

**AGENDA ITEM 3-a**

MINUTES OF A WORKSHOP MEETING OF THE NEW SMYRNA BEACH UTILITIES, CITY OF NEW SMYRNA BEACH, FLORIDA, HELD WEDNESDAY, FEBRUARY 8, 2023, AT 3:00 P.M., AT 200 CANAL STREET, NEW SMYRNA BEACH, FLORIDA

*(Note – Chairman Davenport and Commissioner Kelly were not in attendance. Vice Chairman Hawes and Comms. Conrad and Smith were physically in attendance which met requirements of legally required quorum.)*

Vice Chairman Hawes called this Workshop Meeting of the New Smyrna Beach Utilities held on February 8, 2023 to order.

Roll Call:

Vice Chairman Hawes then requested Mrs. Simmons to conduct a roll call.

A roll call was taken, a quorum of the NSBU Commissioners were in attendance as follows:

Commissioner Lillian Conrad  
Chairman James Davenport (ABSENT)  
Commissioner Richard Hawes  
Commissioner Lawrence Kelly, Jr. (ABSENT)  
Commissioner James Smith

Others in attendance at this time were as follows: J. Bunch, General Manager/CEO; E. Chavez, Vice President/CFO; J. Couillard, Director, Engineering; V. Steele, Director, Electric Operations; J. McMurray, Director, Strategic Programs; J. Grusauskas, Director, Water Resources; T. Beyrle, Sr. Mgr. System Ops.; H. Carrizales, Sr. Mgr. H.R./Support Services; Robert Bryant, Mgr., Fleet & Facilities; M. Spellers, Sr. Help Desk Technician; L. Green, Help Desk Technician; D. Simmons, Exec. Mgr./ Recording Secretary; General Counsel Thomas Cloud, Esquire – Gray|Robinson Attorneys at Law; Marco Migliaro and Chris Fagerstrom, Pond & Company; Joe Young, Biological Consulting Services, Inc.; Charles Hill, McKim & Creed; Kevin Plenzler and Trae Jordan, PFM Group Consulting; and Lorraine Sharp, a member of the public in attendance on site.

(1) Background and Expectations for Workshop:

Vice Chairman Hawes stated to Mr. Bunch, I think if it's all right we'll have you move forward.

Mr. Bunch stated good afternoon everybody, thanks for joining us today. As Vice Chairman Hawes indicated this is a Workshop to talk about several things. In order that we'll review them today and we'll do some introductions in a moment around the table, but we're going to talk about the Western Complex Site Development. As you know we have in the past actually looked at this, but we didn't look at it in great detail in terms of doing detailed cost studies for the potential costs of that site. We've subsequently done more detailed analysis and wanted to come before you today to talk about options. So we have this building here, obviously an option to stay, renovate. Option to sell, move the eventual location out to our Western Complex site. So we'll be talking about issues for those buildings and then also another

(1) Background and Expectations for Workshop (cont.):

building that we'll call the Operations Building. And currently part of that function resides on the Swoope St. site which is an old generating plant location. But everywhere around it the City has built parking for the boats, for the folks that put their boats in the water there and they would eagerly like to do the rest of that site and we've probably got a couple of their acres tied up with our building. So we'll talk about the potential for that building as well, we'll talk about some costs, and again these are pretty big dollars for us. If we were the FPL it wouldn't be big dollars, but in our world \$10, \$20, \$30, \$40 million is a lot of money. We want to make sure we're spending it prudently with our Commission informed and at some point, we may want to have a conversation with the City on these topics as well.

Mr. Bunch continued and stated next, also related to that site, we'll be talking about some potential options for Utility Scale Solar, some of which we're already involved with outside of our area, and then some options for that site. And sometime in the next couple of months we'll come back to you with a recommendation for that as well. But again today it's to get some data out in front of you and give you some things to think about and then when we come back again in a month or two months for approval, you'll have some information to inform that approval. And then lastly, Efren Chavez, our V.P. and C.F.O. is going to talk about high level budgeting process this year, things that are on the table, our historical ten-year plan and how some of the things that we're talking about and some of the other big projects that aren't currently in the plan fit into the picture as well. So that between now and budget approval time we will have had the opportunity to address everything that we just talked about. Our ten-year budget that we'll submit for approval, how these projects fit in there, with a recommended approach for when and how to do the things.

Introductions:

Mr. Bunch continued and stated so without further ado, let's do, we did the roll call, but I'd like to do some quick introductions and if we could do that roundtable for other than the Commissioners and myself. Just start with Efren Chavez, go around the table and anyone else that's here to support the presentation, if you would just mention your name and in the case of the folks of Pond, who you're with.

Roundtable Intro's.: Efren Chavez, V.P. & C.F.O.; Julie Couillard, Director of Engineering, Marco Migliaro, Project Manager with Pond; Chris Fagerstrom, Pond & Company, Civil and Water Resources Engineer; Joe Young, Biological Consulting Services for the environmental; Charles Hill, McKim & Creed, Civil Engineering, Kevin Plenzler, PFM Group Consulting, provided market feasibility study and evaluation worth; Trae Jordan, also PFM Group Consulting; Tim Beyrle with System Operations.

Mr. Bunch stated okay, and we'll go back, Vernon's back on the back wall there.

Roundtable Intro's. (cont.): Vernon Steele, Electric Director; John McMurray, staff.

Mr. Bunch stated okay, I think that's all, no, there's folks hiding over there, I'm sorry, introduce yourself, thank you.

Introductions (cont.):

Roundtable Intro's. (cont.): Joe Grusauskas, Utilities Water; Heather Carrizales, Support Services on staff; Robert Bryant, Facilities Manager.

Mr. Bunch stated okay, thanks everybody for the introductions and so for Pond, McKim & Creed and the other companies, they've been consultants working with us on the western site assessment as well as for this building. So we anticipated questions that you may have today that aren't necessarily within our internal realm of expertise, so we invited them to hopefully be able to give you the answers you're looking for. So without further ado I'm going to hand things over to Julie Couillard and she will lead the next portion. Thank you, Ms. Couillard.

(2) NSBU Western Utilities Complex Planning:

(2-a) Facilities and Land Development Options: The Operations Building and Headquarters Building:

Ms. Couillard stated sure, started the presentation on slide 4, and then stated so just an overview of what we're going to talk about today, it's the Western Complex Site Development. We did two group site surveys, different areas on the property, we'll show those to you, talk about the proposed site plan layout for both the Headquarters and the Fleet Facility Generation Building, which was the first building we were talking about creating because of the Swoope issue. So we'll talk about the two site surveys, kind of the layout and the wetlands impact on that. Then we'll talk about the land value analysis, take a look at the Master Plan that we have filed with the City, show where these two properties are on the overall Master Plan and talk about some frontage. When we initially did this in 2019, our Commission had us look at Route 44 frontage property and what that would be valued. We'll talk about the impact of this on that and kind of current value on that property. And then talk about the overall project costs for each site location and then answer any questions and we'll talk about next steps. And then I will turn it over to Tim Beyrle and he'll talk about the Solar Project and then he'll turn it to Efren Chavez to talk about budgets and things. Okay, so I'm going to turn the mic over to Marco Migliaro at Pond, he's going to walk through the surveys, talk about the things we've talked about, made decisions on, and things we want to share with you overall on the property itself.

Mr. Migliaro stated thank you to Ms. Couillard and then stated so today we've come to talk about the Western Utilities site. Our team of consultants here have been a big part of this project since 2019. We've looked at the Master Plan, not only the Master Planning but then a Fleet/Field Operations building on this site. To then also looking at several different options that we're going to look at today. So my team's already kind of introduced themselves so we won't kind of go back through that, but we do have everybody represented here today for any questions you may have after our presentation. So going on to the next slide (6), the first Site A Survey here is that new proposed survey that we've conducted. This was actually the second portion of the Western Utilities site that we surveyed. The first portion of the site is the Site B survey that we'll talk about next. This site survey was looked at because we had a lot of wetlands and less upland areas on that original Site B Survey, so we had proposed this as some additional survey to conduct to look at this new idea of proposing the Fleet Operations building on this site and a joint site with the main Admin. building here. So we'd

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

be replacing this building out on that site and selected this as an option. It's one of, it was that frontage access off of 44, and having that direct connection for the public to come into the Admin. area. For the meetings here or if we get back to a point of paying in person at the facilities site location, things like that, those kinds of public connections back to the Administration Building kind of make sense. Along with that was also those upland areas which were much greater in this location versus the original Site B Survey.

Mr. Migliaro went to the next slide (7), so the next slide's, here is the Concept Site Plan that we've developed for the Site A. So Site A, you can see here we are essentially introducing a new access road that comes off of 44. We are proposing a new Fleet/Field Operations Building, the new Administration Building, which is kind of the smaller one in purple. We've demonstrated that we're able to meet all the parking requirements on the site. As we've noted before we have better public access from Route 44 and then also potential connection to this future Williamson. So as part of the Master Plan we'll see this later, there's that Williamson extension and there is potential to connect to that in the future. But the biggest thing to note here is the minimal wetlands impact on this site. So if we go to the next slide...

Mr. Bunch interjected Mr. Migliaro, I'm sorry, just for the folks that are seeing this for the first time, can you highlight what portion is the Williamson extension and how that would be related to the buildings you're talking about.

Mr. Migliaro stated sure. Then went to the front screen in the meeting room and stated I'll just come up here so I can point. So the Williamson extension, as you can see here is this dashed line that's kind of coming out and across. That will ultimately cut across the entire Western Utilities site and that has been established and planned throughout the Master Planning portion of this project. And this new access road that we're creating off of 44, which will give us access to the Admin. Building and the new Operations Building. Right now we're kind of holding it off, proposed, but ultimately, we'll be able to potentially connect to that extension in the future once that extension is built.

Mr. Bunch stated okay, and then for the benefit of the crowd again, could you show us where maybe the existing driveway is that goes up to our substation and water treatment plant (WRF) next to Walmart.

Mr. Migliaro stated sure, I'll have to be on, if you could go back one slide. If we go back one slide, I can show it. so here's that survey site here, this is that access road that we're potentially proposing, here's that Williamson extension and then here's that existing access road. There is the existing electrical substation and then off here is that existing water treatment facility (WRF). So kind of hurrying and I apologize, probably should have shown that originally.

Mr. Bunch commented nice, that's perfect.

Mr. Migliaro then stated but that's where it would end, and that's the Florida Power and Light easement that comes across the back of the site. So you'll see that our survey falls along that original access point here.

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

Vice Chairman Hawes stated and one other quick question, does this encompass all the land that the Utilities Commission has.

Ms. Couillard stated no.

Mr. Migliaro also stated no.

Ms. Couillard stated no sir, and when we get to the Master Plan site, you'll see it actually goes up and points almost to Pioneer Trail. The Shell Pointe property is just north of us and Williamson comes through there and then onto our property.

Vice Chairman Hawes stated oh, okay.

Commissioner Conrad stated well how much, what portion is this of the total parcel, 40%, 50%.

Ms. Couillard stated about half.

Mr. Migliaro stated yes, about half.

Ms. Couillard continued, what you're looking at is about half.

Commissioner Conrad stated that makes sense, thanks.

Mr. Migliaro sat down back at the table and stated okay, so if we can move forward two slides (to 8). On this slide here we're demonstrating and showing basically the wetlands areas. Anything that you kind of see highlighted in that green hatch is wetlands. The areas of white are our upland areas. Kind of, you see a little bit of that purple is the buffer between our wetlands and the impact areas. So you can see most of the wetland impacts that we're showing here are really due to an access road, not the actual buildings and facilities themselves. We were able to locate those within the upland areas that exist. And right now we're showing that, roughly about an acre of wetlands disturbance on this parcel (Site A).

Mr. Bunch stated one additional question Mr. Migliaro. So the earlier question was the percentage of the overall property we own and what portion that was visible, what percentage of the overall was that. So maybe we could just step back a little bit, talk about the overall site size and then based on this site, how many acres are you looking at here because that may help paint some context also.

Mr. Migliaro stated yes, so I believe if I remember correctly the first Site Survey B was 100 acres worth of survey and then we've added this additional Site A Survey which I think was just 85 acres of survey. And this site we're looking at, do we have a total acreage on the blue area that we're proposing. I'm not...

Mr. Bunch interjected so you're talking about a slightly different question than I asked. So our total land that we own for the Western Complex is...

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

Ms. Couillard stated 954 acres.

Mr. Bunch stated okay, so we own 954.

Ms. Couillard added minus 2 acres, because of DOE (sic DOT), 952.

Mr. Bunch stated so DOE (DOT) recently got some land from us, it was going to be eminent domain if we didn't convey it to them otherwise. So the area in the green, the total area of this site that would be impacted by what we're looking at under option A is how many acres.

Ms. Couillard stated 85.

Mr. Bunch stated 85, okay, so option A is 85 out of a total land site of 952.

Ms. Couillard stated yes.

Mr. Bunch stated so it's a relatively small amount.

Mr. Chavez stated so 9%.

Ms. Couillard stated yes, 10%.

Mr. Bunch continued, but I will say this because we've had some turnover with the Commissioners as well since the last meeting. I think Commissioner Conrad was here. We got guidance from the Commission at that time that if possible, try to defer using the land along 44 because of the potential value of it. Now we're not saying do this, we're just saying this is an option.

Ms. Couillard stated yes, and we have information around those original 47 acres that we talked about, leaving untouched going forward.

Commissioner Conrad stated thank you.

Mr. Bunch also stated thank you guys.

Ms. Couillard responded sure.

Mr. Migliaro stated so if we can move to the next slide (9). The next slide here is showing the Site B Survey, this was the original survey that was conducted when we were first looking at just the Fleet/Field Operations Building. There were a couple reasons we had originally looked at that as Mr. Bunch had mentioned, developing not on 44 was one of those reasons we looked at this site originally. The fact that we had kind of direct access adjacency to those existing facilities further down on the site, meaning the electrical substation and the Water Treatment Plant (WRF), this was initially the first ideal kind of choice to look at. So we identified this space as roughly 100 acres of survey. It was potential access to kind of the existing kind of Williamson right by the utility there. We saw that as being better suited for

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

more of a secure private site of function because that access area is beyond the gate that is there for the substation. And then also its adjacency, like I mentioned to the existing substation and water treatment facility.

Mr. Migliaro went to the next slide (10), this was the site plan for that existing Field/Fleet Operations Building. Again, met all of our requirements for parking. We are showing a conceptual idea of where if we wanted to compare apples to apples of Site A versus Site B, we are proposing that we could show the Administration Building here, kind of hatched in the red. That was not part of the original project that we had done, but we wanted to be able to demonstrate that we could provide it here to give you that comparison. Again, meets all the parking requirements. As far as that public access, we are not gaining access to that area behind a secure fenced area so that fence may have to move if public were coming into this access area. And then the other impact would be those larger wetlands impacts that we'll see on the next slide.

Mr. Migliaro went to the next slide (11) and stated so here similar to the other slide that we looked at before, we're showing all of the wetlands in this area. All of that red hatched area is the potential wetlands impact which we're showing at roughly plus or minus 20 acres of wetland impact based off of that proposed building location and then also the conceptual building location of the Admin. Building.

Ms. Couillard stated just to orient you that curved road that comes to the south, like southwest of that piece of property, that's the Williamson Boulevard.

Mr. Migliaro stated and then the back line across there is...

Ms. Couillard interjected, that is actually an old railroad right of way where we have feeder lines in and water lines too, to the V-Bay area; so that's our right of way.

Mr. Migliaro went to the next slide (12) and stated the next slide is showing the overall Master Plan. Again I'll kind of approach here so I can give you an overall (went to the front screen). So this is showing the extent of the Western Utilities site, we are contingent upon landscape orientation. We did cut off a little bit of portion at the very top, so there is a piece of the property that is missing on this plan. But as you can see that survey piece that we put up at first is down here on that portion and then that second portion is this place here. So we have surveyed now, this location and that location, over that overall Master Plan. Here's that Williamson extension that we've talked about. Here's that existing access road that comes into the site. The Water Treatment Plant, that Substation, and then two potential access roads that we've talked about a little bit.

Mr. Bunch then stated question, so are we reliant on the existence of Williamson Boulevard extension or have you set this up to be independent.

Mr. Migliaro stated we set this up to be independent from that. We're able to make our connections back to that if and when that comes through, but we are not reliant on it.

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

Ms. Couillard stated and just an update on that, I did send a note to Volusia County to at least give me some idea of when they think it might be built, you know I'm not going to hold them to it but if they have some ideas or in the next 10-year plan I asked them if they could provide us that so we can put that into our planning criteria.

Vice Chairman Hawes stated I'm sorry, you may have said this, so is the red, is that the first A we looked at, is that A?

Ms. Couillard stated that's B, Site B.

Mr. Migliaro stated so the blue portion here is our Site A, that's what we call in here Phase 1.

Vice Chairman Hawes stated okay.

Mr. Migliaro stated and then our red is our Site B which we're calling Phase II potential for other buildings. And then the ones that are in yellow, that's the area that's left on the parcel that are, still had access to that 44. And we have roughly 8 acres and 800 linear feet roughly of 44 here, 28 acres roughly here and about 1,600 linear feet of frontage road there. So we're still leaving some access for future but whether that's for sale or building. And for that Phase 3, kind of Phase 2 on the B site, one of the things that we think might work well there is that Reverse Osmosis building. It's a much smaller building that may fit better within the uplands of that area and its direct adjacency to the Water Treatment Plant (WRF) seems to make some sense to place it there.

Mr. Bunch stated and just to provide the Commission some context, so our Water Treatment Plant is on Glencoe Road. Probably 16 years ago Florida required all utilities to say when your current permitted capacity is exhausted at your existing plants, we want you to develop alternative water supply plans – AWS. These, what they eventually want to do is get less water drawn from the upper aquifer, deeper wells. And deeper wells bring with it, water that's not as pure as the water that we have today and its more difficult to treat and it requires a process called reverse osmosis. So that plan, we've submitted years ago, and it was updated and approved, when was the last plan approved Ms. Couillard. Was it 2016, 2018?

Ms. Couillard stated 2018.

Mr. Bunch stated so time, in the last five years a refresh of that was submitted and approved that would have the Reverse Osmosis Treatment Plant somewhere on this site with wells that would be on this property and that may change. But the critical thing to note is we need to reserve some future footprint for an additional water treatment plant and probably other facility extension elsewhere on the site towards the right where our existing plant is. So what we're talking about today is a few buildings but there would be need for future use of additional land on this property as well that we're just not prepared or need to talk about yet.

Commissioner Smith stated where do you have this Reverse Osmosis, I can't see from this, can you show me on that drawing.

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

Ms. Couillard stated it would be in the red area.

Commissioner Smith stated it's going to be in the red.

Ms. Couillard stated that's what we're proposing, to put it there.

Mr. Bunch stated so we have a water transmission main along Route 44 that goes to Glencoe and whether or not we put the wells here or we put additional wells out further west and pipe the water to here, we need to have a plant closer to the east and this is a really good location for it. A, it's near the transmission main and B, we already own the land.

Ms. Couillard stated yes.

Mr. Bunch stated and we could also leverage the employees between the existing sewage treatment plant and that future plant, hopefully with a common control room.

Commissioner Smith stated when you go into the Lower Floridan (Aquifer), you're talking not only just treatment but also depth of well right.

Ms. Couillard stated correct.

Mr. Bunch stated yes, they're between 700 and 1,200 ft. depth wells, its brackish water, you have much higher chloride content and a lot of other things. And then that provides yet a different issue of, how do you dispose of that effluent. so it's much more complicated, it's much more expensive and we will only go there when we have to because of capacity and regulatory requirements.

Mr. Migliaro stated so that's pretty much the Master Plan, then went to the next slide (13) and stated so here's some values and some costs to go along with that. Basically what was presented back in 2019 as far as that land value assessment versus to what we're looking at roughly today. So we've kind of broken this down for you between those two parcels that we're dealing with on that 44. But one of the things that we also looked at, to prepare ourselves for this meeting today, was what Mr. Bunch had mentioned about there being some interest in selling that property along 44 and whether or not that has a higher value. So PFM Group has gone through that analysis, looked at, they went back all the way back to 2013 to see if there was any kind of age of value that would show that frontage property would be worth more than any of the other property on the site. And we really weren't seeing that, so there's definitely a value here that we're showing but whether that's on 44 or back on the site, it really doesn't seem to reflect that in sales. But again nothing says that you can't find the perfect buyer but what we're seeing is that there isn't any historical evidence that would show that.

Mr. Migliaro went to the next slide (14) and stated so the other thing we looked at was talking about this existing building here. Obviously if we're moving sites and proposing that we have the new Administration Building out on the Western Utilities site, you know what is that market value of this building here. So we've done again, an analysis of that, it was conducted

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

you know back when financing was low, but today we're looking at an estimated average cost of \$4.3 million for the value of this property and the building. And again that's looking at the building as it currently exists as a business use. And then we've also estimated some rough costs for upgrading the facility, some of the facility has already been upgraded as far as roofing and elevators and things like that, but giving the building an overall refresh we're looking at about \$6 to \$8 million roughly to kind of renew the building. And that estimate you know appears kind of independent, it wouldn't reflect what that value would be today.

Ms. Couillard interjected, and I would like to say in 2019 the market value we presented for this building was the same price or \$4.3 million.

Commissioner Conrad stated really, I thought I remembered it being much less.

Ms. Couillard stated no, I went and looked, I doublechecked.

Commissioner Conrad stated amazing.

Ms. Couillard stated \$4., it was almost on the dot, I was like wow.

Commissioner Conrad stated certainly not's what happened to the rest of the commercial property around here.

Ms. Couillard stated yes.

Mr. Bunch stated so I guess these are numbers for comparison.

Ms. Couillard stated yes, just...

Mr. Bunch continued, we're not looking at a \$50 million commercial property here, could it be worth more, maybe. Again it's finding the right willing buyer that I think also would have a use that's keeping with the City's vision for this area, this property.

Ms. Couillard stated right.

Mr. Bunch added, and then the same with the costs you're going to see for the site to construct these same buildings. It's just to put some numbers on the table, give some food for thought. And particularly for the folks from the public who are here, we have no intentions of selling land, this was the request just to give us an estimate based on recently settled parcels in the area and additional data points.

Ms. Couillard stated right.

Mr. Migliaro went to the next slide (15) and stated so this slide here is a summary of the cost estimates for both A site and the B site. So A site is that site with less wetland impacts out on 44. B site is that site further backwards on the site, closer to the existing substation. So you can see here as far as cost estimating purposes, show both buildings and sites are roughly

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

around the same costs for both sites. The real difference between the two is really that environmental cost impact, roughly estimated about \$140,000 of wetland impact on that Site A and somewhere around \$3 million on the Site B. Again these are estimated as of right now, but it's just to kind of show that difference between the two sites and that environmental impact cost. So we are looking at roughly a \$40 million project to get both these buildings insulated out on that Western Utilities site.

Mr. Migliaro went to the next slide (16) and stated so just to kind of sum up what we've looked at, you know we're really, myself and our consultants would really suggest that Site A is the better building choice for these buildings. I think the biggest reason is just those wetland impacts, making better utilization of the existing uplands on the site and public use. Being that we're now having a co-location of the administration building with that Fleet location, having that located closer to 44 for the public to come in and gain access to the site and the new Admin. Building makes a lot more sense out on the A site. And then the safety, I think it's therapeutic for the potential growth that Mr. Bunch mentioned as far as that Reverse Osmosis building, it lends itself better for that versus these buildings that we're looking at. And then lastly you know that Site A still leaves us with that additional parcels on either side, whether that's future growth or however you guys want to go forward.

Vice Chairman Hawes stated so on your observation here is this between A and B or does that include this building as well.

Mr. Migliaro stated its really between A and B. For this building I think our recommendation would be to move out to one of those sites versus renovating. We did do a full-cost analysis of what a full renovation would be as well which was the most closer to what the new building cost was but a lot of those things have already been completed. So overall if you would lump in some of those things, you know building a new building, having something that's more, meets the needs of the Utilities Commission, there's a lot of additions that went into this building. And we also looked at space planning in this existing building as well, we configured what we can to make it work for the Commission, but I think ultimately a new building is going to operate and meet their needs much better.

Ms. Couillard stated so I think I would like to chime in here though.

Mr. Migliaro stated sure.

Ms. Couillard stated these are just observations, they're not recommendations. I think we are looking at both Sites A and B and if we were to pick one, we would choose A for these reasons. But there are other considerations that are going into our final recommendation and one of them was to have this meeting with you all, bring you up to speed, solicit your feedback, answer your questions. Also work internally and then communicate with the City as well on what their current CRA is and if they have updated plans for this area. You know we want to take all of that into consideration before we make a final recommendation but there are also budget impacts that Mr. Chavez will be talking about as well. And I would like to thank the team, these folks have worked really hard with us. We've had a few twists and

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

turns, and we were doing the Williamson Boulevard stuff all at the same time and they've been really wonderful partners for us and for me managing this project. So with that I think we can go to questions.

Commissioner Smith stated yes, was traffic circulation considered in the part of the site planning of this site, because what you've got there is you've got the exit from Walmart for east bound traffic, correct.

Ms. Couillard stated yes.

Commissioner Smith continued, and you've got Williamson extension coming in, and then you have an entrance way for this site coming in, all within fairly close location. Was anything considered about eliminating one of those access points, because that's going to be a real bottleneck out there on 44 when you have all three of these roads coming into this within a very short distance of each other.

Ms. Couillard stated so when we were doing the Williamson Boulevard final layout agreement between us and the County, we had a traffic engineer, we had the DOT involved and they are the ones who approved keeping the light at Shopping Way. I think it's called Shopping Way now, it's really not Williamson, I don't know how it got labeled that on the maps, and then the new Williamson Boulevard. For this purpose we didn't go into that at this time, it is something we'll have to consider, but we're not talking about putting a light here, we're talking about just a turn lane and then they would turn and have to go out and U-turn or something. I mean it's something we'd have to talk to DOT when we, or if we got to that point. But yes, they did approve, they did a traffic study and approved both of those lights remaining there.

Commissioner Smith stated well, I hope that in the more refined planning from a traffic circulation standpoint that consideration of eliminating one of those access points would be considered.

Mr. Bunch stated in the Williamson Boulevard approval they actually planned to keep both the access road for Walmart as well as the Williamson light.

Ms. Couillard stated yes.

Mr. Bunch continued, and they looked at the spacing, I seem to remember something like 1,400 feet discussed but...

Commissioner Smith stated yes.

Mr. Bunch stated but if you went back prior to everybody that's here, prior staff recommended Williamson Boulevard alignment that would feed into that existing access driveway, however while they talked about it with the County, they didn't talk about it with DOT.

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

Ms. Couillard stated yes.

Mr. Bunch continued, and we knew that would be a potential issue so when Ms. Couillard talked with DOT they said absolutely, we want it to be further west and they looked at the light spacing. I want to add a note as well, so while I know in the past there was a desire to want to preserve that Route 44 frontage, if we were to put the potential, the Ops. Building as well as the Administration or the Headquarters Building on the further north site, it's going to take a lot of public traffic near infrastructure that's protected by Federal government. So that substation is our main interchange with Florida Power Light and Duke. It is a NERC protected substation and the Water Reclamation Facility is also protected by Homeland Security. So if pushed, particularly if we built the Headquarters building up there and brought a lot of public traffic up there, it's going to take a lot of people near facilities that you don't want, necessarily want traffic around.

Ms. Couillard stated correct.

Mr. Bunch continued, so there's kind of an un-intangible or intangible value I think that's associated with the proposed Site A if this building was going to go out there and the Ops. Building. And I think if I recall back in the prior generation of Commissioners there was a concern about putting an Operations Building near 44 as well, but maybe Mr. Migliaro you and your team could comment on what that building would look like versus maybe what a perception of an Operations or Fleet Building might look like.

Mr. Migliaro stated yes, so the Fleet Building, we do have some minor renderings of that, that we did as part of 60%. But the building that we were proposing is a tilt-up concrete building with a flat roof and small gabled roof with standing seam metal roofing on it. So the appeal of that building is definitely not utilitarian. I know the building function itself can be but as far as an architectural presence goes it would have a much more appealing look to it. We also looked at, I believe at a lot of the master planning requirements for the City as well to make sure that we were breaking that long building up into pieces, so we had those visual elements. So between the bay doors we're breaking that up with some overhead lights, so we get some natural light into the building. And then like I said that kind of administrative office area component of that we've broken that level down and making that more personable down to a human scale level and introducing that standing seam metal roof. Really makes it feel more connected to the neighborhood and the environment than more of a utilitarian type building.

Mr. Bunch stated and how about the Administrative or Headquarters Building.

Mr. Migliaro stated sure, so that Administrative Building, we looked at that several different ways. Similarly to that we'll have those elements that break the component down whether it's definitely at least a two-story building. We talked about whether or not it could potentially have a third floor or option to have a third floor in the future. We would bring again those elements, so you have much more of an approachable feel to the building, from a human scale when you're approaching it. Again, I see that building probably having, if looking at future, it may have that flat roof on the second story. If we do a full third story it may have some kind of hip roof or something, give that more environmental feeling of the neighborhood. But

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

again, will try to use materials that make it feel more kind of coastal environment that meets not only the Master Plan, but you know feels nice within the community. It's something that if you're driving down 44 it doesn't look like some kind of office complex that doesn't fit into the environment.

Ms. Couillard stated I think one of the big concerns with the Fleet replacement building was we were going to build a garage.

Mr. Migliaro stated right.

Ms. Couillard added, and you know that they're going to see broken down cars and vehicles and that is not the intent. It will be a beautiful commercial building and they would go together.

Vice Chairman Hawes stated I'm sorry, did you say earlier on that the City, because aren't we doing something with the City with Fleet today, would that...

Ms. Couillard responded no. We did a joint study in 2020, about a Joint Fleet Facility Building, and after reviewing that and the costs that didn't pan out.

Vice Chairman Hawes stated okay. The other question that I have and maybe you can talk a little bit about this is, I'm not sure, I think the Utilities Commission has been around since 1967, I don't know when this building was built but you know, we're in the 50 to 60-year range.

Mr. Cloud stated 1940 is what I'm told.

Vice Chairman Hawes reiterated 1940, so this building has served a variety of purposes and I'm sure you've discussed this, but the move out there assuming all that that were to happen, in terms of just the future. I mean if we look 10, 20, 30 years down the line, security probably isn't going to get less, you know what I mean. I'm glad to hear the talk about the Reverse Osmosis Plant and all those things, and Mr. Bunch I think your comments on security are really important because we kind of keep hearing all of that. So you know we want highest best use for this building or I'm sure the City would anyway, and as you sort of look at that is, I don't even know what we're proposing to do or if it's even got that far, but is that building to kind of meant to be around for, pick a time frame.

Mr. Migliaro stated yes, of course, so all the buildings we would design you know knowing the nature of the Commission, they have to be buildings that are going to last long-term, with minimal maintenance, making sure that we're picking materials that not only look nice, last long and have a low maintenance cost to it. So we are always trying to look at that, definitely at the garage building, that's what we were proposing. Like I said we were looking at tilt-up construction for that which lends itself to the area, lasts long, and depending on how we finish that will hold up long-term with minimal maintenance. Same thing with stainless steel, standing seam metal roofs and things along that. As far as the Admin. Building goes I would

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

say we would wind up doing the same thing. Now materials might be a little different but again we'll be sure that we're picking those materials that are going to last you know 20 plus some odd years down the road.

Mr. Bunch stated how about storm hardening level Mr. Migliaro.

Mr. Migliaro stated what's that Mr. Bunch.

Mr. Bunch stated how about the storm hardening level design of the buildings.

Mr. Migliaro stated yes, so for the garage building we were proposing that to be a hardened area, not the entire garage but the main areas so if they had to shelter in place they could. We were designing the building as well to be hardened not to the extreme case as the main Admin. area, so they could use the multi-purpose room as a potential disaster recovery location. And then add the conceptual stage that we looked at for the new Admin. Building, one of the things we had proposed to bring into that building that currently doesn't reside here is the EOC. So if that becomes part of the building, we'd definitely wind up looking at hardening at least a portion of the building for that, if not the entire building. So that way when you guys do have events, you're not kind of living up on the second and third floors here hoping that you know what you've got is going to cover you. We'll make sure that those are designed hardened, so you'll have a functioning operating EOC where you know, where you guys need it instead of functioning between two different locations.

Vice Chairman Hawes stated this is going to sound really crazy but does the hardening include sort of the electro-magnetic pulse type issue or is that really not a piece of that.

Mr. Migliaro stated so from a code perspective it typically is not, the hardening tends to be around wind loads and things like that.

Ms. Couillard stated but that's something we can add and look at.

Vice Chairman Hawes stated I don't even know if it's worth it.

Ms. Couillard stated yes, but according to the codes and standards that's not included at this time, but you know things change a lot.

Vice Chairman Hawes commented I just wanted to say something to see what you would say.

Ms. Couillard commented you're testing me.

Mr. Bunch stated any other questions regarding potential renovation of this building, potential construction costs. A couple of options discussed, A and B on the Western Complex site, anything related to those items.

Vice Chairman Hawes stated the only thing I guess I would say Mr. Bunch that this is, and I know that we've been working on this and prior to my arrival and the like, but I think it's

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

probably a really good idea because this building, even if we just looked at the value of it, it's not improving. And so the question is does it fit what we need technologically speaking and just all of those things when you look into the future and that's, I don't know where that stands, but that would be a bit of a concern for me.

Mr. Bunch stated yes, I'll give you my perspective, again this is an opinion, but the location works really well for our employees and customers. Customers like coming here, it's somewhat central to our territory, it's a fantastic work location. Let me just say that it's a fantastic work location, you've got restaurants right across the street, and everybody that works here likes working here. That said a lot of people in the community have a view that there's a better, higher, better use for this site that could contribute to the economy on a 24/7 or close to 24/7 basis. And I think we have to hear from the community and the City to get that input, I think they should be a big, we should get some level of input. Now we've scheduled this meeting and we've timed it on purpose because we also have a Joint Commission Meeting with the City scheduled for April 27<sup>th</sup>. So we're giving you information to help inform what will ultimately be a decision or recommendation that this Commission makes. But our staff will reach out to City staff to get whatever input we can gain between now and that April Joint Commission meeting to help facilitate a discussion there. It probably won't be this detailed, but we'll give you sufficient information to bat around costs but then I think that meeting would likely be more oriented towards the City that you know what plans they might have, what designs they may have for this site, for a use other than us if any. And I'm hoping that our reaching out to them will encourage them to revisit some of the prior plans which I believe to date back to around 2006. Some of the western area, so they had a vision for what 44 might look like years later and it's not exactly that today, so maybe they want to update that and have their Economic Development and other folks look at this site, give the City some input. And I know for instance, Commissioner Conrad have been involved with the Economic group prior, this site, parking and all of those issues have been talked about, are being talked about in the community.

Vice Chairman Hawes stated well, to get it back on the tax rolls is not a small thing, so.

Commissioner Conrad stated I was going to say that's probably my hottest topic is trying to get all the properties that have commercial value to them to be back on the tax rolls. If it's going to cost \$8 million to renovate this building and its worth \$4 (million), and so now the U.C. is taking up, well it's not the U.C. sorry about that, but \$12 million with the potential of a \$20 million real estate value, plus jobs created. You already have the jobs, they're going to go somewhere else if you're not here, so that doesn't really make any difference but that's just a personal opinion on my part. And it isn't unique to this site, it's unique to all the properties in the City and all the public properties. So we need more parks, we need more parking, there's a lot of things we need.

Commissioner Smith commented I think you'd have a difficult time trying to match the architecture, architectural level that's been established by Walmart.

Mr. Bunch then commented, I think these people could beat them Commissioner Smith.

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

Commissioner Smith then added, I think you could do it. Then stated you know I'm always a minority on this Commission, I've only lived in this town on and off since 1950 and I'd hate to see this, the Utilities Commission lose this facility. I know they need parking but that, to lose this I think would be a mistake, so I'll be that lone voice against that as we move forward.

Mr. Bunch stated one other tidbit, I believe this to be accurate, but the Utilities Commission purchased this building in 1991, as told by Mrs. Simmons. At that time it was vacant, Canal Street was somewhat beaten down by a recession and so while the Commission came here to this building in '91 it wasn't part of a long-term master plan, it turned out to work very well for us. We have, so generally we have plenty of parking here, on a daily basis we have about enough spots for our vehicles and people that work in this building; that's about it. And it's really reliant on some of the field guys departing in the morning and making space for folks coming in. Where we see a challenge is not by our own demand, it's that 10:00 a.m. to 2:00 p.m. demand that's brought in by folks frequenting the businesses and restaurants across the street. Up to this point we've had somewhat of an honor system of signs that say no parking with the exception of after 5:00 p.m. So between 8:00 and 5:00 employees only, but you only need to look out my window on a daily basis and you can see folks not honoring that system. It also taxes our parking capacity, so folks in the community have been vocal supporters of trying to build additional parking here and we actually asked Pond to say well, if somebody was to build a multi-story parking garage, what kind of costs are you looking at. So what can you speak to on that issue.

Mr. Migliaro stated so we gave some kind of really rudimentary high figured numbers for that but typically what you're looking at is about 350 square feet per parking spot for a somewhat well configured parking garage. It all depends on how many spots, you know the less spots in a parking garage the more expensive it gets per spot. You know the more spots you get into it, the cheaper the spots become. I think I gave Ms. Couillard the example of about 200 parking spots at roughly \$7 million of a construction cost. So you figure you have 200 parking spots, you're multiplying that by that 350 square feet and then that square footage thing gets applied about \$100 per square foot. So that's what gets us up to that \$7 million fee. At 200 parking spots that could easily be, you know probably maybe a little bit less, but not as well configured could probably go up to about \$10 million as well.

Commissioner Smith stated using how much land for the parking garage.

Mr. Migliaro stated so that would depend on the property itself and then we'd have to look at that to see how we could fit within you know the setbacks and the zoning requirements, how tall it can be and things like that. So that 200 spots it's really rough not knowing where we can put it.

Ms. Couillard stated yes, I think kind of what we boiled it down to is about \$35,000 a parking spot.

Mr. Migliaro stated right.

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

Ms. Couillard added on average for a parking garage.

Commissioner Smith stated I'm just confused, where is the parking, where would the parking garage go.

Ms. Couillard stated well, a lot of folks are asking us to either put it over here or on our back property and so we didn't do, we just said okay, Pond, how do these things cost, you know. And just on the average it's about \$35,000 a spot, so for a 200-spot parking garage, parking deck, it would be \$7 million.

Vice Chairman Hawes stated how many parking spots do we have now, just a ballpark, out here.

Commissioner Conrad interjected about 80?

Ms. Couillard stated maybe.

Mr. Bunch stated I think I was told recently we have about 60 spots and 74 people and vehicles. Does that sound right?

Ms. Couillard stated yes, that sounds about right.

Commissioner Conrad stated all the way to the back.

Ms. Couillard stated yes.

Vice Chairman Hawes stated so you could actually pick up 140 spots for whatever the price would be.

Mr. Bunch stated yes, or fewer spots for pick a number.

Ms. Couillard stated for more money.

Mr. Bunch stated how much could we, \$5 million could you do 130 spots, but it's pretty, quite expensive.

Mr. Migliaro stated just remember it is as that 200 number gets lower the price per spot goes up.

Commissioner Conrad stated and actually my point of view is very unfavorable to the rest of the people in this community, but a parking garage at the back or on the side of this building does not meet what I see as a charming area in design standards that we want, number one. Number two, you can't build it high enough in order to make any money at it if it's on Canal Street. And there are other sites that are adjacent and on some of the side streets that are

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

unfavorable for development but are as big a site where you can go higher and you're not impacting the local charm of this community and the historic nature of it. So I know my position is not popular but that's my belief. And I'd prefer to see private enterprise build it.

Ms. Couillard stated exactly.

Mr. Bunch stated so you're, I actually agree with that, I think you know if this was Monopoly, our building is kind of Park Place on Canal Street. No, I mean that seriously, a lot of the activity has developed around here for that reason. Otherwise you know why not up the west end towards Route 1, there's good restaurants there and they just haven't attracted the stature. But I agree with you, I think for the look and feel that you want to retain, the City should be very cautious about what they allow to be built on this site because it will impact the look and the feel of Park Avenue or Boardwalk, you know whatever we want to call this area of Canal Street.

Commissioner Smith stated I think if you look at what they did in St. Augustine, that's an excellent example of how you can blend in a parking garage in an area that's probably much more concerned about its character than New Smyrna's historically has been concerned about. But they did it in St. Augustine and it worked exceptionally well, and the garage structure is not ugly, it's very compatible with the architecture in the area. So I mean I think they did a great job, so if you have an opportunity to look at St. Augustine, I think that would work.

Mr. Bunch stated I agree, and but what they did with the location, so if you look at the downtown square area by the church cathedral, that parking garage is about four blocks north and three blocks west of their primary downtown street. So they've done what Commissioner Conrad described and that is take it and put it somewhere that you can walk to the downtown area but let's not take up your prime real estate in the course of doing that.

Commissioner Smith stated correct. Well, there's definitely two different opinions.

Mr. Bunch stated apparently. All right this is a great discussion by the way, and I want to thank the Pond folks, Mr. Migliaro and team that you assembled to pull this together, a lot of good work. And I think one of the surprises Ms. Couillard and perhaps even the Pond and McKim & Creed team discovered was how exactly wet some of this area was out on the Western Complex. For kicks and giggles can you tell us what really wet means out there.

Mr. Migliaro stated he would give that to Joe Young, he probably spent the most time on that site.

Mr. Young stated well, its defined you know as wetlands, so I'm not sure what you want to hear.

Mr. Bunch stated like, how deep is some of the water out there.

Mr. Young stated how deep is the wetlands.

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

Mr. Bunch stated yes.

Ms. Couillard interjected how deep is the wet.

Mr. Young stated so it's a periodically wet, like underwater type wetland. Well, most of them, there are some deeper sites and systems but for the most part they're what we would call, you know, wet weather type wetlands. So you get into the rainy season and you're wading through knee deep water, which I have done. And then the drier season you can just wear regular boots and walk through some of those same areas; so it varies.

Commissioner Smith stated to Mr. Young, aren't all those soils out there considered poorly drained, piney flatwoods. I mean they've been that way since time began, everything basically west of I-95, all the way to Deland is poorly drained piney flatwoods. So it's been poorly drained since the beginning of time.

Mr. Young stated well, you know there are ditching, there are ditches in other places where you have the same kind of soils and it does draw down the water table, that type of ditching doesn't really exist. In the part of the site where we're working right now there is a ditch to the north end of the ownership, but it doesn't really help us down here.

Mr. Bunch stated thank you, and there's one other I want to mention relative to the potential future use of that site as well. So we have our Water Reclamation Facility there, Department of Environment more and more pushing people to do what we've been able to do historically and that is not expel treated effluent into the Indian River or anybody's water like that. We've been able to do that to date with the exception of the hurricane, which was unprecedented. Selling the reclamation that we can sell and then if we had more than we needed, we would irrigate the Western Complex. So what we don't know a year or two, three years from now is if we'll be able to completely be able to not expel any water into the Indian River Lagoon without having that site to irrigate. Now until we build and commit land and we still have a lot of acreage, don't get me wrong, we're not sure that we can say that we solved that equation. At least for the near term we've been able to do it and without irrigating to the Western Complex land but that's only been several months, up until we did the Pond Expansion out there, so we now have 65 or so million gallons of storage, we were actively irrigating the Western Complex land with the extra reclaimed water. So that is something that I think we need some time and experience before we can say okay, we won't need any more of that land for storing reclaimed water. So I wanted to give you another data element that is related to the business. I wouldn't say, even consider selling any of that parcel because of you know even though you're only looking at small buildings, as you can see, you're quickly consuming 60-80, or you're committing 60-80 acres of land to build a couple of buildings because of the extent of wetlands and site development work you have to do to build those buildings. And we don't have an additional 900 acres anywhere else, this is it, you've got to treat it right and use it right.

Mr. Chavez stated so on the cost side, just before we move on to the next topic, and we'll talk about it further on, but you know when you look at \$40 to \$43 million for just buildings and the site development. And then you look at the cost of remodeling and rehab that we could

(2-a) Facilities and Land Development Options: Ops. Bldg. and Headquarters Bldg. (cont.):

probably do over time, the dollars are substantially, you know those are some. We're an electric, water utility, \$40 to \$43 million for buildings that are, we need a place to occupy and store some critical infrastructure but at the same time our core business, that becomes a very substantial amount of costs. So that's one thing we need to factor in and then this parking garage, which \$7 to \$10 million, well that's clearly one step further from the core business. That, those are just things to keep in mind as we go through.

Mr. Bunch commented can always trust Mr. Chavez to watch out for our money.

Mr. Cloud stated just one other thing I would just bring up is that the City has the right of first purchase option on the property. So from the standpoint of just purely selfish standpoint, it's in our best interest to see you know a higher number there if there's some other use that is going to fit within all of the criteria the City would impose. Then you know I don't know that it's incumbent on us to go out there and price out things like parking garages.

Commissioner Conrad stated of course not.

Mr. Bunch stated good feedback sir, and comments. Again these are data points, just because you know people have asked. I think it will be discussed with the City, and the Mayor has mentioned it to me. I don't want to sweep any of the issues under the carpet, we want to bring it up for discussion.

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options:

Mr. Bunch went to the next item on the agenda and stated the next thing and it has to do with this site as well. And a really popular topic but we're shifting gears a little bit, Tim Beyrle is going to talk to us about solar. Some things we're doing already and some things we're considering, including this same land.

Mr. Beyrle stated so for a little bit of background we're committed right now to 10 megawatts of the FMPA Solar Phase II Project. Originally it was scheduled to be commercial operational at the end of this year, that slid some because of all the issues with tariffs and the supply chain. But we expect all of it to be in place by the end of next year, they're building it at two different sites, so we may get a portion now or sooner and then a portion later. So that's the 10 MW's we've already committed to for a 20-year purchase.

Mr. Beyrle then went to slide 21, entitled Phase I & II Summary, and stated so several months ago we engaged 1898 & Company, our consultant to look at the possibility of doing something Utility-Scale Solar on the Western Complex. The original Master Plan showed solar panels out there, so we split it up into two phases. The top three items on there (slide), is Phase I. So first one is to go out there and look and see how much can we do, if we can do anything. We knew it was fairly wet and we didn't know if they would come back and say there's no suitable land for solar. And then for Phase II we said if there is suitable land, is it

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options (cont.):

worth our while to build something, to have someone build it for us, or should we just go with FMPA Phase III Solar. Because they're working on their Phase III right now which they're expecting some time in 2026 to be operational.

Mr. Beyrle then moved on to two more slides (slide 23) and stated so they looked at and found two suitable areas for possible solar project. One being north of the Water Reclamation Facility, the orange area with the yellow box around it. And then also possibility of floating solar on our Reclaimed Pond. That's the, you've probably seen some of the new floating solar that's coming out, so they considered that as well. And what they identified was there's about 37 acres of land we could use to put panels in plus 20 acres of pond that if we wanted to do something floating.

Mr. Beyrle went to the next slide (24) and stated so the next slide shows that in that first area, you know if wanted to, we could do anywhere from 6.5 to 10.5 MW's of solar depending on if we wanted fixed axis or if we wanted tilting solar, you get a little more out of it because it tracks the sun.

Mr. Beyrle went to the next slide (25) and stated for the 20-acre Pond we could get about 5.7 MW's. So anywhere from 12.5 to 16 MW's of solar if we decided we wanted to use that land to put something out there.

Mr. Beyrle went to the next slide (26) and stated so then we moved on to Phase II and we asked them those three questions. Is it worthwhile for us to build and maintain something. Should we have someone come in and build it, own it, maintain it, sell us the output. Or should we just not do anything solar out there, nothing big anyway, and join with FMPA on their Phase III. They're looking at, right now at two to four sites, 74.9 MW sites, depending on member participation and interest. We came, several meetings ago we gave an update and said we were probably looking at the 15 to 25 MW for Phase III if we decide to participate, before we got the results of this study.

Mr. Beyrle went to the next slide (27) and stated you can see basically their breakdown. If we owned it, we're looking at around for the life of a plant around \$41.00 per megawatt hour for the energy output. If we brought in an outside company, we're looking at about \$48.77/MWh. And FMPA has an advertised maximum price of \$40/MWh, actual cost is expected to be lower but that's the published non-confidential pricing.

Vice Chairman Hawes stated, and Mr. Beyrle how does that number compare, I don't know nationally, or you know what I mean.

Mr. Beyrle stated so our purchased power all-in for fiscal year 2022 was \$71.00.

Vice Chairman Hawes stated okay.

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options (cont.):

Mr. Beyrle stated so anything we got from either Phase II or Phase III is still going to be a lower cost than our overall mix which includes our FPL purchases and our nuclear entitlement through St. Lucie; so it's a low-cost addition to our mix.

Mr. Chavez stated but I think the key here is to really focus in on the NSBU owned and the FMPA they're close, but as Mr. Beyrle points out that \$40 is the published, non-confidential amount. The term out in the industry is asset life. When you, let's say we build it on floating, it has to be maintained, whether it's us or we contract with somebody, so those expenses, it's you know. On the asset life model we're taking the output but as far as day-to-day maintenance and concerns and factoring that in, we don't have to factor it in, for us it's purely a much lower alternative purchased power option.

Vice Chairman Hawes stated are there any other benefits or detriments to us or you know what I mean the first (option – NSB Owned).

Mr. Beyrle stated part of the reason our costs are lower is because we already own the land.

Vice Chairman Hawes stated oh, okay.

Mr. Bunch stated there's an additional factor, Mr. Chavez mentioned the asset life approach. If we do the NSB Owned, we're also committing those acres of land that Mr. Beyrle mentioned. Now the Pond you can say that's free, we're not going to do anything else with the water, that's true but there could be some other potential use for the other land. And so in follow up to Vice Chairman Hawes question, Mr. Beyrle recently, so we don't get tax credits because we're a government entity, don't pay taxes, ... But in the Inflation Recovery Act they made provisions for people like us to get something like a tax credit for these kinds of investments. Do you know if that analysis includes the assumption that we would get that benefit with the NSB Owned version.

Mr. Beyrle stated I don't remember if they factored that in, I don't believe we factored that in, 1898 (consultant).

Mr. Bunch stated okay, so we could probably ask just a question for clarification, but the numbers are pretty clear, I think that's what you're saying. Any of these compared to what we're currently paying, but certainly ones where we're not putting out our own capital.

Mr. Beyrle stated correct.

Ms. Couillard stated right.

Vice Chairman Hawes stated, and this is sort of, it hit me when you were talking about the Inflationary Act, so this is sort of a non-subsidized, this is kind of a hard cost. Okay, got you, okay so we're not a subsidy in there and then gone.

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options (cont.):

Mr. Beyrle stated right, and that's part of the reason FMPA is able to get such good pricing is, especially based on when they were expecting the in-service dates to be, because you know the tax credits were dropping every year. So that's why some of these sites, they were in a hurry to get them done because if they didn't meet the deadline, they'd lose a percentage of their tax credits.

Mr. Beyrle then stated the next (slide 28) is just kind of, it's looking at kind of a Phase II and Phase III and it shows where you know the top part is FPL's energy price, projected energy price based on 1898's gas forecasting and our fixed costs. And they just kind of looked at where it would start becoming a less expensive resource than just FPL. Because all this would, if we participate in solar, all it does is offset some of the purchases from FPL. Because you're only getting about 25% to 30% capacity factor out of a solar site, you only get so many hours in a day. You know in the summer our peak is generally towards the end of the day after the output's dropping.

Mr. Chavez stated so just to maybe elaborate on that point, so when Mr. Beyrle talks about the capacity. So for example the nuclear generating plant will be at around 97%, in the high 90's because the only reason why it goes down is for refueling or other maintenance outages. The sun definitely, that's where the capacity factor comes in of, you know, a year only getting a certain amount of daylight.

Commissioner Smith stated they just came out with a statistic in Kentucky that they could close 209 electrical plants and convert them to solar and be able to operate them cheaper. Now getting rid of coal in Kentucky is going to be a hard nut to crack but it's showing that solar maintenance costs is much less than any typical, whether nuclear, coal or natural gas-fired, low maintenance.

Mr. Beyrle stated but then you come back to the intermittency issue.

Ms. Couillard stated right.

Commissioner Smith stated I understand, I mean there's variables there.

Mr. Beyrle stated and as storage comes into play, things change some. California's got, they've got battery storage out there that they count as a renewable resource, it mixes in with theirs, they charge, they discharge.

Mr. Beyrle went to the next slide (29) and stated...

Vice Chairman Hawes interjected, so just back to this chart, if I get what you're saying here and I may not be getting it, this is kind of the contract pricing for energy regardless of where it comes from. Meaning it could be natural gas or something else, and it's their forecast of how this thing kind amongst, and you're comparing that then to the solar, is that it.

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options (cont.):

Mr. Beyrle stated right, because our FPL contract is based on their system average cost of energy, so that includes their nuclear, their solar, their natural gas.

Vice Chairman Hawes stated oh, okay.

Mr. Beyrle then went to the next slide (29) and stated they're looking at the 2023 dollars going out to 2050 essentially. So if we did nothing, we would save nothing, we would have no Phase III solar. If we didn't do anything, and we didn't build anything, we don't gain anything. But if we were to go with the other three options, shows you the savings in the 2023 dollars. So our total energy portfolio, we would save about \$17 million based on this analysis over the next 27 years. And to put that into perspective we spend about \$30 million a year on purchased power. So that's \$7 however much, that's a lot, so the savings you know \$17 million looks substantial but it's a half a year.

Mr. Bunch stated so I think there's other benefits as well, so we're reducing our carbon footprint, and doing it in a manner that saves our customers money. It's not green at the expense or cost of the customer, the community will clearly benefit. And as we saw this past year the volatility of gas, this is based on current pricing, what happens if the Federal government puts more a crunch on the gas supply. Right now gas is a quarter of what it was less than a year ago because of the exact issue we're talking about, the constraints on natural gas and oil all occurring at once. So if you think gas is going to remain relatively low this is a good projection. If Federal government shuts down, puts more pressure on natural gas production or some kind of taxes, the economics could swing much more favorable and in the direction of solar. In the meantime these prices would be contractually fixed over time with some kind of escalation, but you wouldn't see the extreme volatility we've seen with gas in recent years.

Vice Chairman Hawes stated in my mind I see lines on a chart and it's sort of one is natural gas and it's going to miss if solar is doing this. This is going to be like a super stupid question, but do we put, by the amount of solar power we take, are we putting any of our natural gas ability, capacity, I'm not even sure if I'm asking this right. In other words are we limiting ourselves somehow to being able to access the natural gas if something went on with solar and we couldn't, you know got "night" for six months or God knows what, but...

Mr. Beyrle stated no.

Vice Chairman Hawes stated no, okay, so there's no, we're not limiting ourselves off this other.

Mr. Beyrle restated no, correct, we're not going to reduce the amount of overall capacity we're taking from Florida Power and Light, this is going to supplement that.

Vice Chairman Hawes stated okay.

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options (cont.):

Mr. Beyrle then added during those hours of the day. So we can back off those purchases, but we'll still have the ability to take the same amount. If it rains for a week, we're not hurting ourselves.

Vice Chairman Hawes stated okay.

Mr. Chavez stated and to your point, the market isn't for nat. gas, we're not at the point, anywhere near that point where we're going to miss or not be able to access the purchased power from FPL; but it's a good question.

Vice Chairman Hawes stated well, that's polite, thank you.

Mr. Bunch stated, well play that forward, if it rained for three weeks and the solar was either marginally or not available, how would you procure additional power to meet your peak demand.

Mr. Beyrle stated well, we would still have the capacity available from FPL.

Vice Chairman Hawes stated because we're contracted, is that why that's so.

Mr. Beyrle indicated yes, we would do, you know we do our day ahead scheduling and we could still, could go back to scheduling what we were going to be.

Mr. Bunch stated so you would pay them more in that month, would you be paying the solar supplier less because they're not delivering the megawatts.

Mr. Beyrle stated correct.

Mr. Bunch stated so some offsets there.

Mr. Beyrle stated yes.

Mr. Chavez stated and that's the beauty of it so you're only, on the asset life model, you're only paying on what you're taking. If you're not, if it's not producing, you're not paying. On the NSB-owned, those assets are not producing.

Mr. Beyrle stated and that's, kind of why they when they put these plants in, they try and spread them out so they're not all subject to the same weather conditions. And they also do that because some people are in Duke's territory and some in FPL's territory, so they have to get you know transmission.

Vice Chairman Hawes stated would FMPA want part of our land or they're somewhere else and we're just kind of taking a piece of sort of a thing.

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options (cont.):

Mr. Beyrle stated well FMPA doesn't own them, they do a purchased power agreement and it's up to the supplier to acquire the land.

Vice Chairman Hawes stated oh, got you.

Mr. Beyrle stated so, went to the next slide (30), and stated this is kind of where they, basically they said it's a better deal to go with FMPA for the reasons they gave before. They gave us a cap of 33 MW's for the Phase III based on our hourly loads and you know we don't want to commit to too much because then we would be sending energy back and we're paying FPL to take it at that point. So that's a nice mix so that we could handle it all, and that's pretty much what they, what we asked them to do. You know how much can we take and should we, what should we do, so that's where they came back at.

Vice Chairman Hawes commented and what are you going to do for fun when there's no more energy trading then?

Mr. Beyrle stated oh, there's always going to be trading.

Mr. Bunch then stated so help set expectations for next steps Mr. Beyrle, what can the Commission expect.

Mr. Beyrle stated so they're actually, FMPA, they're getting close to their final negotiations for the Purchased Power Agreement for the next, for Phase III. I'm not sure who they're dealing with but so then they'll be coming back to us once they've got pricing and locations, and they'll say how much do you want to commit to.

Vice Chairman Hawes stated so it's a contract commitment, not a capital commitment, right.

Mr. Beyrle stated correct. If we said, if we went to the max and said we'll take, we'll commit to 33 MW's out of Phase III, that would give us 43 MW's total of solar. It's three to four years down the road, 43 total and it would be for a 20-year purchased power agreement just like the existing one is, and there'll be extensions. And pricing is going to be a little bit higher for Phase III just because of everything else but it's still lower than our total costs.

Vice Chairman Hawes commented I don't know why we wouldn't do this.

Mr. Beyrle stated I think the only thing will be the 33 (MW), we may back off that a little bit, because that's pretty much the maximum. You know we're going to have certain load growth but we'll be coming back probably in the early summer with a recommendation and get the PPA signed.

Vice Chairman Hawes stated this is a very well-presented piece by the way.

Mr. Beyrle stated thank you, I didn't do it, it's 1898.

(2-b) Western Complex Solar Assessment, Update on FMPA Solar Phase II Project Progress and Solar Phase III Options (cont.):

Vice Chairman Hawes stated I knew that, but it had to be you right.

Mr. Beyrle stated no, we stole from a consultant.

Ms. Couillard also confirmed, a consultant.

Mr. Bunch stated, so actually Mr. Beyrle and Mr. Chavez worked with 1898 & Company. They're a, I think they're a subsidiary or relative of Burns & McDonnell, so they do quite a bit of business with us and very prominent in the industry. So we talked about a lot of numbers this afternoon and specifically the upfront portion with buildings and trying to set the expectation that this will somehow fit into our budget planning process. I want to turn it over to Mr. Chavez to help set expectations for the next say four to six months of what you might expect to hear from us.

Ms. Couillard stated before Mr. Chavez starts, we're going to let the team head out and if there are additional questions Mr. Migliaro and I are here to answer those at the end. If we need to get more information from them for you, we will. So thank you guys, appreciate all the work you've done for us. Have a nice evening.

Mr. Bunch stated yes, thank you gentlemen, nice work, thank you. Adding yes, we'll give them a second.

(2-c) 10 Year Capital Improvement Plan and Budget Considerations:

After a brief pause, Mr. Bunch then stated thank you Ms. Couillard and then stated Mr. Chavez.

Mr. Chavez stated okay, went to slide number 32 and stated so just, this kind of the way we've, as Ms. Couillard, Mr. Bunch and the team has laid it out, our budget submission for the ten-year budget for the 2024 to the 2033 will be June 30<sup>th</sup> of this year, for submission to the City. So with that we wanted to factor not only, so having a discussion only about the Western Utility Complex without having a budget discussion wouldn't be fair to all of us here. This is full information to kind of just look at where we're at and how we're planning this out. So for example in the last budget cycle that would have been approved by you last June, the total 10-year capital was a \$194.2 million budget. So as we do, we do a 10-year budget every year, the first few years of course, the first two to three up to five years are pretty good. When you start going further out, it's a little..., that's typical. But we applied the same methodology around prioritizing how these projects are critical to the system and the like, and that's how we look at this.

Mr. Chavez continued, now just you know post-COVID and the way the supply chain and everything else has changed, our focus has been on, as part of the overall budget, on the capital side with the modernization. What we're seeing is that the costs on all projects, not just modernization but the cost assumptions that we had in the last, just this past 10-year

**(2-c) 10 Year Capital Improvement Plan and Budget Considerations (cont.):**

budget, those cost assumptions on some of these major projects has gone up significantly. And of course, you bring in some consultants and such to really look at these items and then to give us some more accurate, at least still a budget estimate but definitely more accurate to reflect what's going on. So just to give you an example of some of the bigger initiatives, the AMI. Originally, we budgeted about \$13.5 million, the current estimate is at \$23 million. So that's an increase of almost about \$10 million. The Water Treatment Plant, the Pellet Softening Project, just to give you a little bit of perspective on that, so as Mr. Bunch had indicated earlier, the Reverse Osmosis. The Pellet Softening Project in and of itself is an alternative, a much more cost-effective alternative that we did a pilot project on. So in comparison it would provide the benefits that we're looking for without the costs of a full-blown Reverse Osmosis. Well that one, the budget we had originally was \$10 (million), it's coming in at \$18. It says increase of \$5 but really more like \$8 million. So the numbers are coming in higher, and we don't want to, we can't bury our heads in the sand and just use those original budget estimates, we have to update them. The Transmission Grid Reliability budget, so we had about \$5 million, the revised estimate is \$16, so that's an increase of \$11 (million). And that project I believe includes the Loop correct.

Ms. Couillard stated that's the Transmission Loop Project, including the substation modifications at either end.

Mr. Chavez stated so you're looking at just factoring just the cost changes on some of these significant initiatives, well over \$28 to \$30 million, just in those. Now, not to, but what we're doing as well is, as part of this budget cycle, we're re-prioritizing with even a finer cut at it to look at the projects, figure out better scheduling on when we would do them. So for example on the Glencoe Water Treatment Plant Pellet Softening, we would work with a consultant to say okay, instead of doing this in the next year or two, when do I really need to do it based on the current productivity of our existing clarifiers system. So that's how we would kind of cash flow these better based on when the expected need is to implement these initiatives. On the AMI side as well, we'll look at okay, what is going to give us the biggest cost benefit to the organization and prioritize the project and the execution based on how we can scale the project. So for example, AMI, electric almost a no brainer, the water side may be a modified implementation. But those are the things that we're looking at to then continue to manage our resources, manage the dollars but then manage them based on the priority and the actual, a better timeline for execution.

Mr. Chavez continued and stated next, you know when you look at the building, that's why as I brought up earlier, \$40 to \$43 million for a building complex. Yes, it would be, it's a great to have but at that cost level and when I look at this in comparison to other higher customer-centric priorities, \$40 to \$43 million for a building or set of buildings is quite a high price tag. So what we're constantly focused on is managing our resources for the benefit of the community, the customers and our employees. The Headquarters, that \$40 to \$43 million is not even in the \$194.2 million.

Vice Chairman Hawes stated and the \$194.2 million is really \$219 million, am I understanding that right.

(2-c) 10 Year Capital Improvement Plan and Budget Considerations (cont.):

Mr. Chavez stated well, if you add on, if you purely just added on. What we would do is we would reprioritize, and you'd get a modified 10-year number.

Vice Chairman Hawes stated no, I was just looking at the \$28 million.

Mr. Chavez stated yes, if you just added purely added on, well then if you took the \$194.2 million, plus \$28 million, plus \$40 million. I mean if we did nothing else, what we planned to do is kind of reshuffle the deck.

Vice Chairman Hawes stated so roughly, whatever it is, 15% or more in, so we haven't even gone through this fine-tooth comb right yet.

Mr. Chavez stated right.

Commissioner Smith stated do you expect these costs will continue to rise the rate that they've been rising. I mean it's a trap, all right, reason is would it be better to think about making these rather than trying to reduce the expenses, make these expenses now before they become much more expensive.

Mr. Chavez stated it's kind of a two-fold, I mean you bring up a very good point. I think we really have to focus on the criticality of these projects for the benefit of our customers. So buildings, it would be great to move out there but if I can renovate and mind you this is purely the finance side of it, if I can renovate and mind you, we wouldn't do all of it at one time, you'd do stages. You know you'd look at what do I really need to update.

Commissioner Smith stated I think what I was referring, I'm all for what you're talking about with the building part, obviously. But the other side of the coin is the RO Plant, it's not going to get any cheaper to build an RO Plant, I mean if these trends continue. So maybe a project like that would be, you maybe would want to move up.

Mr. Bunch stated yes, that one we, let me take that one Mr. Chavez. So we don't need to build a Reverse Osmosis Plant until we get to like the 75% to 80% capacity range for Glencoe. Now a point implicit in what Mr. Chavez meant, made earlier, the Pellet investment will help expand capacity and then push out that timeline which we need to spend the Reverse Osmosis Plant money.

Commissioner Smith stated okay, that's working against that.

Ms. Couillard stated yes.

Mr. Bunch continued, the other thing that it does is save about a half a million dollars a year operational costs and the need to get rid of lime sludge. Because we currently use lime to soften the water as soon as we shift to Pelletization we're then producing like calcium chloride as an output which is a beneficial byproduct. We don't have to pay to ship it, people may even pay to buy it, but in a minimum, we have something that is not an environmental concern at all. So today we can get rid of lime, when the plant was built lime was cheap, you

(2-c) 10 Year Capital Improvement Plan and Budget Considerations (cont.):

could put it anywhere. It's getting a little trickier to get rid of lime and the State will probably just tighten that noose a little further and further over time and our costs to get rid of it will go up and up. At some point they may even mandate a shift away from lime to other processes like pellet, so there's a couple levels of benefits in the pellet investment.

Mr. Cloud stated this is an offshoot of the Optimization Study that you all engaged in through your staff to look at what's the best way, the most cost effective environmentally acceptable way to operate and improve your facilities. You can apply the same logic to building facilities which is what Mr. Chavez has suggested. But this is actually what ya'll want to be doing because it maintains the lowest possible costs to your customers.

Mr. Chavez stated yes.

Vice Chairman Hawes stated what it kind of makes me think Mr. Chavez and correct me you know too, is its sort of like saying well I've got cash, do I pay off my loan or do I keep it going forward.

Mr. Chavez stated bingo.

Vice Chairman Hawes stated, and the problem is once you've done that in our case, we've got this, pick a number, \$10 million fixed asset in the ground, can't get cash out of that.

Mr. Chavez stated nope.

Vice Chairman Hawes stated and so we've lost our flexibility and potential whatever that's called.

Mr. Cloud stated and you've got a moving target which normally a household doesn't have.

Vice Chairman Hawes stated yes, so yes, I think, and then commented have you thought about finding a benefactor.

Commissioner Smith commented are you going to be that?

Mr. Chavez commented well, Vice Chairman Hawes as the Financial Planner expert in our midst.

Mr. Bunch added do you have a client that's willing to help to the tune of \$100 million or so.

Mr. Chavez added do you have any connections to benefactors?

Mr. Cloud stated well actually, there is actually a benefactor out there and its something that I'm sure Mr. Chavez and Ms. Couillard are looking at right now with the announcement that a considerable amount of money is going to be made available by the State of Florida for wastewater systems.

(2-c) 10 Year Capital Improvement Plan and Budget Considerations (cont.):

Ms. Couillard stated correct.

Mr. Chavez stated of course.

Mr. Cloud continued, if we can find ways to take advantage of that, I'm sure, I mean for us, for entities like us, that and long ago the Federal government when they did 201.

Ms. Couillard stated and to hop on that. We actually have a grant group that is combing all Federal, State, local opportunities for us and helping us apply. We applied for the Federal GRIP with a concept paper, and we got a notice back that says we encourage you to apply. I was actually on the informational webinar before I got here on how to apply and what they expect in it; so we are going for whatever money we can get.

Vice Chairman Hawes stated Mr. Chavez I think this is a really valuable exercise and I'm glad you brought up, all of this up, because what we don't want to do, and no business wants to, is make a mistake you can't recover from.

Mr. Chavez interjected exactly, no you're exactly right, because as you indicated once you commit those dollars, you can't just pull it back because you decided to change your mind.

Vice Chairman Hawes stated I mean it plays into exactly what Mr. Beyrle was sort of showing us, it's the same issue or whatever, so.

Mr. Chavez stated, so to that end we're always looking at, all of us, how these projects, what's best for our customers because they're always looking at, are we operating in their best interests, and that's how we look at these projects and as a steward of the funds.

Vice Chairman Hawes stated yes, and this is just me speaking personally but it would be great to see this facility get a whether it's a facelift, you know, make it more usable. Maybe that costs too much, but like you say maybe it can be done over time, you know.

Mr. Chavez stated example, bathrooms, those definitely could use a facelift/clean up. So those will be, there's some immediate no-brainers that aren't going to break the bank; \$40 million, that's...

Vice Chairman Hawes commented the realty is you guys need some palatial offices...

Mr. Bunch then stated so here's our commitment, the budget recommendations you'll see later in the year will be informed by this meeting, information you have now. As I mentioned earlier on the outset, we've got the Joint Commission Meeting with the City Commission in April. Ms. Couillard is going to be talking with the City Planning and Economic Development folks to see if there's a renewed or updated Economic Development or CRA Plan. And somehow between this Commission and the City we'll land in the right place with regards to the buildings. We will need to build an operational building at some point, somewhere. We've looked at the Western site because that's the easiest and most readily available land to us. We may have another existing site to consider, and Ms. Couillard will

(2-c) 10 Year Capital Improvement Plan and Budget Considerations (cont.):

spend some time looking at that as well. But we do need to get that building off of the Swoope Street site, the City has been adamantly patient with us. Mr. Beyrle tells me we've been talking to them since 2012, promising to get off of that site. But on the other side of the equation they have moved, and they have made the new, updated boat ramps. And I have to say even as the CEO of the utility, our Fleet Building looks a little out of place next to that nice new parking lot.

Mr. Chavez stated so I do have one more slide and then I'll wrap it up.

Mr. Bunch then stated oh, I'm sorry.

Ms. Couillard stated while you're sliding, I do have some ideas for a location to put the Fleet other than building a brand-new big building; so working on that.

Mr. Chavez went to the next slide (33) and stated okay, just to kind of bring it back in as to as you know we did our bond financing back in 2020, \$65 million, per the original plan we had to spend that money in five years. So based on the spend rate on where we're at, you know we have about another one and half years left, which is right on where we need to be. So our plan overall, even back then, was to go for another bond financing for approximately \$50 million, if we can get more we will. But that will cover our normal, we're going to re-prioritize the existing projects just as we do every year, but even putting even additional scrutiny on them to really line them up based on when we need operationally these projects should go on to place. But if we do this, remind you as Mr. Bunch indicated, we'll have the discussion on the building, I'll need to do almost a bond financing just for the building itself. Because \$40 to \$43 million, yes, that would almost merit its own bond issuance. So, and mind you we're going to work with our bond feasibility consultants to see what the appetite is, but you know...

Vice Chairman Hawes stated and what are our assets today, \$253 million, so we're talking, yes, that doesn't add up.

Mr. Chavez stated yes, so you've got the debt issuance costs, you've got impact to rates, you know one financing for our normal operations make it, but one just for building and building locations does, it would merit its own. So that's the other consideration to look at.

Mr. Bunch stated and just food for thought in comparison, I was talking with some folks about Edgewater. They had an Operations Building they're considering building - \$40 million. I read an article in the local paper a couple of weeks ago, Flagler put a new Police building in place and that was on like an area where they already had the County Headquarters, so it was limited site development, that was a \$28 million building. A bit bigger than what we're talking about, but it was almost no site development costs. So the numbers Mr. Migliaro and team are throwing around are in line with what we hear nearby. And again I think as we look at the 10-year budget we also have to look at internal capacity too because you know this teams struggling, working really, really hard to pull off what we're doing now.

(2-c) 10 Year Capital Improvement Plan and Budget Considerations (cont.):

And when you start layering in a lot of these additional things, we may spend it, commit to doing it, but my guess is its going to push out in time just because of the bandwidth of the team to execute.

Vice Chairman Hawes stated and just kind of two things strike me, one is our customers have been really pushed this year with higher utility costs and then you know start doing this kind of stuff and you kind of wonder. And then the second piece of this is, and maybe this is too soon to say this, but I really appreciate the thoroughness of what you've gone through of all of this from just a variety of perspectives. It's really helpful to get this lay of the land, although I kind of wish Mr. Chavez that you hadn't shown up.

Mr. Chavez responded didn't mean to rain on the parade there, but you know, didn't want to be the...

Vice Chairman Hawes added I'm just kidding.

Mr. Bunch stated any other questions.

Commissioner Smith stated how, as far as bond financing, the trend and interest rates is going to impact that.

Mr. Chavez stated so the all-in total interest costs that I got about a month and a half, two months ago from our, just as a see where the market is because of what the rates were, it was around four, four and half. So I mean don't get me wrong you know the current, mind you I'm bringing back to current 30-year fixed, that kind you're looking six. I know that's unrelatable but that gives you a frame of perspective that we all relate to. So we locked in at 2.76%, so 4.5%, not great but not 6.5%, so it is, the money will cost us more but that's just the market that we're in now. The excellent part is we are in, you know our rating is great, so we will get the best available for the rating that we have.

Mr. Bunch stated and what's the debt service cost of \$50 million for a 30-year bond, per year.

Mr. Chavez stated \$2.5 million I believe.

Mr. Bunch stated okay, so our current total revenues \$70, \$75 million, borrow another \$50 it's going to require \$2.5 additional revenue. If you go out and borrow another \$100, you're a total of \$5. So \$2.5 on a basis of \$70 is what, 3% to 4%.

Mr. Chavez stated so I'll have to get, and what I will do is at our next meeting I'll definitely confirm what, because I have those costs, I just didn't bring it with me.

Vice Chairman Hawes stated, and I think Mr. Bunch too, what you were talking about is about the capacity issue, I mean we've come a long way over the last few years, and you know there's plenty still to do.

(3) Next Steps:

Mr. Bunch stated all right, well I appreciate everyone's attendance and participation. Ms. Couillard, Mr. Beyrle, Mr. Chavez, Mr. Migliaro, you guys did a great job as the Commissioners echoed. I'm just going to echo, fantastic quality materials, a lot of numbers for us to think about and we'll have four or so months to mull over all the issues we're talking about. And I have confidence that the Commission, and between discussions between us and the City we'll land in a good place, particularly on the building issues. But we don't want to put you in a predicament where you feel like you're being rushed into a decision, these are pretty big numbers and my CFO to my left is always looking out for our numbers. And I forget, if I go back to my early first couple of months here, Mr. Cloud pointed us in the direction of some really capable consultants to help us with the Optimization Study and as I've talked and interfaced with my peers around the state, Mr. Cloud is, if not one of, probably the most experienced municipal attorney and he also has a phenomenal amount of knowledge with regards to the water industry. So I want to thank Mr. Cloud for your assistance and guidance.

Mr. Cloud commented you guys manage this place.

Commissioner Conrad stated we are very fortunate to have the team and the people that are here helping the Commission understand what is needed and provide transparency, thank you so very much.

Mr. Bunch stated thank you, and then stated Vice Chairman we'll turn it back over to you sir.

(4) Closing:

Vice Chairman Hawes stated thank you, I believe that concludes our meeting today unless there's anything else.

Commissioner Smith then asked Vice Chairman Hawes if he was the benefactor we're going to use.

Vice Chairman Hawes stated I certainly could be, it just wouldn't be very much.

Mr. Chavez stated I think we're going to have a make a new sign for you, put benefactor on it.

Mr. Bunch commented are you a financial advisor to Warren Buffett by chance.

Vice Chairman Hawes then stated I think that's enough of this, thank you, and then adjourned the Workshop.

There being no further business for the Commission, the Workshop closed at 4:51 p.m.

{NOTE – Effective at the U.C.'s 3-22-21 Regular U.C. Meeting, commencing with the minutes for Two Final Public Hearings and Regular U.C. Meeting Held 2-22-21, the Commission will start approving annotated minutes within the agenda package. These detailed, near verbatim minutes will still be prepared for reference, electronic searches, and will additionally be posted on the U.C.'s website – ucnsb.org.}