

3-5)



City Council Agenda Item
Meeting of April 5, 2016

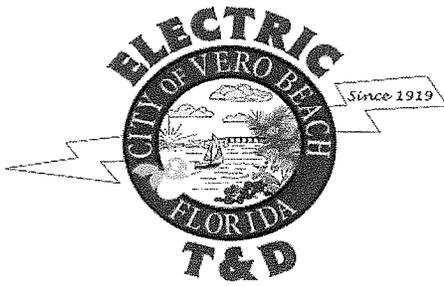
TO: The Honorable Mayor and Members of the City Council
FROM: James R. O'Connor, City Manager
DATE: March 29, 2016

SUBJECT: **First Amendment to Fort Pierce-Vero Beach Tie-Line Agreement**

REQUESTED BY: City Manager/Electric Utility Director

The following is requested as it relates to the above-referenced agenda item:

- Request Council review and approval based on the attached supporting documentation.
 - No action required. (Information only)
-



Departmental Correspondence

E-Mail: TFletcher@covb.org

TO: James R. O'Connor
DEPT: City Manager

FROM: Ted Fletcher, Director, Electric System Operations *TF*
DEPT: Electrical T&D

DATE: March 29, 2016

SUBJECT: Tie Line Amendment COVB/FPUA

The attached backup referencing Amendment One (1) and Attachment (A) map is solely to clarify the Maintenance, Cost Sharing and Ownership of each Electric Utility identified in the Tie Line Agreement between City of Vero Beach (COVB) and Ft. Pierce Utilities Authority (FPUA).

**First Amendment
to
Fort Pierce – Vero Beach Tie-Line Agreement**

This First Amendment to Fort Pierce – Vero Beach Tie-Line Agreement (hereinafter “First Amendment”) is made and entered into as of the last date entered below by and between the **Fort Pierce Utilities Authority** (hereinafter “FPUA”) and the **City of Vero Beach** (hereinafter “CVB”). FPUA and CVB may also be referred to herein individually as a “Party” and collectively as the “Parties.”

WHEREAS, FPUA and CVB previously entered into that certain “Fort Pierce – Vero Beach Tie-Line Agreement” dated May 5, 1992 (hereinafter “Tie-Line Agreement”); and

WHEREAS, said Tie-Line Agreement controls the rights and responsibilities of the FPUA and CVB in regard to the tie-line constructed to connect the electrical power systems of FPUA, CVB, and Florida Power & Light (“FPL”), including which segments of the tie-line are owned separately by FPUA and CVB or jointly by said Parties; and

WHEREAS, FPUA and CVB have determined it to be advantageous to assign ownership of certain segments of the tie-line to either FPUA or CVB which were previously identified as owned jointly by said Parties,

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties, FPUA and CVB hereby amend the Tie-Line Agreement as follows:

1. Amendment of Sections 4.1, 4.2, 4.4, and 5.1

Sections 4.1, 4.2, 4.4, and 5.1 of the Tie-Line Agreement are amended to read as follows:

Section 4.1 – Operations and Maintenance. CVB shall maintain Segments 1 and 2 of the Tie-Line, as described and depicted in Attachment “A.” FPUA shall maintain Segments 5 and 6 of the Tie-Line, as described and depicted in Attachment “A.” The Parties shall jointly own and maintain Segments 3 and 4 of the Tie-Line.

Section 4.2 – Cost Sharing. CVB shall be solely responsible for the cost to maintain Segments 1 and 2. FPUA shall be solely responsible for the cost to maintain Segments 5 and 6. The Parties shall jointly share the cost to maintain Segments 3 and 4.

Section 4.4 – Ownership. CVB shall own Segments 1 and 2 of the Tie-Line, which Segments shall be part of CVB’s transmission and distribution system. FPUA shall own Segments 5 and 6 of the Tie-Line, which Segments shall be part of FPUA’s transmission and distribution system. The Parties shall jointly own Segments 3 and 4 of the Tie-Line.

Section 5.1 - Purpose and Duties. The operating Committee shall have the following duties, in addition to those specifically conferred upon the Committee elsewhere in this Agreement:

1. Coordinate operation and maintenance schedules.

2. Establish control and operating procedures.
3. Establish methods, standards and procedures for the determination of costs associated with transactions hereunder.
4. Establish methods and procedures for accounting and billing of transactions hereunder.
5. Provide a list of Operating Representatives of each Party.
6. Provide an annual operating and maintenance budget for Segments 3 and 4.
7. Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

2. Amendment of Attachment "A". Attachment "A" is amended and replaced by the Attachment "A" attached hereto and incorporated herein.

IN WITNESS WHEREOF, the Parties have executed this First Amendment as of the dates entered below and each Party's respective signatory whose signature appears below hereby warrants and represents that such signatory has been and is on the date of execution of this First Amendment duly authorized to execute this First Amendment on behalf their respective Party.

SIGNATURE PAGES FOLLOW

ATTEST:

CITY OF VERO BEACH, FLORIDA

Tammy K. Vock
City Clerk

By: _____
Jay Kramer
Mayor

[City Seal]

Date: _____

Approved as to form and:
legal sufficiency:

Approved as conforming with
municipal policy:

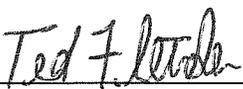


Wayne R. Coment
City Attorney



James R. O'Connor
City Manager

Approved as to technical requirements:



Ted Fletcher
Electric Utility Director

Attachment A
Ft. Pierce / Vero Beach
Tie Line Agreement
2016



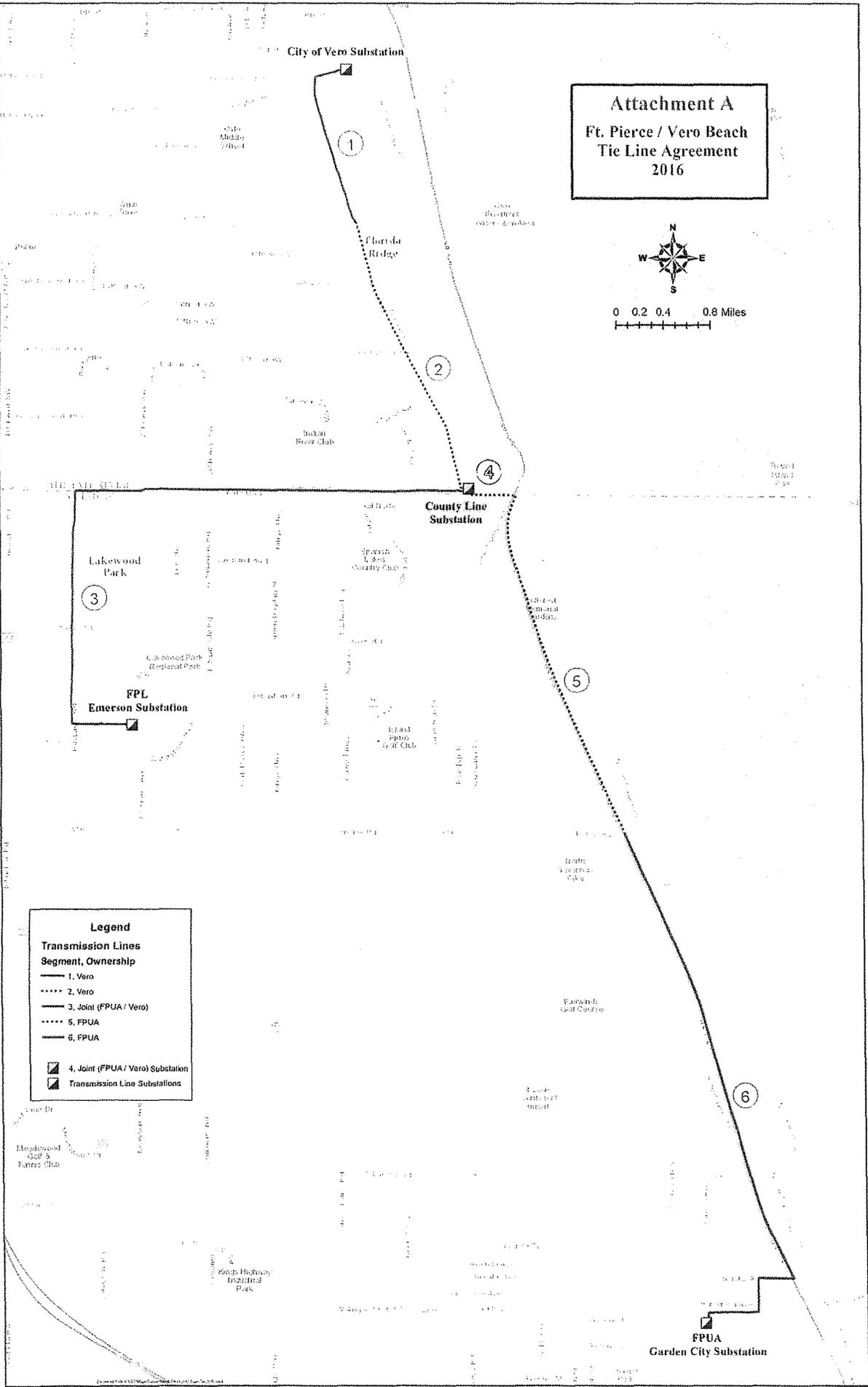
0 0.2 0.4 0.8 Miles

Legend

Transmission Lines
Segment, Ownership

- 1, Vero
- 2, Vero
- 3, Joint (FPUA / Vero)
- 5, FPUA
- 6, FPUA

4, Joint (FPUA / Vero) Substation
 Transmission Line Substations



ATTEST:

FORT PIERCE UTILITIES AUTHORITY

Daniel M. Delulio
Secretary

By: _____
Michael A. Perri, Jr.
Chairman

(FPUA Seal)

Date: _____

Approved as to form and correctness:

By: _____
R.N. Koblegard, III
Fort Pierce Utilities Authority Attorney

4/23/92 C.A.
A:TIELINE3.T&D

FORT PIERCE - VERO BEACH TIE-LINE AGREEMENT

This Agreement is made and entered into this 5th day of May, 1992 by and between Fort Pierce Utilities Authority (FPUA) and City of Vero Beach (CVB), also referred to herein individually as "Party" and collectively as the "Parties."

**ARTICLE I
DEFINITIONS**

Section 1.1 - Fort Pierce Utilities Authority (FPUA): A municipal corporation located in Fort Pierce, Florida, operating under the direction of the FPUA Board.

Section 1.2 - City of Vero Beach (CVB): A municipal corporation located in Vero Beach, Florida operating under the direction of the City Council of Vero Beach.

Section 1.3 - Florida Power & Light (FPL): a Florida corporation organized for the purpose of generating and distribution of electrical power.

Section 1.4 - Project: The design, acquisition, construction, installation, operation and maintenance of a new "tie-line" connecting the electrical power systems of CVB, FPUA and FPL. The project is divided into six segments, as are further described in the map attached hereto and incorporated into this Agreement as Attachment "A."

Section 1.5 - Tie-Line: a new 138 kilovolt (kV) County Line Switching Station, to be located near the St. Lucie - Indian River County Line and Old Dixie Highway; a 138kV transmission line connecting the new County Line Switching Station to CVB No. 8 (South) Substation, to FPUA No. 2 (Garden City) Substation and to the FPL Emerson Substation; and substation equipment as is necessary.

Section 1.6 - Cost: the amounts paid for materials, contract labor, contract services and direct labor. Direct labor shall exclude social security taxes, contributions to the pension fund, group life insurance, hospitalization insurance, and compensated absences such as vacation and sick leave.

**ARTICLE II
PURPOSE**

The Parties will use their best efforts to complete the Project by the Commercial Operation Date, as described herein. Each Party

shall endeavor to construct, operate and maintain their respective Project segments by following generally accepted practices of the utility industry, to the joint benefit of both parties and in conformance with the National Electric Safety Code, latest edition.

**ARTICLE III
TERM**

This Agreement shall be for a term of thirty (30) years, and shall automatically be extended for succeeding five (5) year terms. However, either Party may terminate this Agreement at the end of the initial term or at any five (5) year extension, upon five years written notice to the other Party.

**ARTICLE IV
RIGHTS AND RESPONSIBILITIES OF THE PARTIES**

Section 4.1 - Operations, Construction and Maintenance; Commercial Operation Date. CVB shall construct and maintain Segments 1 through 4 of the Tie-Line, as described in Attachment A. FPUA shall construct and maintain Segments 5 and 6 of the Tie-Line, as described in Attachment A. Both Parties shall use reasonable efforts consistent with prudent utility practice to complete construction of their respective segments of the Tie-Line, so that the new tie-line will be commercially operable by June 1, 1993.

Section 4.2 - Cost Sharing. The Parties shall share equally the cost of constructing Segments 2 through 5 of the Tie-Line, and any associated costs such as condemnation. CVB shall be solely responsible for the construction and maintenance costs of Segment 1. FPUA shall be solely responsible for the construction and maintenance costs of Segment 6.

