

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, DECEMBER 5, 2006, 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.; Mayor, Robert J. Benton III; Ex-Officio Member/City Manager, Dennis Beach.

Others Present: Director of Utilities; Director of Electric/Gas Systems; Director Water/Wastewater Systems; Director of Shared Services; Director of Corporate Services; Internal Auditor/Risk Manager; Corporate/Community Relations Manager; FPUA Attorney

Chairman Perona called the meeting to order.

The Invocation was given by The Reverend Bill McClain.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Motion by Mr. Drummond, seconded by Mr. Summerhays and unanimously carried that the items on the Consent Agenda be approved:

1. Approval of the Minutes of the Regular Meeting of November 7, 2006.
2. Residential Electric Rate Comparison for the Month of October, 2006.
3. Purchased Gas Adjustment for firm service for the period from December 1, 2006 through December 31, 2006 will remain unchanged at +\$.254/CCF.

The following letters of appreciation were noted:

1. A letter was received from Major Mike Monahan, Director of Law Enforcement for the St. Lucie County Sheriff's Department, thanking Bill Thiess for his assistance in having power restored to their facility.
2. A letter was received from Exchange Club Castle thanking FPUA employees for their donations of 250 pounds of food.
3. A letter was received from the Children's Home Society thanking FPUA employees for their donations of food for their WaveCREST shelter.

Mr. Frank Varella gave the Board a recap of the presentation to the bonding agencies in New York City. Mr. Varella stated on November 15 through 17, Mr. Perona, Mr. Thiess, Mr. Richards and himself went to New York City with our Financial Advisor, Mr. Mitch Owens. We were well received by the three rating agencies, Moody's, Standard and Poors, and Fitch. The rating agencies always appreciate visits to give them updates when you don't have a bond issue, because it takes the pressure off them. It is surprising when you visit them, how much they know about your community. They follow the news and do come down here for visits, periodically.

Mr. Perona said the way the rating companies viewed Fort Pierce in the past was pretty much as an agricultural community. They have changed that and recognized the fact that Fort Pierce had made leaps to becoming more than just an agricultural community. We have research and tourism and everything that is good about Florida. It is going to help out the Utilities Authority in future bond

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ratings, and, also, the City of Fort Pierce. Mr. Varella said the agencies are starting to see a lot of improvement in our area.

Mr. Thiess introduced a request for approval of a contribution towards the South 26th Street gravity sewer CDBG Project. This is an old project that came before the Board about a year ago. This is the area behind the Greek Orthodox Church on 25th Street. The area has septic tanks and no gravity sewer. It is a health hazard.

Mr. Tim Perkins said in 2005, the City and County agreed to proceed with installation of wastewater service, drainage and street improvements in this area. CDBG grant funds were used, but the project came in at about \$357,000 higher than the grant amount. The County has agreed to pay \$250,000 of the cost overage, and they have asked FPUA to contribute the remaining \$107,000. This will connect eighty sewer customers. The \$107,000 is about \$10,000 less than the wastewater capacity charges that will be collected when they connect. It will take about three years' of revenue to recover the costs.

Mr. Perona said if he recalls this is the area that had several septic tanks that were failing. The Tribune has reported it as an area that had raw sewage in their yards. Mr. Perkins said the Health Department has indicated there is a significant health hazard in this area due to the failing septic tanks. Mr. Perona thinks it is good that the UA steps forward and joins with the City and County to help these people out. It will become an income-producing area for FPUA.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried to approve contribution in the amount of \$107,000 towards the South 26th Street gravity sewer CDBG Project.

Mr. Thiess introduced a request for approval of an agreement with South Florida Water Management District for another generous grant. We have had several of these grants before this Board over the years. This is another one we are looking forward to.

Mr. David Mellert said he thinks it is important to note the Authority has been very successful in working with South Florida Water Management District in obtaining grant money. With the grant we are receiving today, it puts us in the \$1.4 million range of grant money received from South Florida Water Management District for expansion of our water system in the Floridan Aquifer and the R/O Plant. The grant we will be receiving today is for expansion of the Floridan Aquifer. This money will provide for two additional wells, as well as, deepening some of the existing wells. This should increase the supply. The grant application was prepared by LBFH, and with their assistance we were able to receive this grant.

Motion by Mr. Drummond, seconded by Mr. Summerhays and unanimously carried to approve Agreement with South Florida Water Management District for a \$516,000 Alternative Water Supply Grant toward the installation of two new Floridan Aquifer Wells and deepening of three existing Floridan Aquifer Wells.

