

**City of Fort Lauderdale
Utility Advisory Committee
Tuesday, February 27, 2007 – 6:30 p.m.
100 North Andrews Ave., 8th Floor Conference Room
Ft. Lauderdale, Florida 33301**

Committee Member	Attendance	2007 Cumulative Attendance		Total
		Present	Absent	
Bunney Brenneman, Chair	P	3	0	3
Terri Murru, Vice Chair (left at 8:45pm)	P	3	0	3
Richard Barrett	P	3	0	3
Bob Caine	P	3	0	3
L. Thomas Chancey (left meeting early)	P	3	0	3
Bob Cole	A	2	1	3
Caldwell Cooper	A	2	1	3
Joe Holland (left meeting early)	P	3	0	3
Dr. Magdalene Lewis	P	3	0	3
Fred Stresau	P	3	0	3
Clare Vickery (arrived @ 6:44pm)	P	3	0	3
Dr. Geri Udell	A	2	1	3
Nathaniel Wilkerson	A	2	1	3
Bernie Petreccia	A	2	1	3

City Representatives

Peter Partington, City Engineer
Bob Dunckel, Asst. City Attorney
Mona Laventure, Recording Secretary

Guests

Lynn Shatas, FPL
Trevor Underwood, Ab Tech Industries, Inc.
Sheree Brown, President, Utility Advisors Network, Inc.
Kevin Rink, Globetech Industries

I. Call to Order

Chair Brenneman called the meeting to order at 6:37 P.M.

II. Roll Call

Roll was called and attendance noted.

III. Self Introductions

Committee members and guests introduced themselves.

IV. Approval of Minutes – October 24, 2006; November 28, 2006; and January 23, 2007 (Special and Regular Meeting)

Mr. Partington distributed a memo from Ms. Joseph, the City Clerk, regarding verification of Committee Member attendance.

Motion made by Mr. Holland, seconded by Ms. Murru, that as there is no danger of dismissal from the Committee due to an attendance issue, to take this matter under advisement and move forward. In a voice vote, the motion passed.

Chair Brenneman stated each Committee Member would be notified to check their own attendance record for accuracy.

- **October 24, 2006 Minutes**

The following corrections were noted:

Page 9, four paragraphs down: “Chairman Bunney Brenneman explained that there were two authorized subcommittees which were the Tree Subcommittee” and it should be the “Infrastructure” subcommittee in lieu of “structure” subcommittee.

Motion made by Mr. Stresau, seconded by Mr. Caine, to approve the October 24, 2006 minutes with the correction as noted.

Mr. Holland requested modification of the motion as he had not been able to review the minutes, asking that his corrections be deferred until he has time to look at them. He added that he takes exception to legal statements being “put in his mouth” stating that the legal department should consider his modification as offered or it will be necessary for him to respond to any misquoting of his statements in the minutes in the future.

Ms. Vickery did not believe she could vote on the minutes as she needs to check her 2006 calendar to verify her meeting attendance.

In a voice vote, the motion to approve the October 24, 2006 minutes passed.

- **November 28, 2006 Minutes**

The following corrections were noted:

Under Old Business, 1st paragraph, page 3: The end of the second line, “...and he asked if...” to include, “This could be put on our standard agenda so that...an update could be provided at...” deleting that phrase and substituting “all future” Committee meetings.”

Motion made by Mr. Holland, seconded by Mr. Barrett to approve the November 28, 2006 meeting minutes. In a voice vote, the motion was approved.

- **January 23, 2007 – Special Meeting**

Motion made by Mr. Caine, seconded by Dr. Lewis, to approve the January 23, 2007 minutes of the Special Meeting. In a voice vote, the motion was approved.

- **January 23, 2007 – Regular Meeting**

Motion made by Mr. Caine, seconded by Dr. Lewis, to approve the January 23, 2007 minutes of the Regular Meeting. In a voice vote, the motion was approved.

Mr. Holland requested that his previous qualifications to the minutes as discussed be applied to all minutes now being approved.

Mr. Partington then read into the record the memo from the City Clerk outlining Committee procedures for attendance, sign-in sheets, and motions.

With regard to workshops, Mr. Stresau mentioned that the previous one was well done with over 200 in attendance; however, there should be breaks for question and answer sessions.

There was brief discussion regarding continuity and competence of recording clerk services provided to City Boards and Committees.

Mr. Stresau expressed his concern regarding the delay in receiving and reviewing minutes.

Mr. Partington stated that with the January minutes it appears that this matter is now back on track.

