

**City of Jacksonville Beach
Minutes of City Council
FY2016 - Budget Workshop
Tuesday, August 11, 2015**

Mayor Latham called the Budget Workshop to order at 5:00 PM.

City Council members in attendance:

Christine Hoffman (absent)	Phil Vogelsang	Keith Doherty
Bruce Thomason	Jeanell Wilson	Lee Buck

Also present were City Manager George Forbes, Deputy City Manager Trish Roberts, Finance Officer Karen Nelson, Budget Officer Ashlie Gossett, Director of Beaches Energy Services (BES) Allen Putnam, and Nancy Pyatte, City Clerk's Office.

Beaches Energy Services

Mr. Forbes introduced BES staff supervisors in attendance, which included Electric Utilities Superintendent Lamar Whitaker, Relay Supervisor Matt Campbell, and Accountant/Analyst Eddie Vergara.

The City Manager stated Beaches Energy Services provides electric service from Neptune Beach to Guana State Park. Their Mission is to provide reliable energy services at a competitive price with superior customer service, "Above and Beyond the Expected." They are responsible for maintaining electric service and managing natural gas service in Jacksonville Beach, Neptune Beach, Ponte Vedra Beach, and Palm Valley. As listed in the report, there are eight divisions that comprise BES, and Mr. Forbes reviewed their responsibilities. Mr. Forbes reported that BES is rated one of the most reliable in the state, and he is very proud of that accomplishment.

Mr. Forbes continued, stating the future of Beaches Energy Services will be dramatically different in the next ten to thirty years. The proposed governmental energy regulations will have an impact on power supply options. There is a push to drive out coal, to stop construction of new natural gas plants, and to install alternative energy sources, such as wind or solar power. There are constant changes with technology in this industry that require BES to continue investigating new programs and adapting to new technology that will provide reliable energy services to our customers.

Allen Putnam, Director of Beaches Energy Services, reviewed the Accomplishments for FY2014-2015, as listed in the report. He reported they received the Diamond designation from the American Public Power Association, which is a three year process to apply and qualify for. This is the highest designation a utility can receive.

BES has replaced wood poles with concrete poles, and installed overhead to underground conversions, which is a key part of the storm-hardening program.

Mr. Forbes reviewed the System Reliability chart, noting the high performance level of BES. As reported by the Florida Municipal Power Agency (FMPA), 25 cities reported an average interruptible

duration time of approximately 86 minutes in a 12 month period. BES, in that same time period, maintained approximately 15 minute average of interruptible duration time.

Customer service surveys results were reviewed for the Utility Billing and Energy Audit employees, reflecting a high level of customer satisfaction. Mr. Forbes discussed the cost of services and said that our residential rates are very competitive and below the State average. Customer growth has increased 7% over the past 10 years, as noted on the chart in the report.

The Energy Efficiency and Conservation programs are performing very well in our community and we continue to provide conservation information and services. Mr. Forbes reviewed several of the conservation resources and initiatives offered to our customers.

The department goals for FY2016 were reviewed, as listed in the report. Mr. Forbes stated we continue to ensure the highest level of system reliability with infrastructure improvements and enhance customer convenience and service.

The City Manager discussed the Performance Measures based on cost, service, and reliability. Our residential rates are below the State average, as well as the outage times per customer. The Funding Sources for FY2016 were reviewed, the highest being from residential services as shown on the chart in the report.

The Financial Summary for electric and natural gas was reviewed. Mr. Forbes stated the budget for FY2016 reflects a minimal increase. The cost of purchased power is directly related to the cost of natural gas.

Mr. Forbes reviewed the chart showing the megawatt hours purchased from FMPA, which varies year to year based on weather conditions and the economy. Our City is one of 14 All-Requirements members in FMPA. The long-range projection studies indicate that FMPA has adequate generation resources for the next 10 years. Conservation, energy efficiency, and demand response programs have been very successful and benefit customers.

Regulatory issues continue to increase from NERC (North American Electric Reliability Corporation) and FRCC (Florida Reliability Coordinating Council), regarding compliance standards. Mr. Forbes reviewed the increased measures and standards for compliance. Mr. Forbes talked about modernizing the grid to continue strengthening the infrastructure and improve service reliability. BES rates are competitive statewide and we do not have franchise fees or charge utility taxes.

Mr. Putnam reviewed the Capital Projects for 2016 as listed in the report. Mr. Forbes stated the amount budgeted for Unplanned Projects allows BES to handle unexpected major repairs and projects that arise each year. As pictured in the report, Mr. Forbes reviewed the Solana Road Underground Feeder Phase 2, the Overhead Feeder Rebuild South 15th Street, and the Overhead Feeder Rebuild Fairway Lane Phase I.

The BES natural gas service began in June 2010. Mr. Forbes reviewed the Financial Summary, as detailed in the report. The budget increase is a result of an increased demand and use of natural gas. Mr. Forbes reviewed the Florida Public Gas Systems list from the report which shows the customer base and the map showing the BES natural gas service area.

There was a brief discussion about the process of replacing and/or repairing what we have to do before a failure occurs. These steps ensure that we always have a reliable system.

Mr. Forbes thanked the Mayor and Council for attending all the meetings. The Budget Adoption meetings are scheduled for September 3, 2015 and September 14, 2015, both at 6 PM.

The Mayor and Council thanked Mr. Forbes and all the departments for providing the necessary information to them.

The Workshop adjourned at 6:00 PM.

Submitted by: Nancy Pyatte
Assistant City Clerk

Approved:

//s/William C. Latham
William C. Latham, Mayor

Date: September 8, 2015