Mr. Len Lindahl introduced himself to the Board. He sits on the governing board of the South Florida Water Management District. He is pleased to be here today. Mr. Lindahl stated that he has a check for the Board, but what is equally important is what is behind the check. He is referring to what makes it work. That is one word, and that word is certainty. It is all of us looking to achieve certainty for the delivery of our water, a safe supply, in sufficient quantities to our natural systems, agriculture, and

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business and industry, which supplies our jobs and economic base, as well as, to all our citizens, so when they turn on their faucets, they have a safe and reliable stream coming out. The easy, cheap water is all allocated. As we grow in the Treasure Coast and in areas where the population is in Florida, alternative water supplies are going to have to be utilized. That is what this particular check and the programs of the Fort Pierce Utilities Authority are all about, developing alternative water supplies to get us off the total reliance on cheap, easy water, which has reached it's capacity. He commends the Utilities Authority for their wisdom and for their foresight in developing an R/O system and going to the Floridan Aquifer. We are thrilled Bill Thiess is at the helm, and we look for his cooperation and guidance. He is always there, a good thinker and a good performer.

Mr. Lindahl presented a check for \$516,000 to the Chairman for utilization in the construction of the Floridan wells.

Mr. Lindahl recognized Karen Smith, who is the Director of the Martin/St. Lucie County Service Center. He invited all to come and see their new offices.

Mr. Thiess said we appreciate Mr. Lindahl coming up here, and we certainly appreciate the check.

Mr. Thiess advised the Board Kathy Gordon with Siver Insurance Consultants will present the 2007 Employee Benefit Plan Review and Recommendations.

Ms. Gordon said she would briefly review the changes to the Employee Health and other benefit plans for 2007. The health plan will go up by 7.19%. That comes to \$5.00 per pay period for an employee with one dependent, and \$7.00 per pay period for an employee with full family coverage. The dental plans are increasing 6% or 5% depending upon which plan is selected. The life insurance is increasing 11.5% for the basic coverage and 14.3% for supplemental coverage. For employees purchasing supplemental coverage, it is less than \$1.00 per pay period. Long term disability has no change. This year the UA is offering employees the option to purchase a Vision Plan, that will be completely employee-paid. That is a new benefit this year.

Ms. Gordon said the health plan increase is probably the most significant portion of the benefit renewal. Siver believes this increase is consistent with the increases they are seeing in other Florida governments for 2007. The increase is attributed to some increases in the administration, some inflation and some large claims UA employees and dependents have experienced in the last year. Your health plan is self-insured. There are a couple of components. One is stop-loss insurance. EMI is the broker for your stop-loss insurance, and they received quotes from eight different insurance companies this year. Each of those eight insurance companies gave three different options. We found a plan that had a slight increase, but not as significant an increase as we were originally were looking at. The dental plan increases are mainly due to inflation. Siver believes the increases are consistent with what other employers are paying. We looked at a couple of other employers on the life insurance, who Siver has recently done RFP's for, to see if FPUA's life rates were higher or lower, and your rates were still lower than the last two Siver did RFP's for. For 2007, Siver is not recommending any changes to the employees' benefit plan. They are not recommending co-pays be increased or that the deductibles be increased.

Ms. Gordon said your HR Department and staff, along with Siver, are looking to consider a disease management, a wellness program, and working out some sort of annual benefit statement for your

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employees to show them now much money is being spent on their benefits by both the UA and the employee. We are going to look at some vendors and some computer programs to put together something in terms of better communication.

Mr. Summerhays said he assumes the prescription vendor change will go smoothly. Ms. Gordon said she thinks the change is a good thing. You are changing from Pharmacare to Idealscripts. The City of Fort Pierce recently made the same change effective November 1st. There was a 7 to 10 day computer glitch where there were some problems. She thought Idealscripts fixed the problem quickly. They are giving slightly better discounts and better rebates. Siver thinks it is in your long term best interest to make this change.

Motion by Mrs. Cully, seconded by Mr. Summerhays and unanimously carried to approve 2007 Employee Benefit Plan Review and Recommendations.

Mr. Craig Brewer introduced a request for approval of additional monies for the unit price contract for installation of underground electrical conduit systems.

Mr. Brewer stated on March 21st, the Board approved the contract with Utility Lines Construction, Inc. for \$750,000 along with a contract to Mastec for \$750,000 for installation of underground facilities. During the last several months, we've been working on several large projects including Citrus Avenue to A-1-A undergrounding, undergrounding as a result of the Causeway Substation, and the lines that are along the Causeway, lines along Indian River Drive, north of the power plant up to Seaway Drive. During the course of that construction, we went over their contracts in the amount of \$348,000 and that is what we are asking the Board to approve, today. He apologized to the Board for going over that amount without bringing it to them ahead of time. We had slow billing from the contractor and a new supervisor that was overseeing the crew. We have taken some steps to improve that situation.

Mayor Benton asked if this is the contractor that did the work along U.S. 1 to the bridge. Mr. Brewer said they did not do U.S. 1 to the bridge. They did the portion on the east side of Indian River Drive to Seaway Drive. They went across Seaway to Captain's Galley restaurant. Mayor Benton said this is not the folks who did it up U.S. 1 to the bridge and on both sides of A-1-A. Mr. Brewer said no. They did a little bit on Seaway Drive between the bridge and Indian River Drive on the north side to tie into the line that went across the bridge at that location. Mayor Benton said whoever did the work on the north side of A-1-A between the bridge and the corner where Captain's Galley is located there was some work done that did not meet code. He saw pipe that was 6 inches below the ground instead of 18 inches, and, also, where pipe was broken, there is wire. There is not even any conduit. The County is bringing the prisoners on Thursday to dig that back up and replace it themselves. This is their personal line, but it goes to the fish cleaning table and to other facilities there. Mr. Brewer said Utility Services did cut those lines. He believes the County did the repair there. Mayor Benton said in his opinion when a contractor cuts the lines, they should be fixing them, so in the future he hopes if we are using them, they will make it right. Mr. Brewer said he agrees. The Mayor said it caused some problems with the County. Mr. Brewer said we have had conversations with the contractor about the quality of work. Mr. Thiess said he believes there were some special arrangements made with the County to do the work. He thinks there is going to be some reimbursement to the County. Mr. Brewer said that is correct. This was done because the County knew where all their facilities were located better than we did. We will reimburse the County for this repair. Mr. Thiess said it was all done on the County's side of the meter, but it was still our contractor, so we worked out a deal where we would reimburse the County.

Motion by Mr. Drummond, seconded by Mayor Benton and unanimously carried regarding Bid 5575 to approve request for additional \$348,000 for unit price contract for installation of underground electrical conduit systems with Utility Lines Construction, Inc.

Mr. Doug Giel presented a request for approval of ranking of bidders for an RFP for janitorial services. These services cover the Energy Services Center, Second Street, the Power Plant and the Todd Center. We received seven responses to the request for RFP's. Two were non-compliant, and we evaluated the remaining five. They were evaluated based upon cost, experience in the local area, quality of work, procedures, equipment and material. Staff recommends Beachland Cleaning Services. The bid came in at 4.25% less than what we are currently paying. It is an 18 month contract that will end June, 2008.

Motion by Mr. Summerhays, seconded by Mayor Benton and unanimously carried regarding RFP 5655 to approve ranking and authorize staff to begin negotiations with Beachland Cleaning Service for janitorial services for multiple sites.

Mr. Thiess said we initiated a rate study back in February of 2006 with Public Resources Management Group (PRMG). We have gone over the facts with this Board and the City Commission at length over the last two and a half months. We had two workshops specifically on the rates. We had another workshop on bonds and financing. We've met individually with members of the City Commission on at least two occasions. The bottom line is we need the rate increases to cover our increasing expenses and to keep providing quality utility services.

At some point in the discussion process we were requested by the Mayor to go back and reevaluate the numbers to see if we could lessen the rate increases and draw them out over a longer period of time. We went back to the rate consultant and went through the number crunching exercise again. When we got through that there was no cushion in the numbers submitted to this Board for consideration. There was also no room for delay. That brings up to where we are today. We held off on rate increases as long as we possibly could. There were very good reasons for doing that. At the time storms were putting a burden on the residents, so a couple of years ago was a very bad time to bring up rate increases. On the good side, our customers have had the benefit of not increasing rates over the last two or three years. They have benefited from that delay. In discussions with our rate consultants, the rates we're asking for today to become effective in January, 2007, are not significantly higher than they would have been if we had increased rates incrementally over the last two or three years. It is a must do situation at this point.

Mr. Frank Varella said it is never easy to bring rate increases before the Board. It has been over ten years since we brought the last electric rate increase to the Board. It has been over five years since we brought the last water rate increases, and over three years since the last wastewater rate increase.

We are asking for a 6% increase in electric rates. We are also asking for a Public Service Commission prescribed inflationary increase on October 1st every year thereafter. In the water we are asking for a 12% rate increase. There are several more slated for years to come, but we are waiting until next year to bring those. In wastewater we are asking for a 10% increase. We have not brought a rate increase before the Board since 2004, and that was a gas rate increase. At that time we had just experienced two hurricanes. The timing wasn't very good, but you can't hold off on rate increases when you need them, because it will hurt down the road.

Mr. Varella said, as the Board is aware, we have been experiencing rising costs. This year alone we have experienced extraordinary increases in our insurance program as a result of the hurricanes. We have also experienced increases in our health insurance and retirement system for our employees. We have inflationary pressures to deal with. We have regulatory pressures to deal with. As Mr. Lindahl stated, the days of cheap water are over; the days of cheap utilities are over. As we have seen over the years, the fluctuations in just gas and oil markets add costs to our customers and us.

Mr. Varella said we have also been experiencing additions to staff as a result of the increase in building activity in our area and increased costs as a result of increased territory. Although our territory is set, the building activity within that territory is going crazy. That increases our staff requirements. In the last couple years the County and the City have been adding subdivisions. We have worked diligently to have new customers pay for new growth. We have put in place Capital Improvement Charges and other types of charges like meter service connects and things of that nature to help defer costs from existing customers. It takes many years to recover the costs associated with line extensions, whether it is water, wastewater or electric. When we add on to a water plant, it takes five to fifteen years to recover the costs. We get the benefits out to twenty to forty years. The utility business is extremely capital intensive. We have pressures from rising transfers to the City of Fort Pierce. It is very important in order to keep our bond ratings up and our borrowing costs down to keep our debt service coverage up. The cost of rising fuel and oil for our vehicles and materials and chemicals are all rising because of the rising cost in the oil industry. Many products we buy are made with oil. Because oil prices go up, the prices of materials go up. Wire, cable, conduit has increased because of the tremendous increase in the commodities market.

Mr. Varella said we have created new types of revenues in the rate increase. In the past we have not charged customers for dormant accounts. In these rate resolutions we will be charging customers for dormant accounts. We are servicing that customer; we are making sure they have electric and water and wastewater services. It raises an additional \$120,000 in the electric system, and a little over \$220,000 each in the water and sewer systems. That takes pressure off our existing customers who are here 12 months per year.

Mr. Varella said the rate increase amounts to less than \$11 on average in total for all three utilities. This is not extraordinary.

Mr. Varella handed out revised resolutions, which change the effective date. We had originally anticipated putting these into effect at the first billing in January; however, with the 30 day wait period that the City Commission could enact, we have changed the date to be effective today or the first billing cycle in December. If the City elects the 30 day wait period, we can still put the increases into effect in January.

Mr. Varella said staff is hoping the Board will adopt these rate increases today. At the time they are adopted, if there is time this afternoon or in the morning, we will hand deliver them to the City Clerk to do the necessary filing, so she is in receipt of the documents to start the 30 day clock so the City Commission has 30 days to consider these rate increases.

Mr. Thiess said Mr. Varella did an excellent job of presenting this information. With these rate increases, FPUA will still be below, when you combine the three utilities, water, wastewater and electric, all the other utilities in St. Lucie County. Those are Port St. Lucie Utilities and St. Lucie County Utilities. We will be even with Martin County Utilities. He thinks it is important that we are

not out of line with our neighboring utilities or, for that matter, utilities around the State. Mr. Varella said Ocala in the last month approved a 6% electric rate increase and a 12% water increase. He thinks you are now starting to see the utilities in the State have held off as long as they can and will now be increasing their rates.

Mr. Perona said he would like to welcome everyone here today. We will be considering Resolutions UA 2006 – 12, 13, and 14. These are for revisions to our Electric, Water and Wastewater Rates. We are not used to having this many people at our meetings. We are happy to have you here and involved in our decision making process. As you see from some of the items that came before us today, it seems we went through them easily, but we have spent the last several weeks on some of these issues and for the most part, back and forth with staff individually to make sure we have a clear understanding of what is before us today. Public input to the Board is very important. We hired a firm to come in and give us a report on how and why we need to raise the rates. We hear from our staff how that will channel through our financial system, but one thing we don't get is input from our ratepayers. That is why we are all here, trying to make good decisions for our ratepayers. That's why it is important for the public to come forward and speak to us on these issues. We would like to keep comments to five minutes each. The green light stays on for four minutes. When you see the amber light, you have one minute to come to a conclusion. When the red light comes on you should complete your comments. When you approach the podium, please give your name clearly and your address. The time won't start until after that.

Mr. Kenneth Olen, 4097 Gator Trace Road, 34982 approached the podium.

Mr. Olen said he came here loaded for bear and just got the wind taken out of his sails. He was concerned because in Gator Trace we have quite a number of part-time residents that put their accounts into a dormant state up until now. You could do it this morning. The fixed expenses for running the utility – labor, benefits, other capital demands – all those expenses that are incurred before you sell one kilowatt hour of power, or one gallon of water or treat one gallon of wastewater, are not being distributed equally among the customers. This idea of putting an account in a dormant state ought to stop immediately. Mr. Varella quantified what kind of additional revenues the Authority would have from that, and there's no reason to delay. As far as the rate increase, he thinks the Board is doing a wonderful job. You have the fiduciary responsibilities, and you are exercising them properly. He thanked the Board for allowing him to speak. Chairman Perona thanked him for his comments.

Mr. Boisy Demery of 2705 Booker Street, Fort Pierce, Florida, approached the podium.

Mr. Demery said he came down here to see why a single person has light bills like he has here for the last twenty years. He would like to show the Board pictures of the poles out there, because they are not up to par. They are paying money for something they are not getting. He asked, now, when is Fort Pierce going to get together with the public. He would like for the Board to look at his light bill. He showed the bill and pictures he had taken to Mr. Perona. Mr. Perona said, okay. Mr. Demery said the wires are out of date. The transformers are blown up. He can take similar pictures all around Fort Pierce. It is time for us to get together. He said we vote for ya'll and ya'll ain't doing nothing when you get in here but getting money off of us. One person's light bill is \$212 for a month. He brought this year's and last year's bill. He has them stacked up high. He hasn't had children in his house in about 30 years. Now, those wires are naked. We are losing our current. So, what we gonna do, ya'll?

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Mr. Perona said we are here to hear from you. This hearing is on rates. He is sure we can direct staff to make sure we have that looked at. Can you talk to me about rates? We are talking about possibly raising rates. We want to hear from you about that issue.

Mr. Demery said he can't hardly pay what he is paying now, so if you keep pushing it up, how can he ever pay it? He has a generator. He can cut the lights off and run his generator. Mr. Perona said we all know how to do that, don't we? He thanked Mr. Demery for his comments.

Reverend Shaw, 402 North 30th Street, Fort Pierce, Florida, asked to speak next.

Mr. Shaw stated he is a lifetime resident of Fort Pierce, born and raised here, never left. He stated he is concerned about your rates. He knows the issue this afternoon is raising our rates. He knows the Board spent tremendous hours coming to terms with what you want to do with this, and you probably already came to a conclusion about what you need to do. You are taking into consideration a lot of things, but one thing he thinks you have not done is take into consideration the people of this community, especially, those who are making minimum wages. Minimum wage is less than \$7.00. That is \$140 per week, \$507 per month. If you make \$10, that is about \$1,600 a month. At \$15, probably around \$2,400. When you get a utility bill of \$400 or \$500, where does that leave the minimum wages? It is just impossible for them to pay that kind of bill. It is hard on him enough. He makes a decent salary, but the people who are on fixed incomes who only get \$1,000 from Social Security, that's not much to live on. He hates to see senior citizens become victims of crimes or go out and commit a crime because they need to pay their utility bills to keep their lights on or any other thing or somebody else younger trying to do something illegal to try to make extra money to keep their utilities going. He has three daughters, and they have a hard time trying to pay their utility bill. He has his own utility bill to pay. He can't help them pay their utility bill every month. He hates to see them in the dark, because they have little ones. He just can't see raising the rates right now. It is just outrageous. We need to do a little more work and figure some other kind of way to do this, if you don't mind.

Joseph Jenkins of 2305 North 19th Street, Fort Pierce, Florida, in the community known as Paradise Park.

Mr. Jenkins said he is here to echo the two speakers before him. When we talk about rates, he goes back to the first speaker, Mr. Demery, a long time resident of this community, we are talking about, also, service. He thinks that is what Mr. Demery was getting at, is the fact that we are not getting the service that we justly pay for every month. The reason why some of these accounts are dormant is because of that. Numerous houses are on one light pole or one transformer. We could look at ways to better the system which we are using, and, maybe, that would drive down costs and expenses that you could pass on to your ratepayers. We are not here to discuss the consultants' report.

Mr. Jenkins said he would like to back up and just ask the question, because he doesn't know. Who is this guy? Mr. Perona said, he is the chief financial officer of the Fort Pierce Utilities Authority. Mr. Jenkins said he is the chief financial officer of the Fort Pierce Utilities Authority, not with the Board? Mr. Jenkins said he is asking for more money. Mr. Jenkins said he is not understanding. We look to you guys for leadership and governing. From his little knowledge, he is becoming better electrical educated; he is 40 now and is paying his own bills now, on his own, without mom and pop's help. This Board was put together to make the decisions that we are going outside to get. He respects all the Board Members here. He wants to thank you guys for coming on one of the talk shows on one of the radio stations. Camille, your PR person, was very nice. We shared some information, and he has nothing but the utmost respect for the Board Members here, nothing personal, but do we have – believe

me, I went over the resumes, and you guys are quite qualified to manage – he saw some degrees – but, do we have anyone who actually worked in an electrical, power company? Mayor Benton said he did. Mr. Jenkins said that is from the true electrical background, right? Mayor Benton said we built and maintained a plant. Mr. Jenkins said, okay. In a system, FPL background, something, something energy, he thinks that is what we are demanding from you guys. When we got this consultancy report, it costs. You are going to have to pass that cost on to somebody. What we are saying is trim the fat, and you will find the revenue. We have to find a way to do that. We, as residents, are not considering moving. He was telling a friend of his in Port St. Lucie about this and his first outburst was, hey, man, if I was doing that, it would be a mass exodus. Is that the true feeling this board wants to send to the ratepayers? Don't let an account lay dormant, cut them off, move them out. Is that the message that this Board that was formed to govern for the City of Fort Pierce, which he is a member of, and that means the taxpayers, to the elderly? He thinks you're going to hear that as these folks have come out, and he wants to thank them for coming out over and over again. Again, service, and he will sum it up. We are talking about on the beach, we're burying lines. The Mayor pointed out he saw something that was under code and needed to be fixed, lines being buried, and we're still on old poles.

In closing, a great teacher said, we are teaching the three R's, but if we can mix in the three C's, we'll have a better school system around this country. He is asking you guys to implement the three C's – confidence, competency and connection. We understand you are competent. He read all the resumes. We should understand you are confident with the pay increases. Let's get connected. Thank you.

Mayor Benton said he would like to make a statement when it came to burying lines, we haven't started on the beach yet. We started on this side of the bridge, but we're burying lines all over town. We've buried them with our street projects downtown; we've buried them along Georgia Avenue; we've buried them, he believes, along Avenue D, and we are going to bury them along Martin Luther King Boulevard starting next year. We are doing it all over, not just in one area. He just wanted to clarify that.

Anthony Stubbs, 702 North 22nd Street, Fort Pierce, Florida, approached the podium.

Mr. Stubbs stated he said the bills are cheap and that we're paying cheap, we have the lowest bills – when you are paying, say, \$60.00, \$8 off electrical, and \$30.00 tax, plus another tax on that \$30 tax, then you're paying \$16 on garbage, plus tax on that tax, and you're paying \$30 for gas and about \$29 for taxes and another tax on that tax, your bill comes to what? \$200 and something per month. Who can afford it? Another thing caught him, when Kathy Gordon came up here talking about insurance rates and how, because the dental was going up and the life insurance was going up, and you're going to pay higher and do this and do that. – what he just told me is we're going to pay his bills. The rate increases are because of his health plan and dental plan. We are already paying an arm and a leg, and we've got to help pay his dental bills? Who is paying my dental bill? Who is paying my health bill? Me. Thank you.

Allie Reynolds Rivera, 2740 Navajo Avenue, Fort Pierce, Florida, spoke next.

He said he has been a resident of Fort Pierce since 1979 and has been doing construction work ever since. Back in 1993, his house burned down, and he took the opportunity to bring his house up to code. He insulated all his house, all perimeters. Those houses on Navajo Avenue don't have insulation. He doesn't know how they got away with that on the walls, but they don't. His house is the only one that has insulation on the perimeter of the house. He always thought the light bill was high then in 1993. That is why he went ahead and insulated his house. A few days ago, his neighbor

commented to his wife that his light bill was \$500.00. He got indignant. He is not a public speaker, but he said he has to come down today to voice this, because he thinks it is outrageous. The Meter Man – he is always concerned about where is the Meter Man to read his meter? He was expecting his light bill to drop. When his neighbors come to his house and say, what have you done to your house, he says he insulated his house, but his light bill never came down since 1993. With the hurricane he heard the light bills were going up and up in Sheraton Plaza. He feels for those individuals that have a house and are air conditioning the house. He volunteers a lot of times to try to help them insulate some of the houses. He always says if you insulate a house, a window unit could do pretty good. He is enraged and indignant about what has happened in Fort Pierce. It seems to him the same thing happened here as happened down in Delray Beach, Miami. We are not moving nowhere. We are not moving from our beachfront property, because it is a beachfront property. We know that where we sit is gold. We ain't going nowhere. There are measures we could take. We could pull our switch down. We could do that. He hopes we don't have to do that, because there are a lot of folks here who are ill. We have a lot of senior citizens who can't do without air conditioning. He hopes there is a resolution coming forward to take care of this problem. His wife commented to him about Georgia. The same thing happened in Georgia on the beach area. The rate went up on property taxes, the light bill went up on the property and now you have a big development on the beach, and the common person can't go there anymore. We see what is coming this way. He just wants this Board to understand that we know what could happen if we don't stand up. We are ready to stand up. He just hopes and prays there is some resolution to help our people in this community, because there are other measures we could take. We could do without electricity for a few weeks. We could do that. He just wants to thank the Board for the opportunity to be here and voice his opinion. He hopes something can be done about it.

