

MINUTES OF A SPECIAL MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, FEBRUARY 13, 2007, 4:00 P.M., CITY COMMISSION CHAMBERS

Members Present: Chairman, Thomas K. Perona; Vice Chairman, Darrell Drummond; Secretary, Pamela K. Cully; Deputy Secretary, Robert W. Summerhays, Jr.

Not Present: Mayor Robert J. Benton III and Ex-Officio Member/City Manager, Dennis Beach

Others Present: Director of Utilities; Director of Corporate Services; Director of Water/Wastewater Systems; Director of Shared Services; Community/Corporate Relations Manager; FPUA Attorney.

Chairman Perona called the meeting to order.

The invocation was given by Mr. Frank Varella.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared with Mayor Benton absent.

Chairman Perona declared a Public Hearing and asked if anyone wanted to be heard regarding the issue of revising the schedule of rates for water, wastewater and electric services provided by the Fort Pierce Utilities Authority. There being no one present who wished to speak, the public hearing was closed.

Mr. Frank Varella presented the resolutions to the Board.

Regarding Resolution UA 2007-01 Revising Annual Indexing Provision and Residential Rate Schedule for Electric Service and Street Lights, Mr. Varella advised the Board the annual indexing provision has been revised. We have taken this opportunity to modify our streetlight rates, as well as residential lights. We have changed the wording to make it easier to understand and make it so that when a person has a residence and a second meter for something like a boat dock or garage, it can also be on the Residential rate. Previously, our resolution read that they would have to have that second meter under the Commercial rate. By changing this phrasing, we have made it clear that a person could have a second residential meter as long as there is no business operated from that meter.

Regarding streetlights, with all the decorative lights going in all over the place, we are always adding different types of streetlights, so we've updated the listing to make sure we are supporting those lights and have added some new lights. We also revised the indexing provision, which we think meets everybody's requirements.

Motion by Mr. Drummond, seconded by Mr. Summerhays to approve adoption of Resolution UA 2007-01 Revising the Annual Indexing Provision and the Residential Rate Schedule for Electric Service and the Streetlight Rate Schedule for Electric Service. The roll was called and the motion unanimously carried by members present.

Mr. Varella presented the resolution for Water Service. This resolution was adopted by the Board on December 5, 2006. Nothing has changed in this resolution since it was adopted by the Board. It includes establishing a monthly inactive rate charge.

Mr. Varella distributed an updated chart to the Board showing where our rates fall as compared to surrounding utilities. With the new PCA that was approved by the Board last week, only Martin County is lower than FPUA when you look at water, wastewater and electric rates in totality. Mr. Thiess said Martin County at this time is considering a water/wastewater rate increase, also. Mr. Varella said this chart includes our proposed rate increases and the decreased PCA. The \$7.76 decrease in PCA that the Board just approved, almost covers both the water and wastewater proposed rate increases.

Mr. Thiess asked if Mr. Varella was going to address the Auditor's Report. Mr. Varella said we discussed the special procedures report last week that the Auditors completed. There were no findings in their report that were not explainable regarding the differences between the GAP accounting budget and audit report versus the revenue requirements rate study. Although the Auditors can't express an opinion, in Mr. Varella's opinion, these rate increases for both water and wastewater are justified. Staff is recommending that we go to the second option in the agenda request. Should the Board ask staff to revise the date of these two resolutions, we would ask that you revise the date to February 13th and if the City Commission waives the 30 day period, the rates would be implemented on February 13th. If they don't supermajority the vote and override the rate increase, the increase would go into effect 30 days after the 13th.

Mr. Perona asked Mr. Koblegard if the Board reaffirms these resolutions, that should have nothing to do with our recommendations as far as implementation regarding changing the date. Mr. Koblegard said no. All we are doing is changing the effective date. Mr. Perona asked if the City doesn't accept Option 2, does the resolution fail? Mr. Koblegard said it will all be concluded in one resolution. Either it will pass or fail as a package. Mr. Perona said he is thinking a resolution that goes before the City Commission has a certain amount of days before it goes into effect. If we recommend that it starts prior to that based on something different and it becomes part of our resolution and they don't like that part of it, does our resolution still stand, regardless of the starting date. Normally, if we go to them with a resolution and they approve it, it is 30 days after that when it starts. We are recommending as part of our resolution that it starts on February 13th and waive the 30 days and it fails because they don't want to do it that way. Mr. Koblegard said unless the City waives the 30 days, it will take effect 30 days later. If they waive the 30 days, it would be effective today. Mr. Varella said we will go back after the Board approves this and change Section 2 and revise it to say it shall become effective on February 13, 2007, and have the Board re-sign the sheets. When we transmit this to the City tomorrow, that is how the resolutions will read.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried to reaffirm adoption of Resolution UA 2006-13 Revising the Schedule of Rates for Water Service and Establishing a Monthly Inactive Account Charge with the effective date changed to February 13, 2007.

Mr. Varella said regarding the resolution revising the schedule of rates for wastewater service and establishing a monthly inactive account charge, the Special Procedures report conducted by the Auditors did not identify any discrepancies. Everything was explainable. This is a 10% increase as adopted originally on December 5th. It has been three years since we increased our wastewater rates, probably three and a half years now, since we've lost almost six months, and staff is recommending, again, option 2 making the effective date February 13, 2007. The wastewater increase for an average customer is \$3.91 per month.