Section 4.3 - Construction Scheduling; Delays. In performing their respective construction obligations, each Party:

(a) shall keep the other informed of its construction schedule, and of any changes to their schedules that may alter the date for Commercial Operation, including the reason for such changes;

(b) shall use normal work day schedules, except for small amounts of overtime required to complete specific daily tasks; and

(c) may schedule overtime to maintain or improve its construction schedule, provided that with respect to those Segments for which the Parties have agreed to share the costs, as described in Section 4.2, the other Party must provide written approval prior to a Party's scheduling of overtime.

Section 4.4 - Ownership when construction completed. CVB shall own Segment 1 of the Tie-Line, which Segment shall be part of CVB's transmission and distribution system. FPUA shall own Segment 6, which Segment shall be part of FPUA's transmission and distribution systems. The Parties shall jointly own Segments 2, 3, 4, and 5.

Section 4.5 - Contact Party. CVB shall be the primary contact point for FPL. Except for emergencies, CVB will transmit messages, requests, etc. CVB will communicate FPL information to FPUA and FPUA will communicate to FPL through CVB.

ARTICLE V OPERATING COMMITTEE

Section 5.1 - Purpose and Duties. The Operating Committee shall have the following duties, in addition to those specifically conferred upon the Committee elsewhere in this Agreement:

1. Coordinate operation and maintenance schedules.
2. Establish control and operating procedures.
3. Establish methods, standards and procedures for the determination of costs associated with transactions hereunder.
4. Establish methods and procedures for accounting and billing of transactions hereunder.
5. Provide a list of Operating Representatives of each Party.
6. Provide an annual operating and maintenance budget for Segments 2 through 5 of the Project, with an additional projection of four (4) years.
7. Perform such other duties as may be conferred upon it by mutual agreement of the Parties.

Section 5.2 - Composition; Membership. The Operating Committee shall be composed of four members. Each Party shall appoint two members and an alternate, and so notify in writing the other Party. Each representative and alternate shall be a responsible person working with day-to-day operations or engineering of each respective power system.

Section 5.3 - Meetings; Notice. The Operating Committee shall meet annually during the first four months of the calendar year, and at such other times as are necessary to perform its duties herein, at times and places agreed upon by the Committee members. The Committee shall provide each Party with proper notice of an upcoming meeting and the matters to be considered.

Section 5.4 - Committee Action. The Committee may act to perform or resolve any matter before it upon the affirmative vote of at least three members at any meeting at which at least three members are present. If the Committee is unable to perform or resolve any matter before it, the Committee shall refer the matter back to the Parties. All decisions and agreements made by the operating Committee shall be evidenced in writing.

Section 5.5 - Miscellaneous. Each Party shall cooperate in providing to the Operating Committee all information required in the performance of its duties. Whenever the Committee refers a matter to the Parties for decision or action, the Parties shall use their best efforts. Failure of the Parties to agree on any matter referred to them shall not constitute a basis for cancellation of the Agreement.

ARTICLE VI SERVICE CONDITIONS

Section 6.1 - Parallel Operation. Each Party's electrical transmission and distribution systems (hereinafter "systems") shall be operated in parallel and shall be interconnected at the County Line Switching Station, except as may be otherwise arranged by the operating Committee. However, if any operating conditions or circumstances create an undue burden on a Party's system, that Party shall have the right to open the interconnection to relieve its system of the burden imposed upon it; provided, however, that the party notify the other Party prior to opening the interconnection when practical. The Operating Committee shall make every reasonable effort to resolve

any problems which have caused, or threaten to cause, an undue burden upon a Party.

Section 6.2 - Power Factor. The Parties shall operate their respective systems prudently so as to maintain voltage levels within acceptable ranges and maintain appropriate reactive energy reserves. The Parties shall use best efforts to maintain a unity power factor on their systems, as measured at the County Line Switching Station. The Parties shall control the power factor of their respective systems so as not to burden the other Party's system. In any event, the Parties shall maintain a power factor between 98% leading and 97% lagging at all times, as measured at the County Line Switching Station. Such power factor shall be based on an integrated clock-hour interval. If a Party's system power factor is repeatedly measured outside of such range, the Party shall correct the power factor by installing the equipment necessary to maintain an acceptable power factor at all times. The Operating Committee shall establish, from time to time, if power factor correction is required within the Joint Area. If power factor correction must be required for the Parties' equal benefit, they shall share the cost of correction equally.

