REGULAR MEETING OF THE UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD MONDAY, AUGUST 24, 2020, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

(NOTE – DUE TO THE CORONAVIRUS/COVID-19 DECLARED EMERGENCY THIS REGULAR U.C. MEETING WAS HELD TELEPHONICALLY – VIA WEBEX MTG. NO. 132 789 0894 AND WITH LIMITED ON-SITE PUBLIC PARTICIPATION)

To commence the Regular U.C. Meeting, Commissioner Conrad led in the Pledge of Allegiance and Chairman Biedenbach provided an invocation.

Roll Call:
Chairman Biedenbach then requested for a roll call to be taken:

Commissioner Richard Hawes  (Absent – Out of State)
Commissioner Jack Holcomb
Chairman William E. Biedenbach
Commissioner Lillian Conrad
Commissioner James Davenport

Others in attendance were as follows:  J. Bunch, General Manager/CEO; E. Chavez, Director, Finance/CFO; J. Couillard, Director, Engineering; M. Mines, Director, Electric Ops.; B. Pitcher, Director, Central Services;  T. Beyrle, Director, System Ops.; B. Keehn, Director, Information Technology; T. West, Director, Water Resources; M. Schings, Supervisor, Substation & Relay;  E. Fisher, Communications Coordinator/Community Relations; D. Simmons, Exec. Services Mgr./Recording Secretary; General Counsel Thomas Cloud Esquire – Gray Robinson Attorneys at Law; Anthony Hight plus two other technicians - Ant Farm Media; John Moss, a member of the public; and a few unidentified virtual participants.

(1) Agenda Changes, Additions and Deletions:
Chairman Biedenbach asked Mr. Bunch if there were any agenda changes, additions, or deletions.

Mr. Bunch indicated yes sir, one change, I’d like to propose that we move consent item h. to the New Business portion, for discussion rather than being a consent item.

Chairman Biedenbach stated under New Business, okay, and then confirmed there were no further changes, additions or deletions.

(2) Public Participation:

There was no requested public participation during this meeting.

(3) Approval of Consent Items:

Chairman Biedenbach then continued to consent items and asked the Commissioners if they had anything they would like to pull and talk about.
(3) Approval of Consent Items (cont.):

Commissioner Holcomb stated I have to pull i.; I have a conflict.

Commissioner Davenport stated I’d like to pull j.; i. and j.

Chairman Biedenbach stated okay, and then confirmed that Commissioner Hawes was not participating via Webex, wanted to make sure in case he wanted something pulled from the consent agenda. Then asked Commissioner Conrad if she wanted something pulled for discussion.

Commissioner Conrad stated no, I’m okay, thank you.

Chairman Biedenbach stated then I need a motion on a. through h.

Commissioner Davenport stated I’ll make that motion; specifically a motion to approve items a. through h. – 3-a. Minutes of Regular U.C. Meeting held 7-27-20 (held via Webex Mtg. No. 132 417 5421), approve as submitted; item 3-b. Granted and Accepted Third Party Utility Easement (The Palms Phase 4 – Palms Land Holdings LLC), ratification of the acceptance of the third party granted utility easement by this entity for the stated project (an offsite utility easement) attached to this agenda item and hereby submitted to the Commission; item 3-c. Ratification – ITB No. 27-20 – Sugar Mill Drive 20-Inch Reclaimed Water Main Relocation Project, ratification of the award of contract to the lowest qualified bidder, Hazen Construction, in the amount of $348,500. Previous referenced overall project authorization for the General Manager/CEO to execute all associated project documentation, is ongoing; item 3-d. ITB No. 25-20 – Annual Chemicals / Water and Wastewater, approve award of this ITB for the annual purchase of water and wastewater chemicals for fiscal year 2021* to Odyssey Manufacturing Co. in the amount of $107,514, Allied Universal Corp. for $64,320, Carmeuse Lime & Stone, Inc. for $512,848, Tanner Industries, Inc. for $14,100, and Thatcher Group, Inc. for $10,700, for a total annual purchase amount of $709,482.00 (*includes extension option of three additional one-year periods upon mutual agreement; item 3-e. Camera Truck Purchase – Fleet Replacement Plan, approve award of the purchase of a Ford F550 Camera truck with Cues Camera equipment as described in the agenda item exhibit to Alan Jay Fleet Sales of Sebring, Florida (Sourcewell Contract No. 2020-120716 NAF), in the amount of $360,269; item 3-f. ITB No. 28-20 – Wood Pole Inspection and Treatment, approve the award of this ITB to Osmose Utility Services, Inc. in the amount of $100,000 to provide wood pole maintenance services for an annual contract for FY2021, with the option to extend this contract for up to three additional one-year periods upon mutual agreement; item 3-g. Supplemental Funding FY2020 – Pole Inspection and Replacement (Backlog) – External Contractor Support, approve supplemental funding of P.O. No. 00016004 – W.O. #20-UE118 for additional external contract support by Pike Electric LLC on the U.C.’s pole replacements backlog during FY2020 in a total amount of $200,000; and (sic) item 3-h. Amendment to UCNSB Purchasing Policies and Procedures Manual (pulled from consent for discussion under New Business under item 1. above. Consideration actually occurred at the beginning of item 4. General Manager’s Report as shown below.)

Commissioner Holcomb seconded this motion.
Chairman Biedenbach stated moved and seconded, and then requested for a roll call to be taken on the motion.

Commissioner Davenport’s motion then passed unanimously on a roll call vote.

Chairman Biedenbach stated okay, i. first.

Commissioner Holcomb stated I have to pull this out for myself, I can’t be voting on that. I’ve declared and submitted the form with my conflict and so I won’t be voting on i., as I have a conflict with the project.

Chairman Biedenbach asked Mr. Cloud if that’s all under control, we don’t have to do anything else.

Mr. Cloud stated no, you don’t.

Chairman Biedenbach stated okay, all right. Then asked Commissioner Davenport for his comments.

Commissioner Davenport stated yes, on the Developer’s Agreement, reading through it, under the section, “Whereas the Commission will not review, consider, or sign any permit applications until DEVELOPER has remitted payment, in full, of infrastructure and inspection fees; “. And my thought, then you come…, and by the way on this one they’ve been deferred which is great for the Commission, but as a developer why can’t we do the inspections and read the plan and approve it before them having to give us a check. Why can’t we review it, because if we have a check, say you’ve got a developer handing you $50,000 or $35,000, then you’ve got 30 days to inspect and look at your plans, in here. This is a pretty good time, I feel that we should be able to do plans and inspections prior to making people provide payment. Can you help me out on that somebody?

Mr. Bunch stated I think that occurs Commissioner, but Jameson Parker is here today for Julie Couillard. Mr. Parker would you be able to speak on behalf of the development process on how the inspection occurs or would that be a specific item for water?

Mr. Parker indicated this would be more specific to water.

Commissioner Davenport stated based on that I’m okay and we can talk about this later, you know, because that could get into something and I can deal with that, but I just need clarity in my own mind.

Mr. Bunch stated okay, let me explain my own understanding and I think Tim Beyrle is familiar with it as well. So, we’re reviewing plans and giving developers feedback, and at this point in time they’re to a point where we’ve generally okayed their approach to what they’re going to build and provide to us.
Commissioner Davenport interjected conceptually.

Mr. Bunch reiterated conceptually, there may be some details to get ironed out. And then you say based on that, this is what you’re going to pay us. Fast forward if it’s a big development, let’s pick one, Coastal Woods out at Venetian Bay, and then there’s maybe twelve months sometimes when they’re building and installing the infrastructure. And then we do the inspections and we take over the ownership of that infrastructure on a final inspection. But there are a lot of reviews of plans and feedback that’s provided prior to them actually building the infrastructure. Then he started to request Mr. Beyrle to speak, but Mr. Parker indicated he could speak to this process.

Mr. Bunch requested Mr. Parker to come up to the podium and introduce himself.

Mr. Parker stepped up to the podium, addressed the Commission and stated he was the Electrical Engineering Manager here at the Utilities Commission. So I am a little familiar with the, I’m going to call it the review process in the overall scheme of things. I know that we review plans several times on the water and wastewater side, it goes to the City as well. What I wasn’t as familiar with is the order in terms of payment versus inspection. So I don’t have a lot of insight on the order of it, but I know that we review the plans. It’s something that we look at, we approve, and then at that point the developer will install. But in terms of inspection versus payment, that I’m not too familiar with.

Mr. Bunch stated payment precedes the field inspection because there’s often time passing where the plans are approved, and they actually install and then we inspect the infrastructure. The last thing, I think you call it final inspection when we actually take over the ownership of that infrastructure and then there’s a bond that remains in place for a period of time, a performance bond; I believe that’s correct.

Mr. Parker stated that’s correct, at least on the electric side, so I would imagine it’s the same for water as well.

Commissioner Davenport stated and I see where these fees have been deferred so, right now until they start.

Mr. Bunch stated so we’ve deferred the collection of the fees until we accept ownership and there’s a really good reason for that, Counsel Cloud is working with our staff on revising this developer’s agreement. There’s something called a rational nexus law, a term called rational nexus. There’s a period of time from which you collect that money until you actually, we then come back and spend that money on infrastructure; rough numbers is about ten years. And what happens is the way we were previously doing it we were collecting that as soon as we signed the Developer’s Agreement which meant there was a period of a year or a year and a half I just described, where they were planning and installing infrastructure. And we were holding onto that money and it artificially accelerated that ten-year time by about a year, year and a half before we could actually put the money into play. So when we come up with a new version of the Developer’s Agreement, we’re going to collect the fees on final inspection and then that gives us ten years from that point to we actually have to spend it. And it gives us a
(3-i) Developer’s Infrastructure, Capacity and Inspection Agreement – Stewart Mitchell – S.R. 44 PUD – Mitchell Equity Group LLLP (cont.):

more realistic rational nexus of time versus speeding it up by a year or a year and half for planning and installing it; Counsel Cloud you were working with staff on that.

Mr. Cloud stated actually my first involvement with this document was in 2005. I was hired as an outside consultant, I made comments on it, one which was on this section and they were totally ignored. Because I thought it was a little hard and we have as Mr. Bunch has indicated we’re working on a number of issues with regard to the agreement, trying to soften it. And I think you’ll be proud of it when it’s finished, but it’s not there yet, we have a lot of homework to do in getting to there and making sure that everything is in place.

Commissioner Davenport stated and that’s what I’m leading up to, I’m trying to word this properly. Make it as easy as you can because a developer doing that puts up so much upfront money everywhere. So whatever we can do in this in our position and of course the City, to make it a smoother and i.e., the money is what I’m referring to here. So that’s good, I’m glad we’re looking at it into the future and I’m happy with what I’ve just got here. Thank you.

Mr. Bunch stated thank you Commissioner, thank you Mr. Parker.

Chairman Biedenbach stated you want to go ahead and make a motion to approve Commissioner Davenport?

Commissioner Davenport stated yes sir, I make a motion to approve that – “i.” was it.

Chairman Biedenbach stated “j.”

Commissioner Holcomb stated I’ll second.

Chairman Biedenbach stated moved and seconded, Commissioner Conrad do you want to say anything?

Commissioner Conrad stated no.

Chairman Biedenbach stated okay, Mrs. Simmons please.

Mrs. Simmons requested clarification of the motion, approving both agenda items?

Chairman Biedenbach stated no, “i.” is…

Commissioner Holcomb stated I have a conflict, so “i.” has to be voted on without me.

Mrs. Simmons stated okay, so we’re doing “j.”

Mr. Bunch stated “j.” is the mobile substation, this was the Developer’s Infrastructure so that would be “i.”.
Chairman Biedenbach stated okay, so the motion to approve “j.” and then we’ll have to go back to do “i.” because you can’t vote on it.

Commissioner Conrad stated right.

Chairman Biedenbach stated okay then, let’s do “j.”

Commissioner Holcomb stated no, I’m wrong, it was “h.”, right Mr. Bunch?

Commissioner Davenport stated I wanted to talk about “i.”

Commissioner Holcomb stated no, “h.” was moved to New Business, I had it marked.

Commissioner Davenport stated regarding “j.”, I just wanted to get it clear to myself.

Commissioner Holcomb stated then that’s the motion, “j.” is right, my bad.

Commissioner Davenport stated do we want to do both of them?

Chairman Biedenbach stated just do “j.” it’s on the books, Mrs. Simmons would you do roll call for “j.” please.

Mrs. Simmons stated okay, can you give me who made the motion and the second; I’m sorry.

Chairman Biedenbach stated motion by Commissioner Davenport, seconded by Commissioner Holcomb.

Mrs. Simmons stated thank you.

Commissioner Davenport stated I think it’s “i.”

Mr. Cloud stated it is “i.”.

Commissioner Davenport stated it’s “i.” team.

Mr. Bunch stated Commissioner Holcomb can’t vote for “i.”.

Chairman Biedenbach stated let’s do it again.

Commissioner Davenport reiterated its “i.”.

Mr. Cloud stated it’s the Developer’s Agreement.
(3-i) Developer’s Infrastructure, Capacity and Inspection Agreement – Stewart Mitchell – S.R. 44 PUD – Mitchell Equity Group LLLP (cont.):

Commissioner Davenport stated I make a motion we approve “i.”; specifically a motion to approve the Developer’s Agreement for Stewart Mitchell – S.R. 44 PUD – Mitchell Equity Group LLLP, and authorize the General Manager/CEO or his designee to execute all documents associated with this matter.

Commissioner Holcomb stated “i.” is the PUD that I’m in.

Mr. Bunch stated you can’t vote.

Chairman Biedenbach stated you can’t second it either; Commissioner Conrad, I need you to second it.

Commissioner Conrad stated she would second it, it’s for the Developer’s Infrastructure.

Mrs. Simmons commented she’s got it, it’s for “i.”.

Chairman Biedenbach stated motion made by Commissioner Davenport and seconded by Commissioner Conrad; please call the roll.

Commissioner Davenport’s motion then passed with a majority of the Commissioners voting yes. Commissioner Holcomb abstained.

Chairman Biedenbach stated okay, all right do we have your conflict of interest straightened out?

Commissioner Holcomb stated yes.

Chairman Biedenbach stated that’s straightened out, we can go on to the next one.

(3-j) Mobile Substation Rental and Installation for Smyrna Substation (Duke Energy Florida, LLC):

Chairman Biedenbach commented Mr. Bunch, get me out of this mess that I’ve put us in.

Commissioner Davenport stated the next one was “j.”, I pulled, wanted to know about the money. My question is the length of time, it looks like, explain to me $400,000 in a couple of months.

Mr. Bunch asked Mr. Parker if he was in the position to describe this project and what the costs entail? Okay, I’ll call Mr. Parker back up.

Mr. Parker came back to the podium and stated so this project is for a mobile substation. Essentially what that is simply a substation transformer that’s on some type of trailer. And what we’re needing it for, you mention approximately a month, and the reason for that is the existing transformer is in conflict with the work that needs to be done at the substation, and due to the timing of the work that needs to be done, it’s in the middle of summer. We cannot
take an outage on that substation transformer at Smyrna and serve it from another substation such as Airport for example. So we have to have a mobile transformer to actually be placed there for a month long period to serve our electric customers. In terms of the costs we reached out to, I’m going to say, a handful of utilities and resources that we have and we ran into conflicts with I’m going to say electrically; trying to think of a good way to word it, basically they didn’t work electrically together. There are transformers that won’t work at this site that may be cheaper, but unfortunately the ones that do work for us they are in the $350,000 to $400,000 price range and ultimately that is what is best for this in terms of moving the project along, getting the substation built, and having a way where we can serve our customers from not only the Smyrna substation but ultimately we’ll have new circuits out of there and be able to back feed. To where if we do have outages, more quickly and reliably we can get power back to them.

Mr. Bunch stated so as to how I understand it Duke is going to move it, install, make sure it’s working correctly, and at the end of the project come back, take it out, take it back from whence it came; is that correct? So it’s not just the rental, it’s sort of a turn-key project, is that correct?

Mr. Parker stated yes, for the most part. We do have to ensure that our resisting, I’m going to call it protection works, but for the most part it is turn-key.

Mr. Bunch stated now these are pretty specific pieces of equipment, several million dollars of value and then again, it’s a lot of labor, transportation of it, probably requires special State and highway permitting I would imagine because of the size. And if we were to lose power and not have this mobile on site during that time, we could put at risk a lot of the territory because Smyrna being our main substation. It’s pretty touchy project and it’s got to be done pretty well flawless.

Commissioner Davenport stated thank you, I just needed to see because of four weeks and $400,000.

