

SOUTH SANTA ROSA UTILITY BOARD
SPECIAL MEETING

APRIL 6, 2015
MONDAY, 5:00 P.M.
COUNCIL CHAMBERS

1. Roll Call

2. **ACTION ITEM:**
 - A. DISCUSSION AND ACTION REGARDING PAYMENT OF FAIRPOINT UTILITY SYSTEM OPERATING DEBT.

3. New Business

4. Open Forum

5. Adjournment

If any person decides to appeal any decisions made with respect to any matter considered at this meeting or public hearing, such person may need to insure that a verbatim record of the proceedings is made, which record includes the testimony and any evidence upon which the appeal is to be based. The public is invited to comment on matters before the City Council upon seeking and receiving the recognition from the Chair.



City of Gulf Breeze

TO: Edwin A. Eddy, City Manager
FROM: Thomas E. Lambert, Assistant Director of Public Services
DATE: March 27, 2015
RE: Payment for Fairpoint Regional Utility System Operating Deficit

A handwritten signature in blue ink, appearing to be "T. Lambert", is written over the "FROM:" line.

The Fairpoint Regional Utility System water supply was interrupted in April of 2014 due to a rupture in the water supply main under East Bay. The main was restored in early March 2015. During the approximately 11 months of outage, Fairpoint was unable to collect any revenue to use against expenses incurred, such as debt service, operational costs and engineering services. While many of the expenses were paid from reserves, those have been exhausted leaving an operational deficit.

The original intent to cover the deficit was a line of credit available to Fairpoint. Additional consideration by the Fairpoint Board of Directors led to the option that the three member utilities split the deficit equally, eliminating interest paid on the line of credit. Per the bylaws of the corporation, the three primary members of the Fairpoint Regional Utility System are all responsible equally for the costs associated the operation of the water supply system.

The cost would be divided between the city Water & Sewer fund and South Santa Rosa Utility System (SSRUS) and paid from the reserves as this is not a budgeted expense. The City would pay \$80,449 from its reserves currently at \$505,000 and SSRUS would pay \$94,441 from its reserves of \$1,637,000.

While the Fairpoint supply was unavailable, the city relied on ECUA for potable water. The two utilities paid ECUA \$1,007,000 for water during the period from April 2014 to March 2015, which is \$281,000 more than the amount the city would have spent with the Fairpoint take-or-pay agreement.

RECOMMENDATION: The City Council approve immediate payment of \$174,890 to Fairpoint Regional Utility System to pay for costs incurred during the water supply outage