V. Old Business

- **Line Clearing Status**

Ms. Shatas advised there has been no update since last month's report.

Mr. Chancey inquired regarding whether they have received written notice as to what section and/or substation is being scheduled for maintenance. Ms. Shatas stated that information has been provided to the City; however, she will also provide a copy to the Committee for their review.

- **Update on RFP-Consulting Services-Electrical Infrastructure Needs Assessment & Strategy**

Mr. Partington reported that the RFP has been posted subsequent to explicit discussions regarding its format. Mr. Dunckel stated it was his understanding that the weighting of the elements under the RFP would minimize costs and maximize credentials.

Ms. Vickery asked if the RFP was the same one which was revised including the Committee's comments and was assured it was. She asked if they could be given a link to the posting of the RFP on the internet, which Chair Brenneman agreed to provide. It is also available in hard copy from Mr. Partington's office.

- **Update on Resolutions**

Chair Brenneman stated there were two items requested by Committee members, one of which was Mr. Chancey's request regarding storm water. This matter had been worked on by Mr. Partington however, the responsible City staff person had not been available, so this issue had not been placed on the current agenda. Mr. Chancey introduced Mr. Kevin Rink from Ab Tech Construction who stated he was representing the proposal for a "smart sponge" for storm water filtration. He stated he looks forward to making a presentation to the Committee in the future. Further information in the meantime can be obtained from www.abtechindustries.com.

Mr. Chancey noted that an environmental conference had been held at Nova SE University with Commissioner Jacobs, various Senators and Mayors, as well as several hundred environmental representatives – several of whom had shown great interest in the storm water filtration product. Mr. Chancey felt it would be worth investigating.

Mr. Partington indicated this matter will be placed on a future agenda for presentation when he is able to have the City Environmental Engineer in attendance.

Chair Brenneman extended an invitation to Mr. Rink to attend the upcoming Energy Roundtable.

Mr. Caine requested that the update to the underground ordinance be placed on their regular agenda. He explained that FPL had provided a copy of the ordinance to Mr. Dunckel who has now distributed it to the City Manager's office, the City Attorney, City Planners, Public Works, and the City Engineer. He stated his office does not write ordinances unless directed to do so by either the City Manager or the City Commission. The next step will be to wait for a decision from the City Commission in this regard, although Mr. Dunckel was not sure if copies have been distributed to the Commissioners. Mr. Stresau indicated that in order to get to that point, the Committee

would need to discuss the ordinance previously distributed by Mr. Dunckel in December, suggesting they make a motion to have it presented to the City Commission.

It was Mr. Holland's understanding that individual neighborhoods wishing to move towards undergrounding have petitioned their district Commissioner with the Commissioner then presenting their petitions to the City Manager for placement on the agenda. He stated that some of the items germane to getting an ordinance appear to be being dealt with specifically with procedures already on the books.

Mr. Partington stated that the City Commission has had discussions regarding moving forward with undergrounding by means of assessment, with the decision having been made at this point not to pursue that approach. The City Commission had been given a "glowing summary" of the work of the UAC by Commissioner Teele. They additionally have asked to be given a presentation directly from Mr. Underwood at a future City Commission meeting.

Mr. Dunckel added that by not authorizing staff to go forward with a special assessment program, in essence the City Commission was rejecting the FPL program requiring the use of the public rights-of-way to accomplish undergrounding. It was also his understanding that the City Commission had invited a neighborhood to work directly with FPL; however, there appears to be a disconnect regarding use of right-of-way versus an additional easement. Right now, there has been no direction to draft an ordinance in that regard.

Mr. Holland stated the objective is to get this matter on the agenda. Two issues were pointed out by Mr. Caine: 1) an ordinance requiring developers, when building new construction, to put power lines underground, and 2) getting neighborhood power underground. He did not think a procedure was in place to underground the neighborhoods. Mr. Holland suggested "a staff connect to the disconnect" between the City Commission agenda items and minutes to interested advisory board members as it relates to undergrounding.

Mr. Partington stated he did not believe he could offer to monitor all discussion and action taken by the City Commission to search for matters affecting the UAC. He did point out though that a positive outcome of the UAC's work was the request by the City Commission to hear a presentation directly from Mr. Underwood.

Mr. Holland assured Mr. Partington he was not asking that he personally monitor the City Commission agenda, however, it would not be difficult to keep the UAC apprised of the "tools of their trade" if any discussion involves undergrounding, tree preservation, etc.