Mr. Bunch added it’s a lot of money, but it’s a very expensive piece of equipment on a very important part of our system.

Commissioner Davenport stated thank you. Then stated I make a motion that we approve “j.”; specifically a motion to approve the Mobile Substation Rental and Installation for Smyrna Substation in the total amount of $400,000, which includes the approval of Task Authorization No. 1 to Duke Energy Florida, LLC in the amount of $367,931, and authorization for the General Manager/CEO or his designee to execute all documents associated with this matter.

Chairman Biedenbach stated okay, I need a second.

Commissioner Conrad stated second.
(3-j) Mobile Substation Rental and Installation for Smyrna Substation (Duke Energy Florida, LLC) (cont.):

Chairman Biedenbach stated it’s been moved by Commissioner Davenport, seconded by Commissioner Conrad. Confirmed there was no further discussion and requested Mrs. Simmons to take a roll call vote.

Commissioner Davenport’s motion then passed unanimously on the roll call vote.

(4) General Manager’s Report:

Chairman Biedenbach stated now Mr. Bunch, please.

Mr. Bunch stated okay, the General Manager’s Report and then we’ll come back to item “h.”, or do you want to cover the item of New Business now?

Chairman Biedenbach stated well you said you wanted it as an item of new business, so let’s just let it go on with Mr. Chavez.

Mr. Bunch stated okay, so let’s do that.

(3-h) Amendment to UCNSB Purchasing Policies and Procedures Manual:
(Note – This item pulled earlier from consent items to New Business section under item 1.; then determined for consideration at this point in the meeting.)

Mr. Bunch stated so Mr. Chavez and Mrs. Pitcher worked on essentially an RFP and so rather than tell them myself, Mr. Chavez if you could talk us through it.

Mr. Chavez commented, and I have Mrs. Pitcher there for the heavy on the back up. So when I started here a year ago, Mr. Bunch and I looked at the investments funds we have here and we noticed that the expense ratios, and mind you other ones as well, we noticed the expense ratios on the pension plans that we have, ICMA and Principal, were rather high compared to what is currently available on the market. So based on that we did some additional research, we decided to, similar to our health insurance coverage, we looked at a broker, an advisor. Someone that would, that specializes as a fiduciary to us, to pick the best available options in the most cost-effective manner for the employees. So this is purely an employee benefit in the sense that we’re going to take those two pension plans, we’re going to merge them into one. We’re going to substantially reduce the expense ratios on all the funds. These funds, will have, based on work with the advisor, every quarter, every year, we look at are the funds at, are part of our selections, are they in the top quartile, and do we need to move things around. Which is much different than the way ICMA and Principal operates today. So this is a win-win for the employees and for us, we would work with one recordkeeper which is what this is. In essence we hired the advisor, the advisor already did the RFP in the sense of they went out to the seven most critical, sorry, seven recordkeepers and a couple declined. So we were able to get the best available options and then we had interviews with the top two, which we then selected the best one. This one that was selected as a part of the advisor RFP process is the number two recordkeeper behind I believe Fidelity. So they provide a well rounded one-stop shop for our employees. We currently have, all that as a background, that exception we’re saying, that recordkeeper process is excluded from the Purchasing Manual because the
advisor, which we did through an RFP or RFQ, they’ve already done that process to provide us the best options. So they’ve already done, in essence, have done the RFP process, so hence we asked for an exclusion, so we don’t have to do it again.

Chairman Biedenbach asked Mr. Chavez how much did you save the employees by doing this for them?

Mr. Chavez stated we’re going from $151,000 for all employees for one year to about $45,000. So now the expense ratios on those funds will be more in line with what you’d see at a T. Rowe price or a Fidelity, and we’ll get the level of customer service that we need.

Commissioner Holcomb stated, and ever what access that the employees have or the level of service that they had with the other company will either stay on par or grow greater.

Mr. Chavez stated yes.

Mrs. Pitcher then addressed the Commission and stated a couple of points of clarification is our pension plan is not moving, our 457 plan and our 401(a) plan will remain two separate plans like that but we will have one recordkeeper rather than two recordkeepers. So in essence the plans that our employees have do not change, it’s the service that they’re provided that will be better than what they have today and they’ll be able to log into one site and see both of their plans, their accounts, on that one screen. Which means they’ll be able to manage their accounts better than they can today. So the actual meat of those plans is not changing the benefits, the employees don’t have to worry about is something changing with my contribution level or my match level or anything like that. That’s not changing, we’ll just be changing recordkeepers to provide them one, a better service and two, change to an open architecture fund line up versus what we have now where the fees are higher.

Commissioner Holcomb stated thanks, and added you did a much better job explaining that than Mr. Chavez did.

Mr. Chavez commented sorry I disappointed.

Mrs. Pitcher added it’s really more my area.

Mr. Chavez then added, I did focus on the savings.

Mr. Bunch stated so the reason we brought it forward on the consent agenda was also to let it be known publicly that Mr. Cloud was involved and he recommended an approach to say yes we can do that, we need to bring it to the Commission for discussion because the exception is not to go to another RSQ or RFP, the consultant did that for us. Then asked Mr. Cloud if that was it in a nutshell?

Mr. Cloud stated well, no, but it’s close. Anytime the Commission adopts a change in policy that applies externally that should come before you in a discussion item, not on the consent for it. For example, next month, Mr. Chavez has worked his butt off getting a re-write of your Purchasing Manual. It’s really good, he’s going to give you a very succinct description of it,
with Mrs. Pitcher’s help at the next meeting. This was one that we could bring to you, I mean that too will come as a discussion item. Why, because it applies to people out there. When it’s an internal policy or a contract or something like that, yes, then it’s appropriate to put on a consent agenda. It’s just that when it’s a policy that is going to be applied externally throughout the service area it should be agenda-ed as a discussion item which is why it’s now before you like that. This is a very important exception. There are cases where it just doesn’t make any sense to apply procurement, it takes too long, it’s a very complex area. It took, you know basically two people to explain it. I’m still not sure I understand that, I just know that it’s somebody that keeps records, it’s not important that I understand it. What’s important is now that you have discussed it, you can go ahead and adopt it without further ado.

Commissioner Davenport stated with a savings of approximately $105,000.

Mrs. Pitcher stated well, and that’s just your one, it’s on their account balances, so as their account balances increase their potential savings will increase every year.

Commissioner Davenport stated I like the part where the employees can see them both at the same time. Then added as long as you’re happy, I’m going to be happy.

Chairman Biedenbach then stated is everyone happy with the explanation? Then added thank all three of you.

Commissioner Davenport stated which one was that, “h.”, you need a motion?

Chairman Biedenbach stated yes, I’m calling for a motion now to approve the financial status, is that, give me some words that I need.

Mr. Cloud stated the motion is to approve the resolution that creates a new exemption within your purchasing policy.

Commissioner Holcomb stated I make that motion; specifically a motion to approve Resolution No. 2020-11, amending Section 1 G. of the UCNSB Purchasing Policies and Procedures Manual, to add an exclusion from bidding requirements related to retirement plan recordkeeper and related retirement benefit services – said resolution shall become effective immediately upon passage.

Commissioner Davenport seconded the motion.

Chairman Biedenbach confirmed no further discussion and Commissioner Holcomb’s motion then passed unanimously on a roll call vote.

(4-a) Financial Status – July 2020:

Chairman Biedenbach stated all right, I guess Mr. Chavez you’re up again. Jokingly requested him to be a little more clear than he was last time, adding it was his last shot.
(4-a) Financial Status – July 2020 (cont.):

Mr. Chavez stated no, he gets it, he understands. Then commenced his presentation entitled “July 2020 Business Performance Results”. Went to slide one and stated so for July month-end, change in net assets of $1.1 million. July year to date we are at net assets of about $2 million. Lower revenue because of the fuel adjustment charge that we held off on for May and June, non-operating expenses with the bond issuance costs, and then lower capital contributions. And those are, the capital contributions as we discussed previously are really around the timing. When these developments are finished, they transfer from them to us, we record them as assets, at least the underlying infrastructure. But we’ll go through the waterfall slides in the next couple as we go a little further. Year to date capital expenditures $9.3 million, so a million more than the month before, and really, it’s just a continuation of what we’re doing on the annual projects, around new services, pole replacements. We are still seeing year over year customer growth so that continues, and the volumes and the usage are still running pretty high. Major projects, Smyrna Substation, Sanitary Sewer Systems 10 and 11, and South Riverside Force Main Replacement.