Section 6.3 - Disturbances. The Parties shall, whenever practicable, so protect, operate and maintain their systems and facilities as to avoid or minimize the likelihood of disturbance of or jeopardy to the utility service of the other Party's customers.

Section 6.4 - Generating Capacity and Reserves. The Parties shall maintain generating capacity, including reserves, in accordance with the terms of the Cost Sharing Agreement of March 1, 1991.

**ARTICLE VII
BILLING AND PAYMENT**

Section 7.1 - Monthly Billing. During the Project, each Party shall calculate and submit to the other Party within 15 days after the end of the month, a monthly bill containing the costs incurred by the Party during the prior month, for those Segments for which the parties shall share costs in accordance with Section 4.2. CVB's bill shall contain its costs related to Segments 2 through 4. FPUA's monthly bill shall contain its costs for Segment 5.

Section 7.2 - Payment, Interest on Overdue Amounts.

(a) Each Party's governing body shall have the right to dispute the accuracy and legitimacy of the other Party's monthly costs, as described on the monthly bill; provided, however, that each Party may not unreasonably withhold its approval of the other's bill.

(b) For any month in which CVB's undisputed bill is larger than FPUA's undisputed bill, FPUA shall pay to CVB the amount of CVB's bill less the amount of FPUA's bill. For any month in which FPUA's undisputed bill is larger than CVB's undisputed bill, CVB shall pay to FPUA the amount of FPUA's bill less the amount of CVB's bill.

(c) Each month, the undisputed amount owed, as determined under the preceding subsection, shall be paid on or before the "past due after" date. The past due after date shall be twenty-one (21) days from the date of mailing as determined by the postmark date, except when that date falls on either a weekend or a holiday for either Party, in which case the past due date shall be the next working day of either Party. If the Party owing the monthly amount fails to pay a bill by the past due after date, the unpaid balance shall accrue interest at the rate set from time to time for refunds made under the Federal Power Act.

Section 7.3 - Disputed Bills. In case any portion of any monthly construction bill is in bona fide dispute, the Parties shall attempt to amicably resolve the dispute. However, if the Parties cannot, the Parties will apply and adhere to the Florida Government Cooperation Act, Florida Statutes Chapter 164, to resolve the dispute, with FPUA being substituted for "County," as the latter term is used in the Act.

ARTICLE VIII
MISCELLANEOUS

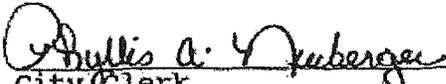
Section 8.1 - Metering. The line to CVB Number 8 (South) Substation and the line to FPUA Number 2 (Garden City) Substation shall be metered at the County Line Switching Station. The metering shall be tested and calibrated annually with both Parties represented during testing. The testing may be done by a third party subject to the approval of the Operating Committee. The line from the County Line Switching Station to the FPL Emerson Substation shall be metered at the FPL Emerson Substation. FPL shall test and calibrate the metering periodically with CVB in attendance.

Section 8.2 - Right of First Refusal. Should either Party cease operation as a municipal electric utility, or desire for any reason to dispose of part or all of the property (real or personal) associated with the Joint Area, the other Party shall have the right of first refusal to purchase any or all of the property affected for the original cost, less customary depreciation as calculated under generally accepted accounting standards applicable to electric distribution systems.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers and copies delivered to each party, as of the day and year first above stated.

ATTEST:

CITY OF VERO BEACH



City Clerk



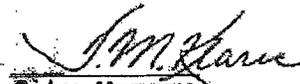
Mayor

Approved as to
legal sufficiency

Approved as to
technical requirements



City Attorney



City Manager

ATTEST:

FORT PIERCE UTILITY AUTHORITY



Secretary



Chairman

ATTACHMENT "A"
FORT PIERCE/VERO BEACH
TIE LINE AGREEMENT
 DECEMBER 1991

CONST. & MAINT. RESPONSIBILITY	SEGMENT	COST RESPONSIBILITY
VERO BEACH	① —————	VERO BEACH
· · · · ·	② ·········	JOINT
· · · · ·	③ - - - - -	JOINT
· · · · ·	④ ■ SW. STATION	JOINT
· · · · ·	⑤ - - - - -	JOINT
FPUA	⑥ - - - - -	FPUA