Mr. Underwood pointed out that he had attended the City Commission meeting when undergrounding was being discussed and it had been quite clear to him that four of the five Commissioners were in agreement with looking at municipalization and at FPL's

suggestion for local residents to pay for undergrounding, although this may be “putting the cart before the horse” as they do not know what will occur when the franchise agreement terminates in 2009. He agreed it would be more sensible to look at the bigger issue first and then deciding on a solution to undergrounding.

Mr. Holland disagreed stating that the issue of transference of capital ownership of the underground facilities is a huge issue that will be dealt with within the municipalization concept and does not need to stop the progress of individual neighborhoods trying to get their lines underground. He felt they should keep things moving forward in a facilitative way. Mr. Caine agreed.

In response, Mr. Underwood indicated that: 1) if private expense of undergrounding is encouraged or forced at this stage all of it may have to be bought back in two years for reconsideration, and 2) isolated undergrounding will not accomplish hardening of the infrastructure from the point of protection from hurricane damage and outages.

Mr. Stresau suggested that the minutes of the City Commission workshops be reviewed to make everyone aware of the Commission’s position.

Mr. Caine asked what action they could take to encourage undergrounding and if this matter should be placed on the UAC agenda monthly for discussion. Mr. Holland suggested splitting into two advisory committees; one for undergrounding and one for municipalization.

Chair Brenneman agreed to put the ordinance for undergrounding as a separate discussion under Old Business as a future agenda item.

- **Other Old Business**

VI. New Business

- **Municipalization Process**

Ms. Brown introduced herself stating that she has been working in the industry approximately 27 years, having worked on the Winter Park and Castleberry projects on financial and regulatory issues, as well as a project in Maitland. She also worked in deregulation and aggregation projects in New Hampshire and performed municipalization studies for cities in South Carolina.

Ms. Brown gave a Power Point presentation providing an overview of the steps of municipalization, studies involved, the type of valuation to be conducted, the litigation process, and then setting up a utility from that point.

Highlights included:

- Balancing City objectives, i.e., reliability, cost, system control, profitability
- Project team expertise, including legal counsel, engineers, financial and regulatory, real estate professionals
- Having public meetings for informational purposes
- Identification of preliminary alternatives: leasing, purchasing power, contract or in-house operations
- Establishment of legal and regulatory processes
- Jurisdictional issues
- Data gathering: legal and regulatory precedents, statutes, rules, rights, impediments, City records re: franchise perimeters, revenues, customer database, inventory of facilities to be acquired, current facility pricing values, market information, environmental issues; City financial information and potential cost recovery, tax impact, and staffing; potential litigation to obtain required information
- Preparation of preliminary municipalization feasibility study
- Entering into negotiations and preparation for legal proceedings
- Acquisition process: developing facilities, systems, and staff; setting up billing process and rates, contracting operations, records transfer

Ms. Brown pointed out, with regard to preparation of the feasibility study, identifying the following options:

- Acquiring inventory and/or building-over
- Purchase wholesale and sell retail, or lease distribution lines to retailer seller
- In-house vs. contract operations
- Possible menu for power suppliers or one service provider
- Special metering needs
- Evaluate cost of acquisition identifying and valuing facilities and inventory to be acquired and condition assessment
- Cost of easement maps, etc.
- Independent costs including depreciation and rate base return on assets

Mr. Dunckel inquired regarding FPL's use of rights-of-way and utility easements, asking regarding not having to purchase those easements which are already in the public domain. Ms. Brown responded that the courts have been in agreement with the easements being public and not subject to "re-purchase." He also asked if compensation was due FPL for property easements purchased directly from private parties and was advised by Ms. Brown that it was her belief those easements would already be valued; however, that issue is not in her general area of expertise. In Winter Park, those easements had been included in the overall valuation subsequent to an arbitration award. Concern was expressed regarding paying twice for the same assets which have depreciated in value.

The presentation included discussion regarding:

- Potential stranded cost claims: difficulty in determining and probability of litigation

Mr. Stresau asked if improvements made by FPL to their generating plant would be stranded costs if the City were to purchase electricity from another provider. Ms. Brown stated the number is not measured by improvements; a formula (revenues less competitive market value) is simply applied which in actuality has nothing to do with what's "really stranded."

Ms. Vickery was concerned regarding protecting shareholder's expectations and a transition for privately held shares.

Additional cost considerations will include:

- Isolating severance and reintegration costs
- Cost of acquiring service: choosing a new power supplier and market conditions
- Cost of upgrade implementation
- Operation and maintenance costs
- Lost revenues
- Shared City costs
- Rate impact on citizens and businesses

Legal acquisition issues:

- Litigation or arbitration
- Refining preliminary estimates
- Preparation of legal positions and analyses
- Determination of stranded costs

If a determination is made to move forward, it will be necessary to:

- Obtain required referendums to ensure financing
- Arrange for financing
- Establish inner price fund, billing system and rates
- Transfer records
- Sever the system through engineering and metering issues
- Set up staffing and recordkeeping
- Obtain insurance requirements
- Determine policies and procedures
- Community education

Ms. Vickery asked regarding the probability of success being based on city size and what underlying “theme” there may be to a successful transition. Ms. Brown noted success many times will rely on their relationship with the company from which they are acquiring assets and how willing they are to work with the city in the transition, as well as customer base impacts on the service provider.

Mr. Partington inquired regarding construction costs. In response, Ms. Brown explained revenue aspects under the Internal Revenue Cost and its impact on dollar value.

- **Energy Roundtable III Update**

Chair Brenneman reported that due to a conflict, the Roundtable was rescheduled for Thursday, 4/26/07. She suggested that the regular UAC meeting be held on Tuesday, 3/27/07, and rescheduling of the April meeting due to the new date for the Roundtable. Several members suggested leaving the regular UAC meeting on April 24th.

Ms. Vickery suggested adding Ms. Brown’s presentation to the discussion at the upcoming Energy Roundtable. Mr. Stresau felt it would have been helpful for the City Commission to have heard the presentation as he is not sure they are completely aware of the total expense of municipalization; he did not agree that the Roundtable would be an appropriate forum. Mr. Caine agreed that the presentation would be too detailed to put forward at this time, suggesting they focus more on benefits and disadvantages of municipalization to the public. Ms. Brown advised that a shorter, more concise presentation could be made. Mr. Stresau agreed that addressing the basic pros and cons of deciding on municipalization would be worth bringing up at the Roundtable without all the detail previously provided.

Discussion continued regarding extending the invitation to knowledgeable professionals as well as the general public.

Mr. Partington pointed out that the Committee appears to be directing the discussion for the April Roundtable in a different manner than the previous Roundtables which had focused on energy conservation. If municipalization is discussed, Mr. Partington felt it would be important to have a balanced panel expressing different perspectives and viewpoints - pro and con municipalization. Mr. Stresau wanted to ensure the City Commission is aware of their actions in proposing that topic at the Energy Roundtable. Mr. Barrett felt this would be an ongoing situation and, for the benefit of the community, the Roundtable could be an additional source of information; Dr. Lewis agreed.

Chair Brenneman advised she has contacted green building and solar energy representatives, adding her suggestion that Ms. Shatas provide FPL experts at the Roundtable to provide their pro and con viewpoints.

Mr. Stresau and Ms. Vickery concurred if that approach is taken, the whole Roundtable should be focused on municipalization.

Ms. Vickery also suggested they could do another Roundtable focusing solely on energy conservation.

- **Other New Business**

VII. Good of the Committee

Mr. Stresau reported on the previous meeting of the Tree Subcommittee indicating that one of the items on the agenda was a discussion regarding palm trees which had been topped on Oakland Park Boulevard and why they had not been removed. During that discussion, Mr. Stresau expressed the hope that they would get to the point where they would make a recommendation to the City Commission to start having the Parks Department include reviewing small canopy trees planted in the rights-of-way and under power lines which eventually would become problems. At that time, Commissioner Teele told the Tree Subcommittee that that matter should be brought before the City Commission. Mr. Stresau had planned to ask that the UAC Chairman send the proposal as a recommendation to the City Manager; however, due to a lack of quorum and the inability of the UAC to vote on a motion, this matter will now have to wait until the following meeting. Mr. Partington questioned whether, per the minutes of the Tree Subcommittee, their motion would be enough to move the issue forward. Mr. Stresau felt that subcommittee actions should be reviewed and reported back to the general committee for final approval.

Ms. Shatas requested that FPL be notified of the Tree Subcommittee meetings.

VIII. Next Meeting

Tree Subcommittee: March 14, 2007

UAC Regular Meeting: Tuesday, March 27, 2007 @ 6:30 pm

April Meeting – to be determined

Energy Roundtable II – Thursday, April 26, 2007

Energy Workshop - TBA

The Tree Subcommittee meeting will be held at 2:00 p.m.

The April meeting will remain scheduled for April 24, 2007

IX. Adjourn

With no further business to discuss, the meeting adjourned at 9:25 p.m.