Motion by Mrs. Cully, seconded by Mr. Drummond and unanimously carried to reaffirm adoption of Resolution UA 2006-14 Revising the Schedule of Rates for Wastewater Service and Establishing a Monthly Inactive Account Charge with the effective date changed to February 13, 2007.

Mr. Perona asked as far as all the meetings and workshops and all the input we have had from the City Commission and all the issues that were out there, were there any of those issues that have not been answered at this time? Mr. Thiess said he doesn't think so. We've had many requests for specific information, and he thinks we have answered all of those. We have had a specific request to look at three different ways of doing the rates. One was reducing the rates by half. We did a thorough analysis of that through PRMG, our rate consultant. That result came up short in replenishing cash reserves. At the City Planning Workshop a couple of weeks ago, we were asked to look at subsidies from the Fort Pierce Redevelopment Agency (FPRA) as a subsidy to offset the rates. We ran four scenarios of that through our rate consultant, and forwarded the resulting effect on 2007 and future rate increases to the City Commissioners. The third thing the City asked us to do after that Workshop, was to look at a staging of the rates at the same levels, but instead of 12% in one increase, stage it in three or four different times over 8 months to one year. PRMG said that left us very short in 2007, because the last increment of the staged rate increase is well beyond October 1, 2007, by which time we would probably have already needed another rate increase. It left us deep in the hole in 2008 and 2009. So, we have looked at all the possibilities to soften the increase, and it comes back every time falling short. To his knowledge, we've answered every question that has been asked of us by the City Commission.

Mr. Perona said the reason, which is required by the City Commission when they try to overturn a resolution of the Utilities Authority, must be stated. He asked what that reason was and has it been met? Mr. Thiess said that is always open to interpretation. The reason the City Commission gave at the January 2nd meeting was that there was an apparent conflict between our budget and the rate study. That apparent conflict has been reconciled. There is no real conflict. The apparent conflict is a result of different ways of doing accounting. The Auditors' report reconciled that one hundred percent. If you look at the reconciliation in the first table of the report, it explains every one of the significant differences between the rate study and the budget. The other area the Auditors were asked to look at were the cash flow projections going back five years. Those reconciled very well with what PRMG projected. There is no significant difference there, either. It is staff's opinion that the Auditors' report backs up PRMG's numbers in their entirety. That, in staff's opinion, would make that particular reason for rejecting the rate increases invalid. The option, he assumes, that the City Commission would have at the next meeting would be, based on that information, to accept the rate increases or have another legitimate reason to oppose them.

Mr. Thiess said the only other comment he has is to give the Board a heads up on the APPA Conference coming up in June in San Antonio. He asked them to be thinking of what dates they might want to attend so that arrangements can be made.

Mr. Drummond said he was reading over the Minutes from the last City Commission Meeting with regard to televising of meetings. Unfortunately, with written words you can't discern whether or not their comments were a joke or serious. He was curious because they were suggesting it was going to cost an additional \$130,000 per year to provide for the Planning Board and CRA Meetings and other entities as well as the UA. The Commissioners suggested to Mr. Beach that the UA pay its fair share of \$130,000. He would like to think that was a joke, and he was curious as to whether or not staff knows if they were just kidding.

Mr. Thiess said he hasn't spoken to anyone who was present at that meeting, but the total cost was \$130,000 for all the agencies and the City Commission. He assumes it had to be a joke, because it was mentioned earlier in the minutes that each entity would pay their proportionate share. He did receive a copy of the SLC TV's letter of intent that laid out the hours allocated to each board and the Commission and based on those, our share would be under \$15,000.

Mr. Koblegard said he read those minutes also, and although that was stated, he doesn't think it was made a part of the motion.

Mr. Drummond said he understands the City is moving forward with the parking garage construction and very quickly this parking lot is not going to be available. In the interest of being convenient for our customers, as well as not being conducive to meetings, we might want to go back and re-look at whether or not we would want to temporarily relocate our meetings to 37th Street during the time of this construction.

Mr. Perona said parking is an issue, but once we start televising the meetings, we are going to be kind of obligated to be sure we provide some sort of community service. It looks like everybody is on a different side of the fence from when we started this. Mr. Drummond said he is still in support of televising our meetings. He thinks it is to our benefit, but he doesn't know that we won't further suffer from it not being convenient from a parking standpoint. We are being told it is a one year construction period. Mr. Perona agreed. Mrs. Cully said she would not want to pay \$15,000 for televising and not use it, but she agreed it will be a hardship trying to find a place to park. Mr. Perona said maybe we could get a special shuttle service for the period of time we are having our meetings. Mr. Thiess said he heard they were going to try to finalize the agreement with SLC TV in late March or early April. Mr. Summerhays said at the last UA meeting the Mayor attended he said they were looking at possibly doing something with the shuttle. The City will have the same problem with their meetings, as will all the employees in this building. He assumes they will make some kind of arrangements. We can play it by ear and see what happens.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman