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REPORT OF THE STRATEGIC PLANNING BOARD 6-12-02

REPORT OF THE STRATEGIC PLANNING BOARD MEETING HELD ON JUNE 12, 2002

I. CALL TO ORDER AND ROLL CALL

The Strategic Planning Board Meeting was called to order by Chair Lesly Smith at 9:35 a.m. on Wednesday June 12, 2002, in the Town Council Chambers. On roll call the following Board Members were found to be present: Chair Lesly Smith, Vice-Chair Bruce McAllister, Board Members William Cooley, Alec Flamm, and William Watchman, Jr. Also present for all or a portion of the meeting were: Councilman Samuel McLendon, Town Manager Peter Elwell, Director of Planning, Zoning & Building Robert Moore, Director of Public Works Al Dusey, John Fernsler of Wallace, Roberts & Todd, LLC, and Deputy Town Clerk Susan Eichhorn.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chair Smith.

III. APPROVAL OF AGENDA

Town Manager Elwell noted that a memorandum had been received from Board Member Cooley, dated June 3, 2002, concerning conflicts of interest. He advised that Town Attorney Randolph

was not present today, and suggested that discussion of the memorandum take place at the next scheduled Strategic Planning Board meeting when Town Attorney Randolph could participate. In addition, he suggested that Item VIII. Further Consideration of Traffic and Parking, be postponed to the July meeting, with staff providing a written report prior to that time in order to facilitate the discussion at the July meeting.

The amended Agenda was approved through motion of Board Member Cooley, seconded by Board Member Watchman, carrying unanimously.

IV. APPROVAL OF REPORT OF THE STRATEGIC PLANNING BOARD MEETING ON
MAY 16, 2002

REPORT OF THE STRATEGIC PLANING BOARD MEETING OF JUNE 12, 2002

The report of the Strategic Planning Board of May 16, 2002, was approved through motion of Board Member Flamm, seconded by Vice-Chair McAllister, carrying unanimously on roll call.

V. DISCUSSION (INCLUDING POTENTIAL “UNDERGROUNDING” OF LINES) WITH
REPRESENTATIVES OF PRIVATE UTILITY COMPANIES SERVING RESIDENTS
AND BUSINESSES IN THE TOWN OF PALM BEACH

Councilman Sam McLendon requested that a verbatim transcript of the following be included in the record of the report of the Strategic Planning Board:

Florida Power & Light:

Rod Macon,
Regional

Manager: Mr. Elwell contacted me a few weeks ago and asked that I be here for this meeting this morning. He indicated that one subject that you might want to discuss would be the possibility of converting overhead facilities to underground. He mentioned there might be some other subjects as well. I’m here to answer whatever questions you might have. I don’t have a prepared presentation. I’ll go wherever you want me to go.

Cooley: I guess it all boils down to costs, and I’ve seen various figures as to the cost of burying these. Is it feasible they could do it in sections or when new permits are requested that particular section or building be buried?

Macon: It is possible to do it in sections, and actually it has to be done in sections – you can't, do the whole Town, for example, at one time – so, you have to take manageable pieces at a time. Perhaps the most opportune time to put facilities underground –there really are two: first of all when they're first installed; rather than putting them overhead to begin with, put them underground; the second is when we have to do upgrades, which we need to do periodically. For example, I think it was about a year ago, we needed to rebuild some overhead facilities that I think extended about 3,500 feet. This was on South County Road, starting at Southern Blvd., and proceeding south about 3,500 feet. At that time, knowing that we were going to have to do a lot of work to upgrade those facilities, we came to the Town and said now would be an opportune time, if you're interested, to consider putting that 3,500 foot section of facilities underground, instead of us re-building them overhead. We provided Mr. Bradford, the Assistant Town Manager, with a ballpark cost for that. The response that we got was that the Town was not interested.

Cooley: One follow up question. When they're laying, let's say water pipes, down North Lake Way, is it feasible just to lay a conduit in there, without actually moving of wires, and then, at a later date, pull the wires?

Macon: Well, feasible, maybe, but probably not very practical. When we put our facilities underground, we want to put them in private property. One of the things that we require is an easement on private property in which we can put these underground facilities. So, we don't want them in a road right-of-way, because then they're vulnerable to things like new water mains, sewer mains, whatever, and so if you're talking about a new water main, that is typically in a road right-of-way. We want to be outside the road right-of-way, so from a practical standpoint, that probably wouldn't work.

Flamm: Could you expand on that for a moment; why is it necessary to be outside of the right-of-way, let us say in the case of a water main?

Macon: Well, overhead facilities, which is our standard, are easily moved or relocated, and we commonly put overhead facilities in road rights-of-way, recognizing that if something comes along – let's say the road is going to be widened, for example, which is probably the most common reason that we have to move our facilities, although it's a lot of work you can basically move overhead facilities over without a great deal of difficulty. Underground facilities are not like that. If underground facilities have to be moved, you essentially have to abandon what's there, and re-build it all over again, so one of the requirements that we have for putting facilities underground is that we want them on private property so that we're protected from ever having to relocate them.

Flamm: However, if the water main exists, and the concern is that you might have to move it, the water main would also have to be moved, and under those conditions?

Macon: That's correct.

Flamm: So the likelihood of that happening is possible, but remote.

Macon: I suppose.

Flamm: You may or not be aware that within the next ten years there is going to be significant infrastructure work going on in this Town, including water mains, including sewage, including road widening, etc. If the ground is open at that time to accept, let's say drainage, or water, etc., is it a significant economic advantage to lay the pipe, the conduits, at the same time, rather than have to go back and have to just rip the streets up to do the pipes if you're doing it?

Macon: I guess it depends on your definition of significant, but I would say that any time that you've got ground opened, and you can do more than one thing at that time, whether it's laying conduits, or sewer pipes or water pipes, you're certainly better off. It takes a lot of planning and a lot of coordination, but it is possible, and certainly there are savings, not to mention the avoidance of multiple disruptions to the public.

McAllister: Do you happen to recall the price you gave to the Town for that 3,500 feet?

Macon: Yes sir. I have to look though, I have it here somewhere. We gave a ballpark cost. Now, this is subject to – I mean, we didn't do a complete engineering – but our ballpark cost was \$1.6 million, and it was for 3,500 feet. I provided that in a letter to Mr. Bradford on April 3, 2001, and I received a letter back from him dated May 4, 2001 that says this is to formally advise you that the Town administration did not receive any indication from the Town's elected officials of a desire to initiate placement of the referenced above line power lines underground.

McAllister: When you put wires underground, I understand in a very primitive way, that the transformers also have to come down.

Macon: That's correct.

McAllister: Would you tell us how that works?

Macon: Well, there are a lot of things on the poles besides just the wires. There are transformers. There are switches. There are fuses and other appurtenances, and basically when you take away the poles that support all of that equipment you've got to find space on the ground somewhere to put the equivalents that work with an underground system. The most common types are transformers, and what we call switch cabinets – there are a variety of – for simplification I will say green metal boxes and we can't put those in road

right-of-way either, and that's another reason we need to find private property to go to, and really one of the challenges of this – I mean all of this is possible, given that, you know, there's money available to get this done, but one of the challenges really is finding easements on private property. You've got to have all of the residents or all of the business owners on board so that they're willing to do that. Now, the trade off is, of course, they're going to have the facilities underground instead of overhead - that's something that they should want, but you've got to have their cooperation as well. Some of these facilities take up a large amount of space. A pad mount transformer, for example, may be square like this, in both directions, and maybe this tall, and you know they vary, depending on the size. Switch cabinets, on the other hand, without going into an explanation of electrically what they do, they are very, very large. The size, I would say, of a small dumpster. They're just plain green metal boxes, but still you need a place to put them, and that's one of the challenges of doing this, but it is doable.

McAllister: Would you comment briefly on the safety aspects of having that sort of equipment on the ground, rather than overhead, in case of storm, etc.?

Macon: Well, let me first address that in general terms. There is a notion or a perception by many people that an underground system is better when a hurricane comes through. That is true in some ways. It is not true in other ways, and let me explain. Certainly having poles and wires in the air present vulnerabilities with respect to wind and blowing debris, and a lot of our facilities can be damaged or broken or come down during a hurricane. Much of that is avoided with underground. Where the difficulty comes in with an underground system during a hurricane, for example, is flooding. Flooding makes it all but impossible to work on an underground system until the flood recedes, and even though I guess it's an extreme example, back in 1992 when Andrew went through southern Dade County, of course it was a devastating storm, and we had hundreds of thousands of customers without power; the very last customers to get power back, and this was in some cases as much as a month after their power had gone out, were customers in underground areas that were flooded, because if there's water on the ground, we basically can't do anything, because you've got to dig, you've got to work in the ground or on the ground, and if there's water standing there we basically walk away and say we're going to go somewhere else – we'll work on the stuff that's in the air. So, I'd say the vulnerability of an underground system is less, but if you have a wet storm and flooding then you've got some complications potentially when it goes to restore power to customers.