Mr. Chavez went to the next slide and stated on your handheld copy there, metrics really well. If you look at the purchased power, Mr. Beyrle and his team, we’re at $41.42 July year to date, so that’s almost $6.00 lower than this time from the prior year, so that’s 12.4% down; so that continues. And actually one of the items we’re working on, we’ve formed an adjustment to purchasing policies and procedures, that will be another thing that will come to you in the next couple of months. In essence formalizing what we’re doing, really the formalization of it and stressing the reviews and the levels of the review around those processes, because that is a substantial chunk of our operating expenses. If you go further down on the volume side of it, so you’ll see there electric sales, slightly up over the prior year, commercial a little down from prior year but that’s understandable with everything going on, but overall electric usage up. Water, wastewater and reclaimed, those are up. Of course reclaimed continues to be up year over year. And then on the customer side, the customer growth, 2% on electric, water 3.1%, wastewater 3.7%) and reclaimed 18.4%. So the items that we, our operational drivers, are still where we would like them to be at.

Mr. Chavez went to the next slide and stated so on the operating income. This is a reflection of the controllable. When we look at, all the way to the right, we’re at an $846,000 loss from an operating income standpoint but the largest drive of that really is the fuel charge set to zero, so that’s $1.6 million. And the depreciation and amortization, which is a non-cash item. But we had, of course, other things that offset those negative items, we continued to have $492,000 on revenue increases. So that’s just additional usage and such that we’re seeing in the volumes. On the purchased power side, net purchase power favorability, even after the over recovery, so we still see those. We did have the one time on AT&T of $275,000. And then on the operational expenses side you’ll see that we’re in essence flat year over year. So on our items, labor, expenses, the direct day to day stuff we are in essence flat from the prior year - $25,000. So that’s a really good accomplishment by the team and just a really good continued effort because that’s the one item that all of us can control. We can’t control the revenue, and the fuel charge, well that was COVID.
Mr. Chavez went to the next slide and stated on the change in net assets. So from the net assets standpoint this is where, the contributed capital, once these developments are complete that infrastructure gets transferred to us, we then record them as assets. So we were at $12.9 million last year this time, we’re now at $2 million. The biggest drive of that realistically is the $8.3 million drop in the contributed capital. And that, based on discussions with Ms. Couillard and Mr. Ho and others, it’s really just that. And looking at our numbers, for example last year, Coastal Woods, Palms 2B, Riverwalk Condos; those are developments that were completed and transferred over to us last year. This year it’s a lot smaller, it just is — Palms 3B and 4 is just one of the large ones to note. So that when you look at a net asset’s standpoint that’s the largest driver. And then the other aspects of it, or in essence the other components of it are the same as the operating income. The only one additionally on the net assets side is the Series 2020, the bond issuance costs of $752,000, but that’s a one time thing that we won’t see going forward.

Commissioner Holcomb stated when we bring the asset onto the balance sheet, and I’m just referring back to what they said a little bit ago, on the nine years or ten years. What is it the first time where you see, we’re talking about scheduled maintenance like at the last meeting where you say okay, we’re going to acquire this asset, put it on the balance sheet. Then from that point, the maintenance, upkeep whatever it is the expensed dollars, is it ten years or five, what is it?

Mr. Chavez stated well, so, and mind you in the first year anything…

Commissioner Holcomb stated it’s the bond.

Mr. Chavez stated right, the first year they’re on the hook for those first 12 months, after that it becomes part of the normal maintenance cycle. In essence we absorb it and then regular PM’s and CM’s are done on that. So we’re responsible from the electric and/or water side to take care of those assets. But as far as when does the…

Commissioner Holcomb stated but is it an expense we identify or is it just when it happens it happens.

Mr. Chavez stated well, it’s just part of the normal routine item. Since it’s newer, more than likely there will be less maintenance, as it gets older it will probably require additional maintenance.

Commissioner Holcomb stated right, the reason I’m asking, what’s that threshold, is it the ten years before you’re probably looking? Because again it seems to me, and it’s a question, it’s more informing me. Because if I acquire an asset that’s going to have an expense, say in five years or four years, then does the, you know the expense part of that, is it accounted for. So when we bring the asset in, then.

Mr. Chavez stated it would be, so…

Commissioner Holcomb stated because when we acquire more assets then the charge, that expense is going to go up.
(4-a) Financial Status – July 2020 (cont.):

Mr. Chavez stated so what happens is as that maintenance, as folks go out there and things get replaced, it gets expensed as it occurs. So it isn’t an automatic, it’s just we know. I think with the grid mod, what we talked about a lot, of these asset management systems that we’re looking at, you put that in and then you start putting that on a schedule. You need to do a preventative maintenance task or a corrective maintenance task, that’s when you would get a better idea of that because we would start to track it that way. So there really isn’t a magic, I guess a known when.

Commissioner Holcomb stated these assets are pretty common and pretty similar so it seems that there would be a management part of this on life expectancy because we’ve talked about it and again, I’m grabbing bits and pieces from all, a bunch of different conversations. That we’ve talked about, okay we’re going to acquire this asset, assume the asset, don’t acquire anything. You assume the asset, we have the one year, and then we have a period of time that maintenance which we’ve talked about in the meetings. That if they’re common assets with a life cycle that’s determined, we’ve talked 30, 40 years, whatever it is, that it seems it would have some sort of expense timeline or impact, considering they’re all pretty common assets.

Mr. Chavez stated true.

Mr. Bunch stated kind of the simple version is if it’s a type of assets that we perform routine maintenance on, inspections, it becomes part of that program cycle. Lift stations get visited very regularly on the water side, backflow preventers they get inspections. Other than that, as you explained Commissioner if it’s a new asset it shouldn’t fail and then it’s going to be on a fix it if it breaks. But if it’s an asset that we perform inspections on it gets rolled into whatever that cycle is, anything else we’ll fix it if it breaks.

Mr. Chavez stated exactly, and that’s when we would incur the expenses if it does require more than just a visual inspection, then it’s incurred at that time which ideally should be… Well, if it’s in the 12 months on them, if it’s after the 12 months then it’s on us. Does that address that?

Commissioner Holcomb stated no, like I said it was we’ve talked about a lot of this in different spaces in the last couple of years.

Mr. Chavez stated I think what will tie it together more formally is when we do the asset tracking and such, because then we put them in there and then you start having scheduled PM’s and CM’s as part of the regular, of the asset life cycle.

Commissioner Holcomb stated right.

Chairman Biedenbach stated going to the asset side of it, let’s just isolate the water side. As you get a million dollars’ worth of water assets, $2 million, $3 million, how do you watch your maintenance budget on those ones for the breakdown. Not for the periodic change of checking the backflow preventers or whatever. But if you’ve got a million dollars’ worth of this stuff, you’ve got 2% of it that is breakdown maintenance. And then when you get $2 million of it, you get 2.1% or 2.3% or are we still at 2% for breakdown.
Mr. Chavez stated so the way we look at it is, for example on the water and wastewater, we look at the number of lift stations, we look at the various, as we add more of those, that just gets factored into their budget development. So for example, when Mr. Hoover was here, he would sit down with his guys and go through okay, here’s what the performance, here’s what we did last year. They do look at the growth, the escalation of costs, but they also look at specifically the number of stations, number of different…

Chairman Biedenbach stated age.

Mr. Chavez reiterated age, age is a huge one, and then that’s where they start. They submit a budget and the sense check that we put on our side of the house is that if there’s a substantial jump year over year in that budget but there really wasn’t a substantial change or increase or additional increase of assets, that’s when we would push back. But as they, over time, as we inherit more of these assets, then our budgets do go up. So FTE’s, labor’s one of the largest components, in addition to purchased power, but then we’re also looking at, for example in the water and wastewater sludge, disposal of the wastewater sludge – we’re looking at all those things. And that’s what will determine it, it’s volumes and then the assets that we’re adding on. But it’s more of, here’s what I had last year, here’s how I went up or the increase in assets this year.

Chairman Biedenbach stated and then we see an increase in the maintenance budget as we get older on our assets.

Mr. Chavez stated yes, that’s exactly it.

Chairman Biedenbach stated are there numbers in the industry that we should be targeting against?

