



## Memorandum

September 14, 2011

To: Mayor Jay Kramer  
Vice Mayor Pilar Turner  
Councilmember Tracy Carroll  
Councilmember Craig Fletcher  
Councilmember Brian Heady  
City Manager, Jim O'Conner

From: Barry Moline, Executive Director

Subject: Mutual Aid Options

At the September 8 City Council meeting you asked about options for providing mutual aid to the City of Vero Beach in the event you decide to drop out of FMEA in the 2011-2012 fiscal year. I investigated some of those options and offer you the results in this memo.

I appreciate the opportunity to consider the value of mutual aid to FMEA members. Until now I have never done this analysis, and what I found is by counting on each other for staging and providing lineworkers in emergencies, FMEA members save hundreds of thousands of dollars.

At this time some people in Vero Beach consider the primary benefit of FMEA to be mutual aid only. I don't quite understand this limited perspective. As I described in a memo to you on September 7, FMEA provides professional legislative and regulatory representation, significant low-cost and free training opportunities, as well as high quality electric utility industry information. We are a full-service trade association. Mutual aid is just one benefit, albeit an important one.

There are two important benefits of mutual aid:

1. Free Crew Staging – When a hurricane is forecast to hit an FMEA member, lineworkers from other members ready themselves to assist. The time for readiness usually lasts 2-3 days. There is no cost to FMEA members for crews from other utilities to prepare to assist each other. We call this “pre-positioning” crews so they are ready to move upon request.
2. Experienced Crews – After a storm hits, FMEA members can call on a significant supply of experienced crews from among the hundreds of lineworkers available statewide, as well as throughout the Southeast. Because these crews have pre-signed the FMEA mutual aid agreement, they agree to charge regular rates and normal overtime rates, the same as if they were working in their communities back home.

One FMEA member that is similar in size to Vero Beach, Keys Energy Services, has several times in the past pre-staged contractor crews in Miami to assure they have enough human and equipment resources to respond rapidly to a hurricane. Keys Energy has found, however, that they do not always need the contractor crews they've reserved, and have unnecessarily spent 2-3 days worth of financial resources paying crews just for them to be on-call. Crews typically don't work during this time – pre-storm – as they position themselves in another city out of the hurricane's path, usually about 100 miles away. Keys Energy has struggled with this conundrum, and now leans away from staging contractor crews to save ratepayer funds. They rely more heavily on FMEA mutual aid.

Staging crews costs \$60-\$75/hour per lineworker. The current Vero Beach AUS contract, as I understand, is at \$60/hour per lineworker, fully loaded, including equipment. However, the City would need significantly more than the 5-member AUS contractor crew already on site. You should examine records from past storms, but you'd likely need 30-60 lineworkers, or 6-12 outside crews. If you are not relying on free, pre-staged FMEA members, then you'd need to reserve and pay for that number of lineworkers 2-3 days in advance. If you don't reserve crews, you risk losing them to other utilities and having no additional lineworkers, or just a limited number providing assistance.

My analysis below shows the range of costs to stage contractor crews for a single storm is \$28,800 to \$54,000. This depends on whether you reserve crews for 2 days or 3 days, and if you can get crews for the AUS price of \$60/hour or you pay a higher price of \$75/hour that other utilities in Florida have paid in the last few years.

30 lineworkers x \$60/hour x 16 hours (2 days) = \$28,800

30 lineworkers x \$75/hour x 16 hours (2 days) = \$36,000

30 lineworkers x \$60/hour x 24 hours (3 days) = \$43,200

30 lineworkers x \$75/hour x 24 hours (3 days) = \$54,000

Remember, none of these staged workers would actually provide any work to the City. These are only payments to reserve crews. Furthermore, if a hurricane is particularly damaging, more workers would be needed. Finally, these costs would be incurred for a single storm, whether it strikes or not. If multiple storms threaten Vero Beach, these costs would grow further.

A word of caution: All contractual arrangements would need to be competitively bid and pre-contracted so they would be accepted by the Federal Emergency Management Agency, which pays for a portion of actual work done (but not costs for staging). FEMA accepts our FMEA mutual aid agreements as contracts for the provision of services at a reasonable cost. With a contractor-only relationship, you likely would have to prove to FEMA that your contracts are based on regular rates (non-emergency storm rates), and cannot be construed in any way as price gouging. FEMA is highly suspicious of changes "on the fly" that are not competitively bid, and such changes might not qualify for reimbursement by the Agency.

I am available to discuss this on the phone or in person.

Please contact me at:

Barry Moline  
Executive Director  
Florida Municipal Electric Association  
Office: 850-224-3314, ext. 1  
Cell: 850-251-5060  
[bmoline@publicpower.com](mailto:bmoline@publicpower.com)