McAllister: On the assumption, which may not be shared by everybody in this Town, but on the assumption that this Town is committed, or just to create a hypothetical town, is committed to keeping its roadways the same size, no matter what, would that lead you to think that such a town would be more suitable for underground facilities?

Macon: I don't know that's a factor.

McAllister: Well, you wouldn't have to worry about the right-of-way then.

Macon: Well, we wouldn't have to worry about the roads getting wider; what we would concern ourselves with is the possibility in the future of water lines, sewer lines, etc., being done inside the existing road right-of-way that could interfere with an underground system that's there. So, I'm not sure we're on the same page here; I'm not sure the width of the roads is a factor.

Flamm: I live in a community of about 100 acres, and everything is underground. There are no utilities above ground, and all of the transformer boxes you refer to are very attractively landscaped, such that they are in no way an eyesore. The ConEd people who installed this argue that it is safer, that maintenance, because it's a fairly windy area, that their maintenance is measurably reduced, and they argue that if conduits are appropriately installed, good water proofing, that the likelihood of even in hurricane flooding type environment, that the likelihood that the problem with the electrical system being underground is remote; the problem is more likely to be the above ground transformers, which can be worked on. So, that's the experience that they had in this community, which probably has been in existence for about 18 years.

Smith: When the community was planned, was it planned that way?

Flamm: Yes it was.

Smith: So, that's the big difference. That's the problem.

Flamm: It is a big difference; obviously it's more economical, and it makes a lot more sense to do it at that time.

Smith: But then you plan the property where it is. On some of our narrow streets, like on North Lake Way, I can't see the property owners giving up their property to have the power lines on there. I would anticipate that might be a problem. I mean in the areas we're looking at now.

Macon: First of all, they don't have to give up their property. I mean, it's only an easement; it's still their property; it just gives us permission to be along the edge of the property, so to speak. There are challenges in this Town, because of the extensive landscaping, walls, and other things. However, many times now-a-days, because of technology, we are able to – we don't dig trenches nearly as often as we used to. It used to be if you were talking about putting something in underground, you basically got a back hoe out there or men with shovels, and you dug a trench. Today we use a technique called directional boring, which is kind of like drilling horizontally, and it allows us to go from, you know, point A to point B, sometimes at great distances, without disrupting anything on the surface, so

that does help in a situation, particularly in an area like this.

Elwell: You've confirmed the \$1.6 million estimate for the 3,500 feet on S. Ocean Blvd. a year ago. We're aware, from previous conversations we've had about this issue, that it can vary from site to site, depending on the circumstances, but that particular run was a fairly open, straight shot, and my question is – could we, for estimating purposes, Town wide, reasonably use the \$2.25/\$2.50 million per mile as a working number, or would that be –

Macon: No, I would say no, and even though that's an open area, there are a lot of – it's one thing to have – I mean, I know it's an open area as far as the road goes, but that power line that runs down that road has a lot of things going off of it easterly and westerly, and because of that we would have needed to use a lot of those large switch cabinets. Basically, every time you've got a line that takes off in one direction or another from the main line, you need a switch cabinet. Even though it may appear to be fairly open, that was a fairly complicated job. I mean, when I talk to people about this subject, they always want to know what's it cost, and my answer is always – it depends. It depends on where you are, because 3,500 feet somewhere else might be half or a third that much, or it might be more. So, I am always reluctant to give a rule of thumb, because no two situations are the same.

Elwell: Not even a range.

Macon: Not even a range, because we've had experience trying to do that, and maybe our estimating hasn't been that good, but people tend to hold you to that once you say it's \$25 a foot or \$100 a foot or something like that. If you have certain sections though, that you're interested in, – a few years ago we did this, I believe on N. County Road, we were asked to pick a few blocks that were as typical as possible – again, they're all different, and we picked an area, I forget how long it was, and we did come back to the Council and said, well, you know, that particular area, here's about what it would cost – I don't remember the numbers right now. But if you have a particular section or area in which you're interested, we're happy to provide to you at least a ballpark estimate, which is based on our experience. It costs you nothing; it's non-binding estimate, but it would give you an order of magnitude idea of what might be involved. If you don't mind, I have something here that I'd like to share with you all – it's a very brief one page kind of summary about putting utilities underground, and I think it may be of interest to these folks to have this.

Smith: It seems to me that several years ago when you were looking at the Town, because this comes up every couple of years, and the first time it came up, I think it was eight years ago when I was on the Council, and FP & L gave us an estimate for undergrounding the entire Town, and that was \$66 million.

Macon: That was before my time.

Smith: And when we got the figure for the Southern Blvd. thing, it wasn't that we weren't interested; we were very interested; but we felt we couldn't afford it.

Macon: I was only going by the letter, and the letter said whatever it said.

Smith: The letter was a very courteous, very nice letter, but the bottom line was that we felt we could not afford it.

Macon: Well, it is expensive.

Flamm: A very important part of this discussion that I'm hearing, and I certainly agree with you, is that you can be opportunistic about this. You don't have to do all or nothing. You can take either the ones that you consider the most critical, or you can take the ones where we have a tremendous cost advantage by having other work going on at the same time, and you can make your adjustments, and it should not be an all or nothing type of decision.

Macon: Absolutely.

Flamm: And I think that's an important part for certainly this Board to consider.

Smith: Well, when they did the project at the Flagler Museum, which was I think two years ago, and they buried all the lines, I had hoped that the Poinciana Chapel would agree to do the same thing in front of their property, because I'm next door to that, but they didn't, and so there was no point in Mr. Baker and myself going ahead with the gap in between. But, I see no reason with new construction in the Town we couldn't mandate that the wires had to be buried.

Macon: Many municipalities have what we refer to as underground ordinances, which require that utilities within a development need to be underground, and a developer that's coming into an area that is going to develop whether it's a half a dozen lots, or several hundred lots, knows when they come in that it is a requirement. They do pay a differential cost to the utilities to put everything underground. It does not address the lines on main roads like N. County Road or that sort of thing.

Smith: I was thinking more in terms of one house. We don't have the big developments here, at the moment, thankfully.

McAllister: The annual maintenance savings – underground versus overhead – do you have any way of estimating them for a Town like this?

Macon: No I don't. Well, not off the top of my head. No, I don't have a number, but I can tell you this. This is a subject of interest not just here in Palm Beach. This is a subject of interest in a lot of cities and areas. It's been, I'd say for the last ten or twelve years, a subject of discussion around the state of Florida and in Tallahassee by our regulators, the Florida Public Service Commission. A study was done, and this study goes back about ten years, I think, that looked at the life cycle costs of an underground system versus an overhead system – two basically equivalent electrically systems. And it took into account everything – it took into account maintenance, it took into account personal injury, accidents, everything – everything they could possibly imagine, and the bottom line was underground is more expensive, even with some of the benefits it does provide. And we submit, on a periodic basis – we continue to submit, real costs that we're incurring to put in underground and to put in overhead, so that they can constantly look at, you know, is underground or overhead more expensive– underground remains more expensive from a life cycle standpoint. That is why our standard is overhead. Customers pay nothing, at least in terms of getting service to a home or business, if the service is overhead, typically. If it's underground, there is a differential cost that customers are expected to pay. So, customers have a choice. They can take the standard, which is overhead. If they want to pay extra, they can have underground.

McAllister: What's the differential?

Macon: Well, it depends on the particular situation.

Ned Barnes

P.B. Civic

Assoc: Mr. Macon was very kind to come to our Town Beautification Committee and review this same subject, and we asked them to do a ballpark estimate for us from Royal Poinciana Way to Barton Avenue, which is maybe half/three-quarters of a mile, I'm not sure, and that estimate, just for your information, was \$250,000.

Smith: On just one street?

Barnes: Just that one street. On County Road. And our thinking was, while it might be very expensive to do the whole Town, in fact, some selected areas might be well worth doing – some of the more public areas.

Flamm: I would like to read something from our Town building code – Local Conditions: Palm Beach is a barrier island with potential for high winds virtually year round. The majority of the homes are surrounded by high hedges and trees. The entire island is covered with a myriad of exotic landscaping, making the potential for fire, nuisance power outages, and general life safety issues due to downed overhead power lines a concern. Underground location of utility service laterals at the time that any new building or any private road, property, or at the time that any existing buildings or structures on privately owned

property are being reconstructed, substantially extended or enlarged or structurally altered, such buildings and/or structures shall have location entirely underground for all utility service lines, electrical distribution systems, wires and cables. Which to me indicates that there has been much work done on this issue before to prove that if economically sound, it is a desirable thing to do.

Smith: Right. And everybody concluded it was not economically sound because nobody did it in the new construction.

Elwell: I think there is one other issue that we should explore with FP & L as the provider of electrical service to the Town, from the broader planning perspective the Board is taking the kinds of analysis you've given of things that are more within the Town's control as we look ahead to the future. A similar question for this, which is not directly within the Town's control, would be to hear from the power company about the sorts of shortages that occurred in California last year, and have at times been experienced in other parts of the country, and receive an assurance of what's being done to protect the Town and the region in that regard.

Macon: Well, what happened in California is not going to happen in Florida. There are a variety of reasons that people have given for what happened in California, and rather than speculate on who is right, because it's a lot of finger pointing in California, I can tell you this - in the state of Florida, utilities are required to have what's called a ten year siting plan. This is a ten year plan that basically uses a lot of very sophisticated modeling and forecasting techniques to determine what kinds of power demands we will have over the next ten years, and then what are we going to do about that. Basically, our plan for making sure that there is an adequate supply of power when and where it is needed. That ten year plan is updated every year. We submit that, I think it's in the spring of every year, to the Florida Public Service Commission. So, we are planning on a ten year horizon for power generation. Furthermore, in the state of Florida, we have a requirement to maintain what we refer to as a reserve margin. A reserve margin is like a business that's required to maintain a certain level of extra inventory, and in the State of Florida for many, many years, our reserve margin has been 15%. That means that we have essentially an inventory of power production capability that is 15% beyond what we should need.

Flamm: Above and beyond your peak expectations or your average expectations?

Macon: Peak. And now it's been increased to 20% over the last year or so, so we've got plenty of power for the foreseeable future. We have a plan that's going to ensure that happens. It's just not going to - it's not going to happen in Florida - nothing that you should concern yourselves with. And by the way, our ten year site plan is a public document. If the Town wants a copy of that I will be happy to provide it. It's not very interesting reading, but you're welcome to it.

Flamm: Can we get a copy?

Macon: Sure.

Smith: Thank you very much. Who's next?

Elwell: Next would be – it probably would be appropriate to hear from the telephone company next because they also have an interest in the underground issue, and then we'll do gas after that.

BellSouth:

Brian
Lackovic,
Engineer
BellSouth:

Hello, my name is Brian Lackovic. I represent BellSouth Engineering. I am actually the design engineer for downtown West Palm and the central part of Palm Beach. I would be the one who would design the facilities from aerial to underground. There is another outfit that would handle easement issues, and they were not able to attend today, so rather than having no representation, I would be more than happy to answer any questions you may have.

As far as BellSouth's necessary requirements to go underground, it sort of depends on information from what you're asking. If we're looking at major roads, we need usually a conduit system provided with manholes. Generally we need manholes, just due to the size of our cables, approximately every 1,000 feet, and if you're talking about roads that don't have plans to be widened, things are going to get congested, I suspect, rather fast. However, if you're talking about residential areas where we have rear easements in between residences, that's a separate issue, where essentially every location you have an existing utility pole you would have equipment in the ground instead of a pole. Please understand that just because you're going from aerial to buried, you still see facilities on the ground. Just, you won't have wires –you'll see, we call them, terminals – they're little green pedestals a few feet high. Also issues for residential concerns, you would then need to work out with the homeowners how to replace aerial drop wires going to the house from the rear easement to the underground. They would usually have to provide a conduit. At least that's what we do in most cases when customers contact us to bury in their yard only.

Other than that, by all means, I can provide information if you have any questions.

McAllister: You heard our previous discussion. Do you have sort of equivalent cost estimates per foot, per town, per area, per house, per anything?

Lackovic: I have no information, other than I tell you that generally, as well as other utilities, our maintenance costs increase when we go underground, only because we get a lot of underground cuts. I think in 2001 we roughly had about 6,000 cuts – serious phone wire cuts, from either some digging and didn't realize we were there, locates didn't locate it – various reasons like that, and generally when we have facilities that are aerial it's easier to spot us and they know to stay around us, but we go underground we get hit a lot and then, of course, the cable will sometimes fail, and searching underground to find that spot where the trouble is, is rather expensive in terms of labor.

McAllister: That would depend, I would guess, on the kind of conduit into which the wire was put, whether you'd suffer cuts or not.

Lackovic: Actually, you'd be surprised. We generally require PVC, and that's code, as far as outside, not going into buildings, but just in terms of – we typically bury 24", give or take a little bit lower sometimes. We need separation from FP & L conduits system as well, and very often, it's surprising, but we get hit often.

McAllister: And is my impression correct that telephone cables are by and large quite a bit larger than the –

Lackovic: Yes. Our facilities are quite different than other utilities. We have cables that are much larger and we need more of them. One cable won't feed a neighborhood generally – it depends on where we're talking about, but generally we require – if we're talking about a feeder route, a conduit system is at least four to six ducts in between manholes; also keep in mind that we are switching cabinets just like FP & L, that we also have to have easements as well. We generally, like the other utilities, don't need to – or prefer to place new facilities in an easement, – that's just for our own protection due to road move and things like that. We're trying to make sure that we are in an easement of some sort.

Flamm: Since we are looking at long range here – what do you envision for the next decade, let us say, where new technology would have an impact in your area?

Lackovic: Where you guys are headed is fiber. Right now most of your feeder facilities on the island are already underground. We have quite an extensive manhole system on South County and North Lake, etc. We are very interested in increasing our points of conductivity and increasing our diversity routes. We actually have, we call them rings, such that it enables us more flexibility. In the future once we get more fiber into the island of Palm Beach, a cut on a fiber cable on point A won't affect it because it has a

point B return to our central office elsewhere, a different route. That's our future plan in terms of growth. It takes a lot of coordination with getting manholes placed on major roads, like South County, etc.

Flamm: And what have you found in the recent past and do you envision in the future – is there a trend towards underground, or is there no trend towards underground?

Lackovic: Well, the trend by the utilities is – they're very similar to FP & L's in new developments and new projects; if the customer or contractor has plans for underground we will certainly go underground. Aerials are preference in terms of simplicity and ease of costs, especially on maintenance.

Flamm: Why do you think the people want underground in these new facilities?

Lackovic: Aesthetics. It's just aesthetics, and we understand that.

Smith: You're on the same poles with FP & L, right?

Lackovic: Sometimes, yes.

Smith: And when you're not on the poles with them, where are you?

Lackovic: All over. Underground, in conduits, or sometimes our cable is directly buried. It will generally follow the pole line. We're just underground. Wherever there's a pole line generally there's an easement in most cases, and if we're not on the poles, we're underneath the ground in the pole line.

Smith: And you have separate cabinets?

Lackovic: Yes we do.

Smith: Next to FP & L?

Lackovic: Not necessarily. In terms of residential areas, sometimes yes. If FP & L has a ground transformer, we like to place our terminals nearby for grounding purposes, but if we're talking feeder facilities and our own switching cabinets and cabinets that we call cross boxes, they can be in separate easement locations. Most of the times they are from FP & L and other utilities.

McAllister: I just wondered whether BellSouth had a report similar to FP & L about the Town and how it sees installation and maintenance. Is there a sort of annual report that you put out, or something like that, that we could take a look at?

Lackovic: If there is it will not come from my office. I am sort of the lowest person on the pecking order, but I can certainly put you in touch with individuals that have information.

McAllister: If you wouldn't mind giving Mr. Elwell that information. Thank you.

Florida Public Utilities (natural gas):

Elwell: Florida Public Utilities, of course, is already underground – not a participant in that discussion, but they can help us learn how they're preparing for the future.

Dave Pellico,
Manager - Engineering
Florida Public

Utilities: I'm Dave Pellico, and I am the Manager of Engineering and Operations Compliance, and you guys love us, because we're underground already, and we have very limited exposure above ground, other than say, the meters at the individual homes. The one issue is that, as everybody is getting underground, the logistics. There is just so much underground now, that's really the difficult part of doing the installations. We do go along with the Town in areas where the road is being reconstructed. We normally replace our facilities in light of the fact that it is so old. I mean, the areas that have been reconstructed, our facilities are aging, so to avoid having to go back after the fact, and replace and tear up new roads, so we normally do go in there and replace facilities during the road construction. One of the issues that does come up is, like the other utilities we're discussing, is that if you're in the road right-of-way, and the city or the county or anybody comes through with new facilities, as part of our permitting process and our requirements, we are required to relocate at our expense, and that's basically for being in the road right-of-way. So that's some of the issues that everybody now is trying to go into private easements to avoid those extra costs.

Elwell: That's an important point I'd just like to elaborate on. In the planning for the Town's road projects, or when someone else is coming in to do something in our right-of-way, one of the elements that's always included is checking with everybody who is in that right-of-way to see what else might need to be done -- so we open the road as few times as possible. A good example of that is Bradley Place, and I'm not sure whether you're in Bradley Place or not. If you are, then you're being replaced right now. BellSouth, I know has underground conduit in Bradley Place that is being replaced as part of that project, which is being driven by drainage, but there's much else that's occurring there, so that when the road gets sealed up later this year it will stay sealed for a long time.

Smith: Have you discovered any increase in demand for gas in the last few years?

Pellico: Oh ya. We used to say it was one of the best kept secrets around that gas even is available. There is no product here, but it comes, basically down the Turnpike. We purchase all of our gas from Florida Gas & Transmission. I think recently you might be hearing that there are some other lines that are going to be coming. There is one that was just completed across the Gulf of Mexico – the Sunshine Project – and it goes in to around Tampa. They're looking at another line that's going to be coming over from the Bahamas actually, and going into Port Everglades and the Port of Palm Beach also. So, there's a lot of demand for it. Basically, everybody loves cooking on it, and just the reliability.