Mr. Chavez stated well, what we do is on the KPI’s that we analyze, we do look at our O&M, I believe it’s O&M per customer, for water, wastewater, yes, pretty much all the segments. So we’re looking at those and we look at versus budget and versus our peers. And on water I know for sure that we’re well under our peers.

Chairman Biedenbach stated okay.

Commissioner Holcomb stated and the reason I ask that is if you take the maintenance schedule that we had, which we think we’ve discussed wasn’t really you know, and now you apply a new standard, there’s going to be…

Mr. Chavez stated yes.

Commissioner Holcomb stated that’s all I’m saying, rather maintain the dam than repair the dam.

Mr. Chavez stated yes, so that’s the thing, to your point, as we do more of these proactive and start to do, follow a more rigorous asset maintenance system, yes, you’re going to…
Commissioner Holcomb interjected, going to carry some expense with it.

Mr. Chavez stated yes, in ours, on the inspection side it will be labor, but to your point when as we migrate to that model, that’s where we’ll start to incur. And of course we’ll give you advance notice as we look at those items. But right now what we’re looking at is existing footprint, what are the additions that we’ve made and then look at it from that side.

Commissioner Holcomb and the only thing I ask is around budget time is when we see that coming versus the Thursday when we get the agenda and then the Monday vote; we’re talking about time frames.

Mr. Chavez stated yes, well for example in the 2021 budget, we looked at everything that we had, we made sure we scrubbed the numbers, we looked at the number of incremental FTE’s that we had and we skinny-ed that back just from the standpoint of we’re able then to operate our existing footprint with the existing. We couldn’t even hire all of these folks even if we wanted to, so we took back some of the budget. The sludge disposal of the lime, the pool that they cleaned out, we don’t have that so that was a budget savings. So we’re looking at that and as we learn more and transition to this, we’ll be able to fine tune it better. But to your point, if you do more PM’s there’s going to be some incremental increase. But ideally, you’ll have a better maintenance history and longer life of the assets if you’re doing the right steps.

Commissioner Holcomb stated but when we transition, we’re going to see an increase, it’s inevitable.

Mr. Chavez stated you’re right. He then confirmed there were no additional questions.

Chairman Biedenbach stated thank you.

(4-b) Balanced Scorecard and Enterprise Metrics – July 2020:

Mr. Chavez continued and stated, so change in net assets, we went through that, good story overall in that we’re controlling our operating expenses. He then went to the next slide and stated so KPI’s, Safety and Risk, no OSHA, no motor vehicle accidents or 3rd party claims in July. We did have a couple of small ones in August but those will be in the next month’s meeting. Electric reliability, SAIDI, month year to date green. SAIFIE is red, and SAIFIE is frequency of customer interruptions, so that’s just we had a more active storm year. I’ve seen it myself actually, so that’s expected to be red at year end forecast only because we’ve just had that many more customer interruptions. CAIDI is duration, that’s still positive or green for the year or expected to be. Water Resources metrics are green and Customer Service green, so for those we’re keeping our metrics in the right, either green or best in class without a substantial increase in operating expenses.

Commissioner Holcomb stated can I ask, you said on electric reliability, you said more active storm year, and we talked about this at the last meeting, was it doesn’t necessarily mean named storms or whatever, it’s basically…

Mr. Chavez interjected lightning.
Commissioner Holcomb stated okay, all right, so again just for clarification.

Mr. Chavez stated no, you’re right, it’s not named storms it’s just more storm…

Commissioner Holcomb continued, because people are going to walk away and say well, we didn’t have named storms. In the last meeting you guys said no, it’s a bad afternoon with high winds and tons of lightning, that’s it, okay.

Mr. Chavez confirmed and stated that’s exactly it.

Commissioner Holcomb stated I just figured that out, I’m good.

Mr. Bunch stated if you jump back to meetings we had a couple of months ago, where Ms. Couillard presented the reliability improvement plan about this area, that area, those will be implemented over the next three years. We should see definite down in improvement of electric reliability. Honestly, we’ve only done a little bit in terms of some last year to make improvements, those were outweighed by the frequency of storms this year. When you’ll see the big difference is when the electric feeders are segmented and then when an outage occurs it’s only a couple hundred instead of say 4,000 as we’re seeing some outages today. We will have Ms. Couillard provide like an annual update on those plans as we move forward. But we’re only off by a little bit regarding that goal. It’s not like we’re in a 2.5 to 3 interruptions per customer that we were seeing five years ago. I think it’s 1.5 or 1.41 in terms of projected end year performance and our goal.

Commissioner Holcomb stated as we work through those and we start to see those improvements, that’s one of those things on social media, communications, that we kind of bring the customer along with us in our communications on the improvements.

Mr. Chavez stated and the good things about those improvements that we’re doing, initially those are capital, putting in those reliability, resiliency improvements are capital. But once again the O&M will go up once you start to have to maintain them. But it will provide positive impact to the frequency.

Commissioner Holcomb stated right, they give us the car, not the gas, the oil, and the maintenance.

Mr. Chavez continued, Materials Management green, no issues there, H.R., Ms. Pitcher could probably explain this better than me; just kidding. Average time for recruitment is green, so we’re under budget by 16, we’re actively recruiting for seven. So in essence the 2021 budget, that’s what we talked about, where we added the right amount of FTE’s, or headcount, we didn’t add in all the extra open positions that we didn’t have line of sight to fill. I.T. side, cybersecurity participation still remains high and that’s green. And then just a touch base now that we’re past the disconnects, we’re back in the normal collection process and we’re seeing now receivables and collections historical pre-COVID, I would say normal in the sense that our collections and receivables are in really good shape.
(4-a) Financial Status – July 2020 (cont.):

Commissioner Holcomb stated and that’s encouraging for the economy, that’s good news to hear.

Mr. Chavez stated yes, and I think that some of our peers aren’t faring as well, but I think they might have given longer dispensation on the disconnects. But like we had indicated if you give enough rope out there somebody will…

Commissioner Holcomb stated no, when I meet with the banks that’s one of the things we look at is delinquencies in the short term.

Mr. Chavez stated yes, we’re in pretty good shape but of course we monitor it, Mrs. Woods and her team issue a weekly update on the status of it. We’re monitoring it, we don’t want to get back to that level.

Mr. Bunch stated that was one, to me at least, has been a pleasant surprise and I think it has a lot to do with the demographics in this area. Our demographics to income, the finance guys looked at this when we were going for bond financing, slightly better than the surrounding County and about on average with the State. What that means is we’re a lot better than a lot of our municipal peers and I’ve talked with several of them in email and in person. Some of them are struggling with this where unemployment and a lot of folks not having means. I think we have a lot of folks in this area that are on fixed income, retirees that came here, brought money, probably in a better position than a lot of our peers. With that said, Mr. Chavez’s team has also worked with customers one on one putting together payment plans that help keep them in service and then work down whatever backlog or delinquent, they might have accrued. So that money at risk right now is really, really low and I think you’d be surprised.

Mr. Chavez stated as of right now we’re back to historical levels, meeting collections and the amount of over 90 days is pretty much what it was before. Because you always have some, that’s just the nature of the business, but relative speaking we’re really low, good.

Mr. Bunch stated between 2009 and 2011, we had years where we had $200,000 to $400,000 write-offs. Right now that money is down in the handful of $1,000’s that’s at risk. So could it balloon if the economy went south, sure, but right now the teams done a really good job of working with our customers to keep them up to date. Again, pleasant surprise, very surprised.

Mr. Chavez stated, and we keep an eye on it so if it starts to turn south we’ll definitely have a line of sight and keep you updated. He then stated that’s everything, the only thing I have is, as Mr. Cloud indicated we’re going to present the Purchasing Manual, the revisions. Definitely a long time coming but I think it will be good, it’s a good product.

Chairman Biedenbach thanked Mr. Chavez for his presentation.

(4-c) Mutual Aid Invoice – Hurricane Dorian:

Mr. Bunch stated he was going to ask Mr. Chavez to stay at the podium. So the last item I have on the General Manager’s Report is a mutual aid invoice. So in the electric business,
(4-c) Mutual Aid Invoice – Hurricane Dorian (cont.):

In the mutual aid world, there’s a lot of agreements that take place with phone calls, emails, and of course when you’re prepping for a hurricane that stuff happens very quick. Last year as we were preparing for Dorian, a day or two before the hurricane passed, as you will recall, it was projected at some point for us to be head on, ground zero for a cat. 3 maybe 4, hurricane. Fortunately, thank God, the hurricane passed, it veered east and north of us, turned out to be a tropical storm. Well, the day before it was thought the hurricane would hit us, the industry knew that Orlando was going to be okay. They had some extra crews from Omaha, Nebraska and Mike Mines reached out through FMEA and they were made available to us. We brought them on, we did the clean up that day and everybody left. So we had about 100 people in various areas working to support us. There’s a requirement, contractual requirement that in 60 days of that occurring you get invoiced and then there’s a period of time that we had all through the end of April to submit all of our expenses to FEMA. Well, one of the utilities didn’t submit that, so there was probably I’ll say two sides of that blade. One was yes, they didn’t submit it but the other was we didn’t reach out and say hey guys, why didn’t you submit the invoice to us. So we missed the window to submit that as a potentially FEMA reimbursable expense. Now bear in mind we don’t always get reimbursed by FEMA but to have consideration for it you’ve got to submit. So they submitted invoices to us somewhere in the range of $150,000. Mr. Chavez’s folks have looked at it, don’t think it’s quite that much. But my recommendation is that we would, this is one of those things where if there’s a contractual ability to not to have to pay something and there’s a, in my mind, a morally what’s the right thing to do. I think in this case it falls in the case of the latter. Had they submitted the bills on time, we would have incurred it as an expense this year, we would have submitted it to FEMA with the possibility of being reimbursed by FEMA at some point in the future. My recommendation is we’ll have some leadership discussions with them, try to pay it before years end with the recognition that there’s probably no chance that we would get reimbursed by FEMA at some point in the future. But it was a real expense to us, we reached out, we asked for the help, they made themselves available. Yes, they didn’t submit to us as they should have but I don’t see the legal ability not to pay that bill as a reason for us not to pay as an organization. And I think if we didn’t and you’re Omaha, Nebraska and Florida reaches out again and this is at the state level, so if FMEA reaches out to them and says can you provide bodies their likely response will be well why would I do that, Florida didn’t pay us the last time, rather than New Smyrna Beach avoided what I would say is a real expense. So again, the reason I bring it here is I could approve this, not bring it to you, but I wanted to let you know some discussion that’s going on real time and my recommendation would be that we work with them through Mr. Chavez’ team, figure out what the right numbers are and reimburse them. So I’ll pause there if anybody has any questions.

Chairman Biedenbach stated Mr. Bunch, is the $150,000 from Omaha, is that what we’re talking about.

Mr. Bunch stated that’s the one that you and I discussed a couple of weeks ago.

Chairman Biedenbach reiterated a couple of weeks ago and then added is there an area that we can discuss this thing. Have you guys discussed this with them, is $150,000 the right number or..? If I remember right, we were talking about not very long and $150,000 sounds fairly steep to me and I don’t know anything.
Mr. Chavez stated exactly, so what we’re doing is we’re reviewing it, we’re going to come up with a number that we believe is representative of what they, because in all truthfulness I believe they landed in Deland and then they just went back to Omaha. So that’s what we’re going to look at, realistically what is their, you know, the travel back. Because we did authorize them to come here it’s just that the way things worked out, they were gone within…

Mr. Bunch stated they billed for probably four travel days, four and a half travel days and we think maybe they lost records and it’s probably two and a half or three.

Mr. Chavez stated right, exactly.

Commissioner Davenport stated I had just came home, was going from Virginia over to Tennessee and I’ve never seen so many utility trucks, I mean just trucks and trucks. And then I pulled in there, having barbecue and everything and I was thinking about this exactly right here, coming down here. But can we negotiate that, I mean like you said…

Mr. Cloud stated of course you can, Mr. Bunch is correct, we discussed it. You have absolutely no legal obligation to pay it. I will share with you, big case we had for Bushnell, we hired an expert for valuation. They ran $40,000, failed to get us a bill for a year and a half, finally got it to us and we forwarded it on to Bushnell. Bushnell paid every dime of it, why, because they did the work. In this case, Mr. Bunch is absolutely correct, there is a foundational integrity that has to remain in these mutual aid agreements and so that’s why he’s asking you for the flexibility to reach out to them and reach an accommodation; correct?

Mr. Bunch stated better said, yes.

Commissioner Holcomb stated I agree with that, I don’t, like you said the work, we called them, they came, that’s easy. And because you have a legal standing doesn’t mean you exercise it; I always want to have conversation and be able to work it out amongst ourselves to solve it. You know legal standing, for me any way, it’s the right thing, we want to do the right thing. My internal question is, you know again, these things move fast, people are coming down, we’re going through our normal day and then boom we hit this and then we completely all just jump off what we’re doing and just go deal with us. Is there a better organizational, I mean this would have jumped out at us, like from… This is a company, they came in, we have no bills submitted.

Mr. Chavez stated yes, so that’s what we talked about internally in my area and along with Mr. Mines and Mrs. West, we’re going to double check that we’ve got every invoice. If there’s somebody that hasn’t, we’re going to follow up with them. We’re going to follow up once, it’s 90 days, we’re going to follow up within that 90 days and hey, if you don’t put it in, we’re not going to pay it. I mean we’d state that, that’s contractually but we will put a tickler in there to follow up with them to get this invoice next time. Double check the list and call every single one of them.

Chairman Biedenbach stated we’re going to do some of their work for them so that we don’t end up in discussion.
(4-c) Mutual Aid Invoice – Hurricane Dorian (cont.):

Mr. Chavez stated exactly, because technically, I mean, you know.

Mr. Bunch commented people don’t usually forget to bill you.

Mr. Cloud commented surprisingly they do.

Commissioner Davenport stated I’m glad to hear that you’re putting these procedures in place and a checklist. It sounds like to me it’s just an honest mistake here, we all make them.

Mr. Chavez stated and to Mr. Bunch’s point, if we don’t, this is a messy situation on both sides because shame on them for not submitting the invoice, I mean it was so late it was past FEMA submission; it was, it was the beginning of July. But at the same time, we don’t want to be that municipal that it looks like we don’t hold up our end of the bargain.

Commissioner Holcomb stated no, I think that if we communicate prior to the submittal that there’s a consequence of the non-submittal, then it’s a little easier to stand here and go yes, I want to be your partner but you can’t leave me in the weeds either. And I think to have that communication, that we can stand there with these folks and say listen, we notified you on this date, we notified you on this date, here’s the final letter, right. And then it’s easier to have that conversation of negotiation versus we didn’t call you either. So, and I’m okay with that, listen, it’s just one of those things, we made a mistake, a partial or whatever, but we remedied how it’s slipped through the cracks.

Mr. Chavez stated in talking with the folks this has never, everyone’s always submitted, there’s been never.

Commissioner Holcomb stated well yes, right, but like I said you don’t know what the circumstances are in Omaha, if they’re good or bad, we can’t, it’s just the way it is. You say it won’t happen; it’s going to happen.

Commissioner Davenport stated do we need a motion on this?

Chairman Biedenbach stated let me ask another question before we do that. Can we lean on FEMA at all or is FEMA standing on…

Mr. Chavez stated we already looked at that, that ship has sailed, it’s the Titanic; we’ve already gone down that path.

Chairman Biedenbach commented FEMA said don’t bother us.

Mr. Chavez stated yes, they will not consider it. We reached out to them, they were like once that date goes, it is done. We’ve already gone down that path.

Mr. Bunch stated if there’s any consolation, for the same storm FPL incurred $272 million in costs because they absolutely had damages. We were at least at the point on that storm curve that we got the tropical storm and about half of our customers were out of service and Mr.
(4-c) Mutual Aid Invoice – Hurricane Dorian (cont.):

Mines and his team did a great job in getting them all back in service quickly. And that group of trucks that you saw going up and down I-95 was a huge group of trucks for them last year.

Chairman Biedenbach stated so what you’re telling us is you guys are going to try to negotiate and you’ll come back to us when you figure out a number and you’re going to do that after this meeting, so I won’t have to vote.

Mr. Bunch stated we’re going to negotiate, then we’ll approve a payment and advise you on how much that was next month.

Mr. Chavez stated so it will be on us, we’ll communicate with them and get a resolution.

Chairman Biedenbach thanked Mr. Chavez and Mr. Bunch.

(4) General Manager’s Report:

Mr. Bunch stated just two real quick items while I’ve got the General Manager’s Report. So there’s a card, I don’t know if everybody has one but on the 28th at 10:30 a.m., Mrs. Pitcher and team organized a building dedication and retirement lunch for Dave Hoover, our prior Director of Water Resources. We’re going to start it at the Dechlorination Building over on the North Causeway and then come back to the Brannon Center down the street for a quick lunch. If you’re available it starts at 10:30, if not, it’s not a mandatory event. But this is a follow up to the UCNSB Day last year that Councilwoman Denys did for us in Volusia County and I believe she’s going to attend the event and be a part of the celebration. And at this point it’s been over 11 years since the U.C. has discharged any treated effluent into the river and that’s part of the reason of dedicating that building to Mr. Hoover because he was such a large part of that success. So if you’re available, we’ll provide additional information if needed, we’ll get Mrs. Simmons to send something out if we haven’t already to the Commissioners.

Commissioner Davenport stated I’ve got to make an observation on that, for us that live on the river and have a crab trap. Been there for a long time and years ago I got some crabs there and ate them. I don’t want to tell you, they just tasted horrible, you couldn’t eat them. I got some not long ago and they were so sweet, it’s all because of that right there, you can tell the difference.

Mr. Bunch stated I believe it, I walked down there today and I saw people crabbing. So we’ve got that item. Thanks for your comments Commissioner. And there was one other item, slipped my mind, and then stated I know what it is. So today is Chairman Biedenbach’s last meeting, tomorrow the City Commission will elect (sic appoint) a new Commissioner for us. Next month we will have the Mayor here to swear in the new Commissioner. And then also in September, that’s our annual election of officers and we will elect the new Chairman, at least the Commission will. Then he stated that’s the last thing I had.

(5) Commission Counsel’s Report – General Counsel:

Chairman Biedenbach then stated Mr. Cloud, what do you have for us?
(5) Commission Counsel’s Report – General Counsel (cont.):

Mr. Cloud stated well, a couple of things, the trial will be starting soon on Hypower. There will be some depositions of former employees and there will be virtually no exposure for us at this point. Working on the Interlocal Agreement, expect to have something out in the next couple of weeks to you (U.C. Commissioners) to look at before we send it out. We are close, Mr. Chavez has been negotiating with AT&T and we’re very close in working out a Joint Use Pole Attachment Agreement. Understand that back a few years the Commission adopted a Joint Use Pole Attachment Agreement. These are unusual agreements, they’re not something you normally do as a form because the only time you use them is when you’re making an agreement with someone who owns poles, which means the phone company, right. The vast majority of pole attachment agreements are pole attachments where people want to attach to your poles. The Joint Use, really it works out where you do mathematics, you do an inventory and whoever has the most poles gets to charge the pole charge right. So we are in the process of working on a pole attachment agreement which you didn’t have for those that also don’t own poles. We’re very close to that, I’ve been working with Ms. Couillard and Mr. Chavez. And we set up the fee to what Mr. Chavez has determined it needs to be which means it will be tied to the, you know, the ratchet up provision indexing based on the CPI. So we’re making a lot of progress there, the rates are under work and they’ll be some things we’ll have to work at on there; that’s where it should be. Williamson Boulevard, we’re making progress on the alignment. We’re working out, the Engineering staffs are, to find something that doesn’t quite impact as many wetlands but also leaves the site that you need for the construction of campus. And it’s just taking a little work there and maybe a little recognition on the part of the County staff that, you know, they need to be a little more patient. There are no suits on the horizon. But there is one last thing I want to share with you, it happened about 20 minutes ago, the judge has ruled that the DOE order is unconstitutional. So the order opening Florida schools has been struck by a circuit court judge. The only reason I bring this up to you is to say that public health is a huge issue, it cuts across everything. That’s a part and parcel of what you do every day when you work with this and it’s very important how we do it, the standards that are applied to us. Because the judge cited in the CDC ruling that 5% is the safe percentage and he based his ruling on that, so science does matter. What you do, what your staff does, does matter. And then concluded by stating that’s all I have to report.

Commissioner Holcomb added, and good data.

Mr. Cloud stated absolutely good data.

(6) Old Business:

There were no Old Business items for consideration.

(7) New Business:

Chairman Biedenbach confirmed with Mr. Bunch consent item 3-h. was completed. *(Discussed and approved at the beginning of the General Manager’s Report.)*

(7-a) Healthcare Renewals FY2021:

Chairman Biedenbach then went to the next item – Healthcare Renewals.
Mrs. Pitcher addressed the Commission and commented you’ve got to love this time of year, right, healthcare renewals. So with everything except for medical we have a zero percent renewal or a flat renewal, so no cost increase to our employees or the U.C. on dental, vision, life, disability, supplemental or flex. Our medical coverage is a different story, unfortunately this year we had some really high claims and I can’t go into any details about what those claims are because of private health information but in reviewing what those are it’s not anything that we could have educated on or health and wellness that we could do to, you know, bring those down. They’re unfortunate situations that our staff have had to deal with throughout this year. It’s caused our MLR or our medical loss ratio to be at 126% this year which means that Florida Health Care paid 26% more in claims than we paid in premiums. So our average MLR is about 70 something percent, last year it was 54.1%, so we’ve never had a high loss ratio like we have this year. And hence, why we never had high renewals up until this year. So originally Florida Health Care had projected a 27% for us, we went to the market, and because of our claims everyone DQ’d us or they declined to quote. So we went back and negotiated with Florida Health Care quite a few times. We were able to get down to 19% for this year with an agreement we would not go to market next year and put a 20% cap on next year. Now I want to clarify why we would want to do that, because in looking at the high claims we have this year we’re projecting that those are not going to go away in the next year and they might increase or they might stay where they’re at. So we wanted to put a safety net first of all, if they stay like that we know we’re going to get DQ’d again, so we’re not going to be able to go to market anyway next year. Second of all, we don’t want next year Florida Health Care to say well, we gave you a lower increase this year so we’re going to jack it up next year, which is why we put that cap on there. So 19% this year with a 20% cap next year and an agreement not to go to market. Now before I get a million phone calls after this meeting from all kinds of employees, to put into perspective what 19% actually looks like, because the Utilities Commission has a very large cost share with that, with our employees. So for us, we’re looking at about $230,000 on the U.C. side of an increase in healthcare costs. For the employees collectively, it’s about $45,000. For an individual employee their cost increases are going to range between $0 a pay and $37.00 a pay. So in perspective, 19% on what their cost share is actually not as high as it would sound. So we’re recommending that you approve our renewals, 0%, flat renewals for all except for medical – 19% this year, no market next year and cap at 20%. Any questions?

Commissioner Conrad stated I think I remember from last year that we had a reduction in medical coverage, am I correct or incorrect?

Mrs. Pitcher stated so we had a flat renewal last year and we had reductions in other health care options, our life and disability and versus what we had budgeted or projected an increase, we saved $200,000 to $300,000.

Commissioner Conrad stated so year to year, this increase of $230,000 is based on a reduction of the prior year.

Mrs. Pitcher stated no.

Commissioner Conrad stated we saved a little bit the prior year for this year, next year it’s going to go back up to where it would have been otherwise?
(7-a) Healthcare Renewals FY2021 (cont.):

Mrs. Pitcher stated well, if we would have taken what Florida Health Care wanted to give us last year then you could say that but with a 0% renewal last year it’s kind of hard to say.

Commissioner Conrad stated okay, thank you.

Chairman Biedenbach stated you said that some of the employees will have a $37 paycheck increase.

Mrs. Pitcher stated it’s around that and because these deductions are pre-taxed, it will actually be less than that.

Chairman Biedenbach stated and so we pay 25 times a year?

Mrs. Pitcher stated we pay 26 times a year and they’re deducted out of 24, it’s about $1,000 a year at the highest end and at the lowest end where some don’t pay anything.

Chairman Biedenbach stated are these the employees that had the medical problems or are these employees that fall into that group.

Mrs. Pitcher stated right, so the way that our cost share works is we pay 100% of our employees’ premium and then for dependent coverage we pay between 50% and 100% depending on their tenure. So our newer employees get the 50% coverage so they pay a bit more than our longer term employees, so that’s why there would be a range, and then it also depends on what tier you’re on – so if you have just a spouse or family.

Chairman Biedenbach stated so it doesn’t have anything to do with how healthy your family was.

Mrs. Pitcher stated it does not, the perks of a group plan.

Chairman Biedenbach stated okay, all right.