Cooley: That was my question – about reliability. They're installing gas in a house I'm building now, and the contractor was telling me that there hasn't been an interruption in gas service because of a major disaster since 1928 or something like that. Is that accurate?

Pellico: It depends. We're going now with this new technology also as far as the directional drilling, directional boring. The year before last, almost two years ago, as part of the Royal Palm Bridge replacement, we had an old gas line that was attached to the bridge. We ended up directional boring underneath the intracoastal basically from the west side along Flagler and we came up along the Four Arts Building, so it was approximately 1,600 feet that we bored under the intracoastal. We're about 80 feet deep under there, so that also adds to the reliability, whereas in the past we were attached to the bridge and it was just subaqueous right at the span, where obviously you have more exposure to storm surges, and whatever. So as we go underground it even increases the reliability of it.

Flamm: What portion of the residents in this Town utilize gas in their systems?

Pellico: I'd say 60-70%. We're pretty well saturated in the areas in here. We have a really aggressive marketing approach. The new customer coming in. If you don't have natural gas we also have propane gas available, where they actually install tanks underground and supply the residents with that. Everybody, really, on the commercial end has gas.

McAllister: Do you have a ten year plan or five year plan in terms of maintenance and installation and that sort of thing for the Town? Any kind of prospective document that we might take a look at?

Pellico: From an engineering standpoint, what we do is we more or less mirror the road construction plan that you have developed. They have a five year plan, I think, and so we kind of image that. We review those to see the existing facilities within those road plans and kind of work along that line to do our replacements. Anything else is just replaced on a

need to basis.

McAllister: What's the – when I think of gas transmissions, I think of pipes and valves – should I be thinking of any other element that is more likely to deteriorate in a shorter time frame?

Pellico: Not really – the above ground items we have is the meters, and they're pretty well secured. We have surveys – we go out and do leak surveys. We're also regulated by the Public Service Commission and Office of Pipeline Safety, so there are certain requirements. Basically every year we do a leak survey in all the commercial areas, the downtown areas, to make sure of leakage. Every three years we go through all the residential properties and physically walk over the top of the facilities to check them, so we're highly regulated and very safety conscious.

Flamm: Don't you have compressors in your system?

Pellico: No. We have regulator stations, but on the island it's all basically 15-20 pounds. We don't have compressors we have regulator stations. We basically have a line that comes down the Florida Turnpike - operates at about 1,000 pounds per square inch; at the Turnpike and areas we do regulate it down to our local pressure here.

Cooley: How many crossings do you have coming into Palm Beach? Is there just the one you mentioned before, or are there other lines?

Pellico: We have one basically on Flagler - the north bridge there on Flagler, and the Royal Palm subaqueous, and the other one comes across down south of Lake Worth Bridge and then back feeds up South Palm Beach, so we loop; we have basically three loops.

Cooley: So if one of them were to fail for some reason you could still keep the pressure there.

Pellico: Right. And then we have pressure monitoring stations around the island, so we can monitor the actual pressures to see if there are any problems or anything.

Flamm: The two loops are interconnected?

Pellico: Right. Actually three. Three crossings.

Smith: Do the majority of the condominiums in the Town of Palm Beach have gas?

Pellico: Yes. They're going more and more to the boilers. It depends on what they use gas for. Where there's not individual units, definitely for the pool heating, if they have any laundry facilities, the big boilers are primarily what they use.

Fernsler: I do have one question, which relates to FP & L, which I just noticed on the flyer that

the homeowner is responsible for the trenching, installation of the conduit to go from the main line to the home, in addition to having to agree to the easement, and I guess my question – I'm really just thinking out loud - of the logistics of that switching over, and also the question if you had a single homeowner along a stretch that was uncooperative, would that preclude the entire operation?

Smith: I don't know, but FP & L left, so that's something perhaps we can find out. I did quickly look at it too, and it does seem that the homeowner is responsible for a lot more than I anticipated. I thought that FP & L came in and did all the work, and here they are responsible for any electrical work in addition. You don't charge that way, do you, with FPU?

Pellico: No. They are regulated, and we are regulated also. The way we work is - we base our say - a main extension, if a customer wants some facilities and it's 1,000 feet away, we'll go and do an estimate on that 1,000 foot extension. The revenues that the company would realize from that individual over a four year period - say the estimate is \$10,000 to get to him, if his revenue is less than \$10,000 there would be no charge to him; if the revenues are more – excuse me, if the revenues are more than \$10,000 to get to him there would be no charge; if it's less, than the cost to get to him the customer would be responsible for paying the difference.

Elwell: We'll get in touch with Mr. Macon and pursue that particular matter a little further, and get whatever additional information we can about homeowner responsibilities and what they've experienced.

Smith: Homeowner and municipality. Because there is a long list of things that the municipality is responsible for.

Elwell: That will be it for the utilities, unless there is anything that you, as a Board, want to discuss among yourselves before we move on to the airport and the Port, both of whom have representatives here.

Flamm: I have one question that I neglected to ask FP & L, and I would appreciate a follow up. Many states permit people to generate electricity and put it into their pipeline or their utility system, and then withdraw like amount elsewhere – in other words they use theirs as a transmission. Maybe you all know, is Florida one of those states? In other words, can power be generated elsewhere and withdrawn by us?

Elwell: I don't know. There are other sources of power besides the power companies. One that comes immediately to mind is the Solid Waste Authority Incinerator Facility - a public/county facility that generates power and puts it into the system, but I don't know exactly how and what the arrangements are in terms of what the county may be entitled to get back out as a result of putting that in, so we'll have to get more information for

you about that.

VIII. DISCUSSION WITH REPRESENTATIVES OF PALM BEACH INTERNATIONAL AIRPORT AND THE PORT OF PALM BEACH

Airport:

Jerry Allen,
Director of Planning and Development
P.B. County
Department of

Airports: I'm Jerry Allen, Palm Beach County Department of Airports. I'd like to apologize – Bruce Pelly, the Airport Director, is unable to attend - he is in Washington D. C. today meeting with U. S. Airways, trying to encourage them to bring back some of the flights they've taken out of our market. I understand this is primarily questions and discussions. If I could have just one brief moment to introduce a couple of things. I know there was an article in the paper, and the manager has indicated some of you were interested in – It was "Airport in Tailspin," exciting title, but not necessarily accurate. The airport is in very sound financial position. Basically in 2001 our operating income was \$19,000,000. In 2002 it's going to be something like \$15.6 million. We're not losing money. We're not making as much in 2002 as we did in 2001. We have seen increased costs, primarily it has to do with security, and obviously there were a few months when a number of the carriers dropped flights. Most of those air carriers have returned or brought flights back in. U. S. Airways has not. They're down about 40%, I believe. Some of that has to do with 9/11; some of it has to do with just the financial strength of that airline. Quite frankly, those flights were being carried nearly full; the load factors were high; close to 90%; which means there are people in Palm Beach County that want to be on those flights. Unfortunately, U.S. Airways, due to its high costs structure, is having difficulty making a profit on those routes. We feel someone else will step in and fill those routes. In fact, we've started our analysis and we'll be working with a number of other air carriers to identify those routes and the carriers most likely to fill those routes. We've been through this before.

I've been with the airport about 16 years now, and we went through it with Eastern quite a few years back, TWA, and these things happen. It's a supply and demand industry. There's probably some interest in security. I guess everybody has been watching CNN and has probably as much information as I do relating to security at the airport. The Feds have taken over a sizeable portion of that.

One thing that has presented a significant impact at the airport has a lot to do with the way the airlines schedule the flights. We have two security checkpoints, Concourse B and Concourse C. Concourse C is the one that Delta is located on, and we've had significant lines there. If any of you fly out mid-morning, there's a couple of peak periods during the day when we've had people in lines 45 minutes or more. One of the things that we're doing to deal with that is another carrier that's on Concourse C, Jet Blue, has agreed to work with us to shift flights, or shift their gate, over to Concourse B during those peak periods. It's going to take a little bit of wiring, a little bit of infrastructure work to accomplish, but we'll have that done before next season, and we will be expanding both the security checkpoints as quickly as we can do that. I guess you're all familiar with governmental process – you have to hire a consultant, put projects to bid, and then build them, and it takes few years to make those sorts of things happen. With those introductory comments, I'm available for questions.

Cooley: The airport has condemned or bought up a bunch of land out towards Haverhill to the west, and it looks like they're going to be lengthening the runway. Is there any plan for international/European flights coming in and out of there?

Allen: We have not condemned any property west of the airfield. We have bought property between Military Trail and Haverhill north of Wallace Road, or Southern, which most of you would be familiar with as the primary road. That was a part of – part of it is for the runway protection zone; part of it is just a noise impacted area. It's an older community with smaller homes. We had looked at sound insulating some of those, and it appeared to make more sense to purchase them outright. We have no plans on extending the runway. The runway is the length it needs to be within the existing airfield with the now existing environment. We have a 10,000 foot runway, which is adequate to handle the European flights. While the airport does not have a marketing arm, there is marketing agencies within Palm Beach County that have offices in Europe that have been trying to get European flights for a number of years. We have a customs facility in the terminal - nice facility, seldom used – you have the Canadian flights and the Bahamian flights, but we don't have the European flights now, but they are being marketed, and with the aircraft that's in the fleet now, they can make that trip across the ocean without any trouble.

Flamm: After 9/11 – three to six months after 9/11, numerous analysts in the airline industry indicated that the impact of that apparently was such that there would be a five year slippage in the growth rate in the traffic in the airline industry. In other words, that which occurred

in 2000 probably would not reoccur again until 2005. Two part question: do you find what's happening here in West Palm Beach to be consistent with that analysis, and second, if in whole or in part that is so, how does that impact on the plans for the airport expansion.

Allen: We're looking at that number being closer to 18 months, two years, then five years, so I guess we're on a slightly different page, but we're watching the flights on a daily basis. In terms of the plans, we're driven by demand, not really time frames, and we had a parking garage on the books. We were ready to bid it, designed, ready to go, because we had a shortage of parking. We don't have that shortage of parking now, and we put those plans on the shelf. We have design underway for expansion of Concourse C to add three gates. It is our plan not to take those plans, get them ready, finish them, have them on the shelf ready to put on the street if demand picks up, but certainly not put it out until we see growth and demand. 2001 was a peak year for us. 2002 we've dropped back to the levels of a couple of years ago, and we're not going to move forward until we see the demand of passengers to support that. In terms of improvement, we are making a couple of improvements at the airport that are going to be very noticeable, and those are going to be expansions at the security checkpoint area, which are primarily intended to assist us in getting people through the checkpoints. We like to think of ourselves as a convenient airport. A lot of people, particularly in the south end of Palm Beach County, can make a decision to go to Ft. Lauderdale or use Palm Beach International, and if we have lines that are an hour and a half or something like that, the folks in south County are going to drive to the south if they can get on the planes more quickly.

Flamm: How about the cargo traffic expansion, is that still actively being pursued?

Allen: No, it's not. We really don't have a lot of cargo. The cargo at the airport is driven by the airlines. It's in the belly of the passenger aircraft. We have an existing cargo facility, and we have space available in that cargo facility. We do have an improvement that's going on in what used to be called the Town of Golfview, and we're bringing that property into the airfield fence, so that's the last piece of land adjacent to the airport where we really ever have an opportunity to expand into, and we had funds set up for that prior to – we had capital funds from outside agencies funding that, and we're moving forward with relocation of what used to be called the E-3 ½ canal and carrying a taxi-way to the west, so in the event there is a demand, that area can be developed in the future.

McAllister: The traffic to and from the airport – the construction of roadways around Belvedere, etc., what we are looking at being built – is that to take the airport out to some particular traffic mark, or year, or time – in other words is that part of a ten year plan?

Allen: No, the I-95 direct connect project is a Florida Department of Transportation project.

The growth of the airport, the number of passengers coming in and out of the airport, is not directly impacted. I guess it's indirectly impacted by that, because the longer it takes to get into the airport, the more person will make a decision on where do I go – do I fly Ft. Lauderdale, do I fly Palm Beach, do I go to Orlando if I live up in one of those northern counties, but there's no direct relationship saying the airport can only expand to 12 million passengers once the I-95 direct connect is built. If you fly in and out of a lot of airports around the country, Boston is one of the worst ones I know of – sometimes you can be sitting on the roadway an hour waiting to get into the airport because of congestion. We're trying to avoid that.

McAllister: Do you have any other plans, other than what we're seeing being built to expand the ability to get in and out of the airport?

Allen: No, those are all site plans. We really don't have any roadway plans ourselves on the books at the moment, or even in our master plan. Some of the things that we look at – one of the things that we look at, and this is way out in the future – I know some of your town council folks attended a number of our master plan meetings – in the future, maybe 10, 15, 20 years out, when demand dictates, perhaps purchasing property north of the existing parking garages where the Kennel Club is, in that area, and having that become a parking lot, a multi-modal consolidated rental car facility, things of that nature. So, that's in the master plan, but that's way out, as I said. We had a plan for expanding parking garages, and demand is not there. We do not receive revenue from the County per se, we receive it from the users, from the airlines, and we have to make our budget every year, and we're not out there speculating.

Watchman: You mention that you're planning for this dip in consumption, so to speak, to be an 18 month event, rather than a five year event, I think that's what you said earlier.

Allen: That's the projection we're seeing anyway.

Watchman: And yet everything you said about expansion is really negative – you've shelved this plan and that plan, and you're not planning to expand, etc. I find that sort of in conflict. I mean, if you think things are going to be back to whatever normal is, at 18 months, why would you be shutting down the expansion activities?

Allen: Well, we're completing the design plans. But we're in a situation where if we put that project out on the street, and we go out there and start paying for it, and the airline doesn't come through and need the space, we've got fixed costs that we can't cover. So, we're very conservative. What we're looking at doing is perhaps some gate management for a number of years. A number of airports, particularly in the northeast, do a little bit of gate management, and encourage their airlines to share positions, so we're going to be ready to move forward, have the plans ready to move forward and ready to bid, but we're really going to have that demand curve shifting upward before

we pull the trigger and put the project out on the street.

Smith: Have you lost a lot of business to the new airport in Ft. Lauderdale, which is really an exceptional airport?

Allen: I know Bill Sherry, he is a good fellow director there, and they're doing very well. They have a locational advantage, quite frankly. Southwest came to Ft. Lauderdale before coming to Palm Beach. They did not locate in Miami, so what you have is you have a low cost carrier there that's picking up traffic from Broward and Dade County, and that's where some of that dramatic growth is occurring. Southwest and Jet Blue – two, we'll call them, low cost carriers – they're not cheap by any means, have come into Palm Beach County in the past year or so and we've seen real increases in growth in those particular carriers. I think we – one of the things that the airlines have done over the years that we've always had difficulty with, is a number of the airlines view Palm Beach County as a more affluent area – an area where the passengers are willing to pay more, so air fares out of our airport are slightly higher than Ft. Lauderdale, and if you live somewhere between the two, or if you're traveling with a family, those things really start to play into that, and we can sit down with the air carriers and argue about it, and try to encourage them to lower the fares, but we don't have a lot of control over that, and I think we have lost a little bit of traffic, particularly with the folks in Delray, Boca, that have a real opportunity to save a couple of bucks here and there.

Smith: I notice from the Palm Beach residents now – they're all tending to favor Jet Blue, and Jet Blue is the one that everyone is talking about with the best record – they leave on time, they're courteous, they check you in, they check you out quickly, and you just mentioned moving Jet Blue from Concourse C to A. I would think if they are going to be getting more traffic, you would want to be helping Jet Blue to fill their passenger load.

Allen: And it actually does that. They're going to stay on Concourse C, but during peak periods, when you have those long lines at C, they're willing to put that air craft at Gate B-2 - direct those passengers to that position, so their passengers aren't waiting in that long line, so it's of benefit to them. One of the reasons that Jet Blue departs on time is that they have a very efficient operation. They want the passengers there on time. They have put terms, and that's how they keep their fares low, is by having put terms in an airport, and we're doing everything they can to assist them in growing and developing. I flew to Burlington myself a few months back, and it was a good experience, and that's what we like to see at the airport.

Smith: Put them on Concourse B permanently, why not? I mean, what's the difference?

Allen: Well, they have two gates on C and only one gate is available on B, so you'd have to bump another carrier, and our leases don't allow that at the moment. Quite frankly, if

U.S. Airways goes down the way some people expect, they're on Concourse B – we'd probably move Jet Blue to Concourse B and give them two or three gates – whatever they needed to allow them to grow with that area.

Smith: And I had heard that the Palm Beach County Commission was supporting a trade zone over near where the animal control center area, and they were trying to build that as an international cargo – is that still on hold. It was Commissioner Zucaro that was pushing that.

Allen: I don't know what, if anything, is happening with that. I saw the newspaper articles. The airport has a foreign trade zone. We've had it for five years. It's active, but it's not in use at the moment. The demand just hasn't been there for it. In fact, the airport and the Port's foreign trade zones have merged so that we can market jointly -- things of that nature. But, it hasn't been a big financial problem, and in terms of Mr. Zucaro's proposal, no one ever came to us with a request for a lease with cash in hand – things of that nature, that require things to go forward.

Ned

Barnes: I just wondered if Mr. Allen would comment briefly on the future of noise, and the impact in Palm Beach, because we – our airport committee for instance – we understand that the airport has been very good and proactive in moving to the new aircraft, but we're all very concerned that the number of flights will increase, and a negative impact to residents. Also, could you say a word in terms of fanning, because that on and off is an issue that affects the Town of Palm Beach.

Allen: I know we have a noise abatement officer who has spoken to your committee a few times. I really don't have a lot of information for you on that. There are procedures -noise abatement procedures, which now require most flights to go straight out. We're not seeing an increase in the number of air carrier flights. We are seeing the general aviation activity increasing. Something that's picking up, and probably a lot of residents in Palm Beach have flexible jet ownerships, and we're seeing individuals wanting to go to the south side of the airfield and take a business jet to wherever their destination is, so that's beginning to be a growth area at the airport. Now, in regard to that, we're trying to encourage some of the small jet activity and the general aviation operations to move to our airport in northern Palm Beach County. I anticipate noise levels to continue to go down as we go into the future, but there really isn't a stage four aircraft out there at this point. There's the stage three – they talk about a stage four, but with the financial position of the airlines at the moment, I don't see a lot of them making large capital investments into new aircraft for the next five-ten years anyway.

Elwell: For the benefit of the Board, I wanted to add that there is a Citizens Committee on Airport Noise (CCAN), organized by the airport, and administered by the Noise Abatement

Officer and other staff at the airport, which the Town has traditionally been represented on, currently represented by Councilman McLendon. They primarily do – they're not so much a regulatory body – they're an informational body – but they do follow the noise issues, and advise the county staff about the noise issues, and one particular issue over time has been the fanning versus the straight in and out, and straight in and out has been considered, at least up to this point, to have the least impact.

Smith: Have you noticed an increase in the private jets, the shared jets, since 9/11, because I understand there has been an increase. I don't think many of the people in Palm Beach who actually participate with their executive jets and net jets would be very happy about moving to North Palm Beach.

Allen: We have seen increased operations on the south side with the jet ownerships, and the fix based operators on the south side. Those are our tenants that handle those aircraft. They're expanding as rapidly as they possibly can to accommodate that kind of demand. I think most of the net jet group is a larger aircraft, or they couldn't operate out of the North County Airport, quite frankly. So, we're seeing that activity – I think some of it was a temporary upsurge, because a number of people, quite frankly, were just afraid to fly. They didn't want the inconvenience. They had a fear of flying through the commercial airlines, and they went to the south side and chartered an aircraft. That peaked through this past season. I don't know what's going to happen next season with that, but we'll be watching it very closely.

Port of Palm Beach:

Jarra Gould,
Manager of
Marketing:

Good morning Council. Thank you for inviting me to share with you the plan for the Port's progress and the future plans that we have. At this point, many of you probably are aware, we are without an executive director. Our executive director has left the Port and is working on an as needed basis until we find a full time replacement. Our Board of Commissioners met last night. They were given a list of five candidates, and those candidates will be voted on at our June 20th Board Meeting.

I'd like to begin this morning by first letting you know that the Port of Palm Beach takes pride in being a niche port. We believe that the capital improvements that were done at the Port will not be direct competition with Miami Everglades or Canaveral in cargo or crews. They have, in fact, enhanced the markets of those ports, and allow us to keep our specialized service that we feel is a very nice quality that we can provide to our customers.

The Port is governed by five elected officials, as I'm sure most of you know. Right now we can attribute 1,600 direct jobs from the Port Authority. We have a little over 200

acres, and the Port of Palm Beach doesn't have a lot of room to grow. In our five year capital improvement plan we built sky pass, which allowed us to combine our terminal operations, also allowing commuters to not have the interruptions of the trucks and the trains in their drives to work up and down Broadway on a daily basis. That project was completed. Sky pass was dedicated back to the Florida Department of Transportation, and in fact, the right-of-way under the sky pass was given to the Port for terminal usage. Also in that plan was the construction of slip no. 3, which is the first slip that we've built in more than 40 years, and to let you know, just for the record, that will be the last slip that we build. Our water front facilities really have expanded to their maximum capacity at this point. We're bordered by the Florida Power Company to the south, and then Cracker Boy, Riviera Beach Marina, and onward to the north. I understand that the City of Riviera Beach has plans for Harbor Village. I don't really know the status of that project at this point. Going back for a minute to our capital improvements. We did finish slip no. 3, which gave us two additional berths. Both of those berths are dedicated to our cruise lines, and in trying to market the cruise lines to encourage them to come to Palm Beach and make Palm Beach a cruise port. Remembering that again, we don't want to compete with the big cruise ports; we want to continue to be the niche port that we are in cruise and in cargo. In saying that, I'd like to just share with you a little about our cruise marketing right now. On February 1st we had our ribbon cutting of the new cruise terminal and maritime office complex. The purpose for that building was number one to take the cruise passengers that we currently had existing out of the middle of terminal operations, bring them to the north end of the property, and keep the south end of the property for cargo only. So we've done that by building the cruise terminal, and in addition to that, we've taken many of our tenants, as well as the Port executive offices, out of our existing office that we were in for several years, and moved them to our office that is adjacent to the cruise terminal. In doing that, Tropical Shipping now has headquartered their offices at the Port of Palm Beach in our old executive offices.

We currently, as you know, have the Palm Beach Princess, which has operated for many, many years in the Port of Palm Beach. We just signed a five-year lease with two five year options with them to stay at the Port. They've been a wonderful client for us, and have been, I believe, a big economic impact on the community in terms of jobs and vendors and such.

We have a new day cruiser, which is the Texas Treasure Casino Cruises. Many of you may know, this particular vessel was previously the Contessa, and was owned by the Michael, I believe it was Davis family – I don't know for the record exactly what the family name was, but they sold the vessel, and it was picked up by this particular company who operates vessels in Texas. Right now they are successfully out of Corpus Christi. This vessel does not have an operating agreement with the Port, but is at the Port operating under our tariff. Obviously we have basically regulated the costs that they pay per passenger for security fees and for terminal usage fees. They do hope to

be a long time tenant in this community, and to continue operating here.

Some of the other areas that we have marketed, and we're seeing come to surface now is our passenger ferry operations. Many of you may remember Sea Jets that was there two or three years ago. Sea Jets unfortunately went out of business. They didn't have the financial backing to stay in business. We're currently talking with the company, and have a letter of intent from a very reputable ferry company, which is Fretles, and they've operated in the Canary Islands for many, many years very successfully. They keep their ships maintained and they have a very good track record. They are interested in having an initial service start from the Port of Palm Beach to Freeport, Bahamas, and eventually expanding that service to Nassau.

In addition to the ferry operations, we have our Ports of Call, which the Port has historically had for many years. We've seen the Radisson Diamond list winter. We recently in March saw the Sea Cloud. We'll see the Diamond back again this winter. Typically these vessels are vessels that our community really likes to come out for and tour, and really close to heart for many of them.

In addition to that, we've recently announced that we have the Sea Dream Yacht Club, which is a hundred cabin, four hundred foot vessel. It's a luxury vessel that consists of 90 crew, and it will be sailing starting this November from the Port of Palm Beach for two winter seasons. It also has a sister vessel. We will actually see both vessels - they'll be making stops at Nassau, Rose Island, Turks and Caicos, San Salvador, Key West, and Palm Beach. In addition to that the Radisson Navigator will be calling at the Port of Palm Beach for two winter seasons, starting winter of 2003, and we're real happy to have that.

There's really one last piece of cruise business that we hope to bring to the area, and that is in the works, and that is to have a vessel that would call the Port on a weekly basis, or twice a month, year round, and I believe that there is a need for that. I believe that we've positioned ourselves with the type of clients that we feel like this community needs. We're real excited to use our cruise terminal, our new facilities, and get back to the economic growth of the community.

In addition to that, I would like to just briefly talk about the expansion of the foreign trade zone. I know that Jerry mentioned the Port and airport have actually put their foreign trade zones together, and it has come to our attention that the Palm Beach Park of Commerce and the Rockefeller Group would like to designate the Park of Commerce as a foreign trade zone and expand the warehousing there so that companies could come in and open distribution centers, such as Walgreens has done. So, that's also in the works.

In addition to that I'd also like to touch on the security. The Port has been asked by the

Florida Department of Law Enforcement after 9/11 to prepare a security plan. We have done this. It has been approved by the Coast Guard, and in fact, the Florida ports are being considered now as model ports, because we were sort of one step ahead of the U.S. in terms of security, and a lot of that has to do with the Florida Department of Law Enforcement. Some of our state organizations, such as the Florida Ports Council and (unintelligible), so we really take pride in that. We recently received \$1.67 million in state funding to help us with security, and it will help a lot, although it certainly won't be all that we need in terms of trying to make sure that passengers get on to those vessels and they're secure and they're safe, and they come home.

In the future – the most important thing I'd like to say today is that the Port has spent the last five years building the Port to what I believe, for all intents and purposes, is almost at maximum capacity. At this point, there is no discussion of purchasing or acquiring additional land. We do look to upgrade our inter-modal services and our railroad, as we do own 10 miles of our own railroad, and it's almost like building a car – you spend years, or whatever time it takes, to build vehicle, and once it's finished you spend a lot of time driving it, so we plan to drive that vehicle for a while and try to help the economic growth in the community.

Cooley: I don't mean this to be argumentative, so please don't take it that way. We have a problem here in Palm Beach that's caused mainly by the Port – that is, the maintenance of the Lake Worth Inlet. It causes a sand starvation of the beaches. Has anybody ever asked you folks that you're aware of, to participate in paying for the restoration of the beaches?

Gould: Council member Cooley, I don't have first hand knowledge of that particular project. I know that our executive director previous, Mr. Taormina, had knowledge of that, working along with our Port engineer, and I regret that I don't have any first hand knowledge of that.

Cooley: Okay. I'm not a council member. I'm just a member of the commission. Well, I guess the next question doesn't matter. But I was going to wonder if we made a presentation to the Port and asked for financial contribution if that would be a worthwhile effort.

Smith: Before you answer, I can say we did. We have. The Town. We're waiting to hear back from them.

Cooley: How long ago was that?

Smith: About two months ago, and then Mr. Taormina left, and we had the same meeting, Mr. Elwell and myself, and also with Palm Beach County.

Gould: But that wasn't necessarily made in front of our Board? Is that the correct understanding?

Elwell: That's right. That was individual leaders, both the elected and staff, meeting to discuss it, and it is a pending matter, which has been somewhat interrupted by the transition at the Port. At the same time, I don't think we should leave anyone with excessive optimism that as soon as there is a new executive director, the matter will be completed. There has been a long history, in fact, of communication between the Town and the Port, and the County, and the Corps of Engineers and the State of Florida, all regarding shared responsibility, and relative responsibility, for the maintenance of the inlet and the bypassing of sand to protect the Town's beaches, and those conversations are ongoing.

Gould: Well, thank you very much. I would like to say though that I believe that once we do get a director in I believe that the conversation is clearly, clearly worthwhile, and I think if we work jointly together there has to be a positive resolution on both parts.

Smith: The meeting that we had, was, you know, cautiously optimistic. It was the first meeting, I believe, we've had where we had the County there, and there were about 10 of us there, and it was ongoing, and then of course Mr. Taormina left, so we are not going to drop the ball on this, and we'll be back to see you.

Elwell: And one other note, on that topic, not directly related to the Port, but directly related to the inlet and its maintenance, we do have a – just within the past week – we've received from the Corps of Engineers, written confirmation that at its own cost it will be rehabilitating the Sand Transfer Plant – no specific time table for that, but in the coming years the plant will be rehabed - - will be made thoroughly modern, pumping the quantity of sand it's supposed to pump, according to the Inlet Management Plan, and that will be done at Federal expense.

Cooley: That's very good news.

Flamm: You probably know this, as marketing manager, if you were successful in your five year or eight year plan, whatever you might have, how many ships and what size ships would you be having – cruise ships – coming into your Port.

Gould: Good question. The maximum vessel length that we can take into the slip is 700 feet.

Flamm: And Navigator is below that?

Gould: Yes, the Navigator is just below 600. But in fact the pilots right now have only agreed to bring a vessel in, such as the size of the Navigator, which is about 595, but they have brought vessels in up to 650 feet long. You won't see a cruise vessel come in over 700 feet I assure you.

Flamm: How many would you aspire to?

Gould: Well, because we're really specific in our marketing approach I believe that if we see a couple of cruise vessels a week that's probably going to be a very comfort level for us.

McAllister: Any plans to deepen the channel?

Gould: Not to my knowledge.

McAllister: I should know this, but how are the port commissioners elected, by district or at large?

Gould: At large.

McAllister: So as far as you know, is there any particular liaison channel – I'm sure the Town staff here knows it, and the Town officers – I just don't – with the Port that you know of between the Town of Palm Beach and the Port of Palm Beach?

Gould: I think the only liaison relationship that I'm aware of is that I believe that there were some people from the Town that were visiting and communicating on a regular basis with our executive director. I believe that is the appropriate channel, and I do hope to have someone in soon to replace Mr. Taormina.

McAllister: What are the current transportation arrangements – how are they marketed to incoming passengers on passenger vessels?

Gould: You're talking about passengers that would go out on a seven day cruise, and come back into our community?

McAllister: No, I'm talking about passengers on port of call vessels, when they come into the Port of Palm Beach, how is it currently communicated to them that they can get around?

Gould: There are several ways actually. We work hand in hand with the cruise lines to try to encourage specific elements of the community. A lot of time their preference is to use buses. They'll put their passengers on buses and they'll take them to local restaurants and developments – City Place, Clematis, things of that nature. They also use smaller types of transportation, such as vans or trollies. So, we are working right now actively with many of the organizations in the community – the Convention and Visitors Bureau, the Business Development Board, Hotel/Motel Association – trying to bring the community together making sure that everyone is happy with the way the visitors are coming in and going out of our community.

Smith: You don't currently market the Town of Palm Beach do you?

Gould: No ma'am.

Watchman: I was really going to ask in that general area which you just raised – what impact positive or negative isn't the point – what impact is your increased cruise activity having on Palm Beach?

Gould: That's a good question, and I can't tell you now, because I don't have the vessel (unintelligible) to tell you, but I will give you some general information – for example, the Sea Dream Yacht Club - 100 cabins, so you figure there's a couple hundred people on that vessel, and they're in and out every week for three or four months. These people, they want to stay at The Breakers. They want to stay at The Four Seasons, they want to stay at The Ritz, and the same is true with the Radisson Diamond and the Radisson Navigator. In fact, I can tell you I think it will increase the traffic; I don't think it will be a staggering increase, because the vessels that we are marketing are luxury vessels, and they're smaller vessels. We may have only 500 people on the Navigator, versus having 2,000 on one of the Carnival ships, which we will never have at the Port.

Watchman: Never have because of size limitations?

Gould: Yes.

Flamm: Just a follow up on that – if successful, if you get your two nice cruise ships a week, you'd be surprised if we did not see tourist traffic, buses, etc., particularly where we are – a port of call, and the mass exodus of people off the ships and going to Palm Beach, with its reputation – people will want to see Palm Beach.

Gould: Well, I think that's true, and I think you're going to see a very wide spectrum, depending on the year round service that we get. I think you'll see a wide spectrum of the different types of people. I mean, some people – they won't go anywhere except Palm Beach. This is where they want to stay. This is what they're accustomed to, and there are others that possibly will stay inland further – they'll stay in North Palm Beach, they'll stay at Jupiter Beach Resort, or they'll go down and stay in Boca, so I think we'll see a nice mix of both.

Smith: In answer to Mr. McAllister, we monitor the Port and you give us the agendas for the Port meetings and we check them – if there is an item that Palm Beach participates in, we're there, and that's the way it's been going on.

Board Member Flamm commented that he had written a memorandum concerning underground utilities, suggesting that the consideration of underground utility lines was an appropriate topic for the Strategic Planning Board to consider, and an informed decision required accurate numbers. The Civic

Association had studied the issue for quite some time, and had learned that there was an indication from the Town government regarding an interest in moving forward with this type of project, in order for them to get any indication from various organizations regarding grants. Mr. Flamm recommended that a recommendation be made to the Town Council that a resolution be passed indicating that the Town, under the right conditions, would entertain moving forward with the project.

Town Manager Elwell responded that costs were a factor, of course, and pointed out that consideration should be given to pulling any issue out to be considered or acted upon separately, rather than incorporating this issue as one of many issues dealt with in the long range plan.

Chair Smith commented that the Town Council would be considering the issue at some point, and that it may be presumptuous of the Board to recommend a resolution at this time; in addition staff was currently pursuing several large intergovernmental items that were priority items. She suggested that discussion take place of the underground wiring issue at a future date with the Town Council.

Board Member Flamm expressed concern that the ability to obtain grants may be compromised if the governmental body did not indicate its desire to move forward with the issue.

After further discussion, it was determined that the issue of underground wiring would remain on the radar screen for consideration by the Strategic Planning Board.

VI. DISCUSSION WITH REPRESENTATIVES OF BUSINESS ORGANIZATIONS IN THE TOWN REGARDING OPPORTUNITIES AND THREATS PRESENTED BY OFF-ISLAND GROWTH

REPORT OF THE STRATEGIC PLANNING BOARD MEETING OF JUNE 12, 2002

Dr. Gregory Boyajian, representing the Greater South County Road Association, addressed the Board, stating that the Association was prepared and would be pleased to work with the Board as volunteers. He commented that the main concern of landlords in Town were the empty storefronts, and the sidewalk clutter. He explained that the empty stores looked abandoned and were not attractive; the business owners had requested that the Association relay their concerns in this regard to the Board. He invited everyone to attend the June 29, 2002, meeting of the Association.

Town Manager Elwell advised that there were Town regulations in place to address empty storefronts; there were occasional situations where the building owner did not immediately comply with the requirements, and the code enforcement process would then take place. He explained that the Town did not have an economic development program geared to recruit businesses into empty spaces, due to its healthy economic status.

Board Member McAllister suggested that the Town itself consider a process by which the

appearance of empty storefronts could be corrected.