Commissioner Holcomb stated that’s actually pretty good. I like the tenure part, the longer you’re more vested, as far as employee retention it is a good component and a benefit; I hope that the employees recognize that.

Mrs. Pitcher stated, and so we will be doing a lot of education to our staff.

Commissioner Holcomb stated that’s not a good conversation, you’re right.

Chairman Biedenbach stated any other questions for Mrs. Pitcher?

Mr. Bunch stated what’s the approximate split of the total increase between the Commission and the employees.

Mrs. Pitcher stated well, we’re going to be $230,000 and collectively the employees $45,000, so…
(7-a) Healthcare Renewals FY2021 (cont.):

Chairman Biedenbach stated $300,000.

Mr. Bunch stated so probably 80/20.

Commissioner Holcomb stated 19% is what you said.

Mrs. Pitcher stated well, overall, the renewal is 19%.

Commissioner Holcomb stated but the share.

Mrs. Pitcher stated the share, we’re $230,000 and they’re $45,000, so that’s $285,000.

Chairman Biedenbach confirmed there were no further questions, and then stated you need a motion to approve this purchase.

Mrs. Pitcher stated yes, please.

Chairman Biedenbach stated okay, I need a motion and a second.

Commissioner Holcomb stated I make a motion we approve the healthcare; specifically a motion to approve the continuance of employee healthcare insurance for fiscal year 2021 with the carriers/coverages as listed on the agenda item summary, to be effective 10/1/2020 through 9/30/2021 (FSA to be effective 1/1/2021 through 12/31/2021).

Commissioner Davenport seconded the motion.

Chairman Biedenbach confirmed the motion, no further discussion, and then requested a roll call vote on the motion.

Commissioner Holcomb’s motion then passed unanimously on the roll call vote.

Commissioner Holcomb then stated one more thing on that, what I like too is you were mitigating future, you looked at what the future could hold. And the part of the agreement I liked is that instead of coming in here with maybe less bad news, you came in here with a better version, I’m looking forward next year. I appreciate that perspective on it because sometimes it’s we’ll just deal with it next year and next year would be more of an issue. So I really appreciate the thought that went behind that and the foresight, so thanks.

(8) Possible Other Business – Time for Commissioners:

Chairman Biedenbach asked if there were any other comments, anything for the good of the organization.

Commissioner Davenport stated yes sir, Mr. Chairman I just want to say how much I’ve enjoyed serving with you and I really, really appreciate everything you’ve done for this organization. Like I said, you’ve been a great captain of the ship, thank you for all of your time and energy and everything you’ve done; appreciate you, thank you.
Chairman Biedenbach thanked Commissioner Davenport.

Commissioner Holcomb stated I kind of go along the lines of Commissioner Davenport. I appreciate the four or five years I’ve been with you. When I first met him, when I was going to be on the Commission, I was at the old store, a guy stuck his head in my office and said hey, you got a minute, I said yes, and he said I’m Bill Biedenbach; that was how we met. But he came in, and now looking back he was interviewing me on what I thought. He was very passionate about how important this place was to him and a better level of service to the community, making sure we took care of the employees. There was a true, I felt sincere commitment to you as employees and to our ratepayers to have a better everything. From the workplace, to community, to level of service and those were the things that he sat with me and talked about for probably 45 minutes to an hour. And looking back for me, I appreciate that concern and like I said I understand where you sit now, and I just want to say I appreciate all you’ve done, and I know it wasn’t easy. Thanks.

Chairman Biedenbach stated thank you.

Commissioner Conrad stated well, I can echo that, but while I haven’t been on the Commission as long, you participated wholeheartedly and shared so much information with the Economic Development Advisory Board during the period of time that I was on that board. And I know that I was going to enjoy working with you and continue to learn; thank you.

Chairman Biedenbach thanked her, stood up and stated I want to take a minute. I want to thank each and every one of you out there, some of you are relatively new, some of you have been around longer than I have. I am going to miss the place and I feel that I have brought some things here, but I didn’t do it alone. I had help from Commissioners Davenport, Holcomb, Conrad, and Hawes, from the Attorney and from Mr. Bunch, and from all of you out there. You have done a great job at bringing the place along and I want to thank each and every one of you and I mean that; thank you. He then confirmed there was no further discussion, commented we’ve had enough for nine years, we’re done.

There being no further business to come before the Commission, the Regular U.C. Meeting closed at 4:16 p.m.

APPROVED:  ATTEST:

CHAIRMAN  SECRETARY-TREASURER

These minutes were formally approved by the Utilities Commission at their September 28, 2020 meeting.
FORM 8B  MEMORANDUM OF VOTING CONFLICT FOR COUNTY, MUNICIPAL, AND OTHER LOCAL PUBLIC OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME
Holcomb Jack

MAILING ADDRESS
417 Quay Assisi

CITY
New Smyrna Beach

DATE ON WHICH VOTE OCCURRED
August 24, 2020

NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE
Utilities Commission, City of New Smyrna Beach, Florida

THE BOARD, COUNCIL, COMMISSION, AUTHORITY OR COMMITTEE ON WHICH I SERVE IS A UNIT OF:

☑ CITY
□ COUNTY
□ OTHER LOCAL AGENCY

NAME OF POLITICAL SUBDIVISION:
Utilities Commission, City of New Smyrna Beach, Florida

MY POSITION IS:
☑ ELECTIVE
□ APPOINTIVE

WHO MUST FILE FORM 8B

This form is for use by any person serving at the county, city, or other local level of government on an appointed or elected board, council, commission, authority, or committee. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

A person holding elective or appointive county, municipal, or other local public office MUST ABSTAIN from voting on a measure which would inure to his or her special private gain or loss. Each elected or appointed local officer also MUST ABSTAIN from knowingly voting on a measure which would inure to the special gain or loss of a principal (other than a government agency) by whom he or she is retained (including the parent, subsidiary, or sibling organization of a principal by which he or she is retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. Commissioners of community redevelopment agencies (CRAs) under Sec. 163.356 or 163.357, F.S., and officers of independent special tax districts elected on a one-acre, one-vote basis are not prohibited from voting in that capacity.

For purposes of this law, a "relative" includes only the officer's father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with the officer as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

**ELECTED OFFICERS:**

In addition to abstaining from voting in the situations described above, you must disclose the conflict:

PRIOR TO THE VOTE BEING TAKEN by publicly stating to the assembly the nature of your interest in the measure on which you are abstaining from voting; and

WITHIN 15 DAYS AFTER THE VOTE OCCURS by completing and filing this form with the person responsible for recording the minutes of the meeting, who should incorporate the form in the minutes.

**APPOINTED OFFICERS:**

Although you must abstain from voting in the situations described above, you are not prohibited by Section 112.3143 from otherwise participating in these matters. However, you must disclose the nature of the conflict before making any attempt to influence the decision, whether orally or in writing and whether made by you or at your direction.

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes. (Continued on page 2)
APPOINTED OFFICERS (continued)

- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF LOCAL OFFICER'S INTEREST

Jack Holcomb, hereby disclose that on 8-24-2020:

(a) A measure came or will come before my agency which (check one or more)

___ inured to my special private gain or loss;
___ inured to the special gain or loss of my business associate, ________________________________;
___ inured to the special gain or loss of my relative, ________________________________;
___ inured to the special gain or loss of ________________________________, by
who I am retained; or
___ inured to the special gain or loss of ________________________________, which
is the parent subsidiary, or sibling organization or subsidiary of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

Consent agenda item 1., I am under contract to buy this parcel of land.

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

8-21-2020
Date Filed

Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED $10,000.
PLEASE DO NOT HIT REPLY ALL

In compliance with Section 112.3143, Florida Statutes, the attached Form 8B was received on 8-21-2020 for U.C. Commissioner Holcomb's disclosure and declaration of a voting conflict that occurred during the 8-24-20 Regular U.C. Meeting (Consent Agenda Item 3-i – Developer's Infrastructure, Capacity and Inspection Agreement – Stewart Mitchell – S.R. 44 PUD – Mitchell Equity Group LLLL).

This form is being furnished for your information. This form will be read into the record publicly at the Regular U.C. Meeting on 9-28-20 and will become attached to the August 24, 2020 U.C. Minutes.

Thank you,

Debbie Simmons
Executive Mgr./Records Custodian
Utilities Commission, City of New Smyrna Beach, Florida
386-424-3001 / Email dsimmons@ucnsb.org