Director of Planning, Zoning & Building Robert Moore advised that staff had tried to be flexible in allowing the use of vacant space in stores, however, he stated that he would not recommend that the Town get into the business of beautifying private property.

Board Member McAllister clarified that he was not suggesting that anything be done for the private property owner, but that he was suggesting that something be done for the appearance of the street, and for the adjoining owners in areas where there were vacant storefronts. He suggested sweeping the sidewalks, and an ordinance that allowed the Town to paint storefronts, and an ordinance allowing external window treatments.

Town Manager Elwell noted that the time lines in the code enforcement ordinances were set forth in State Statutes, and were time consuming processes. He explained that the majority of code violation situations were educational matters, rather than enforcement matters; when the situation was called to someone's attention it was usually fixed before it became necessary to enter the formal code enforcement process. It was the minority situation where someone ignored staff, necessitating the Code Enforcement Board process, requiring advertising, hearings, etc., and that was where the lengthy delays were occurring.

Mr. Fernsler commented that there were protocols available where government can step in to correct code violations, for example, on a vacant lot that was not maintained.

Mr. Moore commented that it was his belief that building officials and inspectors did not have the right to enter property without being invited; he stated that it would be very difficult for the Town to craft legislation that would enable staff to go inside particular stores to address the appearance. He stated that he did not believe that it would be as difficult to paint the building, staying on the outside of the building.

Town Manager Elwell advised that an opinion on the issue would be sought from Town Attorney Randolph and would be included in future information provided to the Board.

Ms. Laurel Baker, Palm Beach Chamber of Commerce, addressed the Board, stating that it had been a great year for introducing the business community to doing business in Palm Beach. She thanked Town Manager Elwell, and Assistant Town Manager Tom Bradford for their efforts in familiarizing the community with various issues. She commented that one of the concerns in Town was parking and traffic; she noted that there were many red zoned parking spots that take parking away from restaurants and stores; she suggested economic incentives may bring more small businesses to the Town; she suggested that preparations be made regarding anticipated traffic from the development of West Palm Beach.

Chair Smith commented that it was very important that the Strategic Planning Board have the input of residential and commercial interests as it put together the final plan for the Town.

In response to Mr. Fernsler, Ms. Baker suggested that a new phrase replace the “Town serving” policy phrase, as she considered that it created a negative image, and that it may not be relevant to what the businesses would bring to the community.

Ms. Amy Shaughnessy, President of Royal Poinciana Association, addressed the Board, stating that the some of the concerns of the Association were the upcoming construction in the Royal Poinciana area, additional parking in the area after the construction was finished, the development of the Royal Poinciana Plaza and Theater area, and infrastructure concerns. She expressed gratitude that the Strategic Planning Board was considering the commercial interests, noting that it would work towards the resolution of the tension between commercial interests and the desire for growth versus those who would like to remain conservative and see the Island remain as a “little” island.

Town Manager Elwell commented that a healthy relationship and communication towards a positive relationship with the business community was important, while simultaneously keeping appropriate boundaries on business impacts on the residential character of the Town.

VIII. FURTHER CONSIDERATION OF TRAFFIC AND PARKING

Postponed to July10, 2002, meeting per discussion under Item III. Approval of Agenda.

VII. PLANNING FOR FUTURE MEETINGS

Chair Smith commented that she would like to have a draft strategic plan ready by the beginning of the year, so that a series of community forums could again be conducted, with a final plan approved by the Town Council by the month of March, when the majority of residents were still in Town. She requested that Mr. Fernsler speak as to the planned format of the final document.

Mr. Fernsler responded that the Board would need to decide how to schedule the limited

remaining time to take a second look at the list of topics that were on the radar screen, and decide the level of specificity needed, and how to articulate the recommendations to the Town Council. He noted that he had several examples that would give the Board an idea of what the final document might look like. He suggested that the skeletal framework of the strategic plan be built incrementally.

Mr. Fernsler advised that he believed there would be several steps to move forward; he suggested that there would be a point when two meetings per month may need to be scheduled in order to accomplish the work:

- _Once the thorough environmental scan was completed, a scan would have to be completed of the scan, to identify the issues that would remain on the radar screen, create a matrix format with the issue area, definition of a problem, its relationship to the vision statement; narrow the issues down; clarify why they are strategic issues. That would then create the agenda or table of contents of the document.

- _Identify the basic strategic direction - example, the issue of day visitation; if that was identified as an issue that the strategic plan must address, then the Board must identify the basic strategic direction in terms of dealing with that issue.

- _Identify specific strategic policies and strategies.

- _Take the simplified version to the public via community forum or a public meeting, inviting public reaction before the document was fine tuned; an action document containing the plan itself with action/recommendations.

- _Final editing, printing before submitting to Town Council.

Mr. Fernsler explained that policy mandates with particular results should not be sought out; he explained that he did not believe that the Board should, for example, revise the zoning code in a certain district to increase the setback from 30' to 40'.

Mr. Fernsler clarified that once the basic policy framework had been established, all of the affected constituencies should be invited to hear the presentation and voice their reactions.

Chair Smith commented that she would prefer to hear from the Chairmen of each Town Commission/Board, rather than the full Commission/Board arguing their individual points of view.

Town Manager Elwell advised that he would furnish a draft list, prior to the September meeting, of the major topics for further consideration by the Strategic Planning Board, for winnowing at the September meeting. In addition, the Board members could submit any individual lists prior to that time; any items that may have been missed could be added by any member of the Board at the September meeting as well.

It was determined that the following schedule would be followed for future meetings:

September: September 12, 2002 @ 10:00 a.m.
 September 13, 2002 @ 10:00 a.m.

(The Board would then would consider what remained to be accomplished, and would determine if additional monthly meetings were required).

October: October 10, 2002 @ 10:00 a.m.
November: November 14, 2002 @ 10:00 a.m.

Town Manager Elwell suggested that it was critically important that the promise to go back to the community to obtain input be kept.

Chair Smith commented that everyone should see the preliminary report at the same time, and that the report should not be distributed to the Town policy makers before the other members of the community had an opportunity to review the document.

Town Manager Elwell clarified that community forums, similar to those that had been conducted in November, would be held in February or March, in order for the public to have an opportunity to review the preliminary Strategic Planning Board report.

In response to Board Member McAllister, regarding markers in order to measure the progress of the plan, Mr. Fernsler explained that community indicators were measures of performance relative to the policies and vision; for example, safety. Safety was a criteria; the Police Department noting the rate and direction of certain crimes or traffic accidents which may be contrary to the direction set in the plan, would involve some interaction among all functions of government tied to that vision and that strategic plan.

Board Member McAllister provided an example of what he meant by markers: the mega mansion issue: the Board should be able to articulate measurements by which the residents of the north end would be able to decide whether the policy established by the Board was working or not.

Board Member Flamm commented that from his experience, putting dates and times in a strategic plan would only ensure that they would be wrong; it was much more effective to review the strategic plan every year with a short document indicating the progress, in the form of an annual report.

Chair Smith remarked that perhaps the Strategic Planning Board should not be sunsetted, and should continue to meet annually to review the plan and report back to the public.

Mr. Fernsler suggested that in the future, part of the regular protocol in every major decision be related to its consistency with the vision, and the policy direction set in the strategic plan.

X. ANY OTHER MATTERS

Town Manager Elwell advised that he had furnished a report of the consultant who had studied the Fire-Rescue Department and made a number of recommendations, many of which were administrative in nature and could be implemented without further policy direction. There were some recommendations that would require the consideration of the Town Council. He noted that additional back-up material would be furnished to the Board in preparation for discussion of the Police Department, Fire-Rescue, traffic and parking, and intergovernmental relations issues.

Mr. Elwell also mentioned that the Town Council had made an important decision regarding the drainage project, which would have a direct impact on the building issue and the potential for a moratorium in the north end. A very large improvement, coordinated with the City of West Palm Beach, running the trunkline of the system in the north end, would take close to two years to construct. The project was critically needed, not only for the drainage, but also for the water main that services the entire area. The Town Council had also declared zoning in progress, as a first step towards a moratorium for the area from Orange Grove to the Inlet, which would run through the entire period of the drainage construction.

In response to Board Member Cooley regarding the development of goals for customer service, Town Manager Elwell explained that customer service training had been done with every Town employee and he would provide information regarding that.

Board Member Flamm requested hard numbers on the percentage of development permits with variances attached to them, and the percentage having to do with the size of the building or lot.

X. ADJOURNMENT

There being no further business, the Strategic Planning Board Meeting of June 12, 2002, was adjourned at 3:27 p.m.

Chair Lesly Smith

Prepared by:

Susan Eichhorn

Deputy Town Clerk

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Future Scheduled Meetings:

July 10, 2002 @10:00 a.m. - Town Council Chambers

August - no meeting

September 12, 2002 @ 10:00 a.m. - Town Council Chambers

September 13, 2002 @ 10:00 a.m. - Town Council Chambers

October 10, 2002 @ 10:00 a.m. - Town Council Chambers

November 14, 2002 @ 10:00 a.m. - Town Council Chambers