Ernest Rondeau, 4525 South Indian River Drive, Fort Pierce, Florida, addressed the Board.

Mr. Rondeau showed the Board one month's billing, which he has tried to get them to put all on one bill. (Mr. Rondeau displayed a hand full of bills.) With the advent of computers, he doesn't see the need for this. This is just a minor waste, and he is wondering how much of this waste permeates the entire system. If it does, maybe they ought to take a good look at the waste in the system, and they wouldn't have to raise rates. He would appreciate it if somebody would take a look at this.

Julius Bell, 2722 Oleander Avenue, Fort Pierce, Florida, addressed the Board.

He asked how many people on the Board are paying customers of Fort Pierce Utilities Authority. Chairman Perona said in order to be a member of the Board, you have to live within the City limits of Fort Pierce. Mr. Bell said, so, everyone of you guys are on Fort Pierce Utilities Authority? Mr. Perona said yes.

Mr. Bell said you had the gentleman, Frank, here, and it sounded to him like you were having a labor relations board meeting. It sounded like he was out there pitching for the workers that's under his command. We are here trying to figure out why the rates are going higher. One gentleman came in and told you about the lines, transformers and how dilapidated they are and how things are falling apart. It seems like you don't mind spending money on the beach. He was here last night and listened to the whole rap. It was just like happy days are here for the beach, but when it comes to people who live on the other side of US 1, it is a problem. You want to raise the rates. You want to do this; you want to do that. There's no accountability. When we talk about the excess revenues the Fort Pierce Utilities Authority brings in, that goes straight to the city coffers into the general fund, and they use that any way they want. It is just like a windfall. It is a party when they get that \$5 million or \$6 million check every year. Why don't you take that money that is supposed to be excess revenue they

accumulate and pass it on to the customers? Why don't you weatherize or check the houses to make sure or do something with the money to bring down the rates to the customers or people that need it? Last year we had a meeting here, and the first thing that came out of this gentleman's mouth when he said we need to help the seniors, he said if they don't pay, we turn the lights off. Mr. Bell said, what about the ones that are on life support system? He was told us that's their problem. That's the compassion. It is just smoke and mirrors. You are not really that compassionate. There was another gentleman, maybe the same one, that said we've got a bunch of scum bags in Fort Pierce. There is no respect. It just like you're sitting up there. You're not really elected, you're selected by people that we elect, so we have to change the people we elect to put people in there that's going to make sure that we get the right people that are going to be concerned about the citizens. This is supposed to be a government. The people are the government. This is a utility company that is supposed to be a municipality that the people are supposed to have control of. Now, what we have to do is vote out the people that don't care about us, and put people in there that do have compassion and who are going to worry about bringing the rates down and not playing games. It seems like these people here, they don't care about us. They don't care about us or they wouldn't be over there talking about dental bills and talking about health plans. They should be worried about rates coming down. If you have to cut someplace, what did Bush say, we don't want no taxes. That's like a tax; that's like raising the taxes. If you are all so conservative, why would you want to raise rates? That's like raising the taxes. Don't play games with the people. Be straight up with them. If you can cut down on some of the excesses, some of the fat in the Fort Pierce Utilities Authority, then do that and bring the rates down, so people can live. Like the gentleman said about senior citizens, you have senior citizens that just barely get a \$600 or \$700 check from Social Security, and then they got to spend all that on a utility bill. What are they supposed to eat? Dog and cat food? How they supposed to pay their rent? How they supposed to survive? You've got medical bills and pharmaceuticals. They are raping the country with prescription drugs. So, we've got all this coming down on us, and then you are talking about raising the rates. It is like insult to injury. It's crazy. You have to think about the people. If you don't think about the people, the people are going to think about getting somebody in there to replace the City Commissioners and the Mayor and bring another Board in there who are going to worry about and think about the people and have some compassion.

One of the people from the audience asked if the Board would answer the question about excess revenues and whether they're going to continue to be generated. Mr. Perona said we will talk about that during Board Member comments.

John Palmeri, 1217 D-2 South Lakes End Drive, Fort Pierce, Florida, addressed the Board.

Mr. Palmeri said he is pleased to hear the gentleman, Mr. Varella, is your chief financial officer. He thinks it is incumbent upon the Board to have Mr. Varella explain to the citizens the financial status of this utility. Are you unable to pay the debt service? Are you on the verge of bankruptcy? Mr. Varella made his supporting claims for the passage of these resolutions; however, he failed to use any figures. Will you please ask him to come forward to demonstrate the financial status of this utility?

Maxine Green, 601 South Second Street, Fort Pierce, Florida, addressed the Board.

Mr. Perona welcomed Mrs. Green to the meeting. She said, hopefully, her welcome will show results for the ratepayers.

Mrs. Green said she is now a Fort Pierce ratepayer, and she's not very happy about that. In all seriousness, the last time we met here, we were treated so disrespectful that she said she would never

come here again. As Mr. Bell stated we were referred to as scum bags. We were also referred to as tar babies. They talked about we were in the wrong place, that this was not a place for charity. We were not here about charity. We were here to explain to you that we understand that you are here about business, and you are here to make money. We also understand, are you supposed to make money on the backs of the seniors, those who are unable to pay? She heard someone talk about what are we going to do about those families who are receiving wages of \$7.00. There are workers who are getting less than \$7.00. Those families' bills are \$500 and \$600. When we had those Concerned Citizens Meetings across the hall on the second and fourth Wednesdays, families come there with their bills. Those bills are higher than their rent or their mortgage. She continues to say that to you. This is a hardship to these families. They simply cannot afford it. She is not going to say "they", she is going to say "we". We cannot afford it. She heard the Mayor say he cannot afford it. Of course, he is in a different bed, but he said he can't afford it. She is here to say to you today, she doesn't know how you are going to talk about a rate increase. She heard the ratepayers talk about it is time to elect those who are compassionate and understand the concerns of the people. She understands the difference between this Board and the City Commissioners, because this Board is appointed, but the Commissioners are elected. When we went before the Commissioners, they told us we should come here. We came here, and you insulted us, but you also said we should go back to the City, because you didn't have money. We sit in the City Commissioners meeting when you present to the City \$4.5, \$4.7 million every year. We also hear the employees talk about their vacation plans, their pension plans, and all of that comes out of the ratepayers' increase. She is speaking to each Board Member. Before she goes there, she thinks she should go back to the meeting of last night. She thinks at last night's meeting there were people who were saying, thank you for unity in this community. If there is community unity, she thinks it has to start with, can we afford to talk about an increase where we can't afford to pay the astronomical costs of today? If we are talking about unity, shall we then say we know that you are going to talk about an increase; we don't know what the City is going to approve, but we also know that the City referred us to the Charter. Julius Bell and she read that Charter and read it very carefully. Mr. Mayor, it says that no rate increases can be approved without the Board of City Commissioners. She leaves you with that thought. Thank you for having us here tonight, but before she sits down, she must say there are an awful lot of people who have serious concerns about this meeting, who were not able to attend because they are working. We are glad that they are working so they will not be in the dark, that they can afford to pay their utility bills. So, she comes to say to you on behalf of those who could not come, we cannot afford any more increases. Thank you.

Reverend Hermich Felton, 2614 Avenue I, Fort Pierce, Florida, addressed the Board.

Mr. Felton said, first of all, he doesn't see any tar babies in this room. He sees human beings. He preaches and teaches his children not to hate, not to go around calling names, call a man a man, yes sir and no ma'am. He teaches that and has preached it for fifteen and a half years, teaching my fellow brothers and sisters to love one another. He teaches that. God didn't create no tar babies, according to his Bible. He doesn't know what kind of Bible ya'll have. According to his Bible, God did not create no tar babies. Scripture says he created man and woman. The name calling, that's childish. Grow up. Be a man. Stop being a coward. Don't hide behind your hand. Stand up and face life. We're here. We ain't going anywhere. You can't make us go anywhere. There is nothing you can do but try to get along with everybody. You don't have to like me, but you can get along with me. Thank you.

There being no one else who wished to be heard, the Public Hearing was closed.

Mr. Perona thanked everybody that spoke. You were heard. We do have a list of some ideas he hasn't heard before, and he is sure the other Board Members, also. We have been through extensive issues

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with Mr. Varella, who is our chief financial officer, and an outside consultant, who has identified the precise financial condition of the Utilities Authority. It is in all of our minds as we make decisions this evening one way or the other.

Mr. Perona introduced Resolution UA 2006-12, revising schedule of rates for electrical services.

Mayor Benton said he would like to make a comment on this. Unlike the next two resolutions, understanding that the electrical service we get is through a pool with the Florida Municipal Power Agency – it is not like we're getting our electric from our power plant down the road – it is a pool of many power plants throughout the State that get their fuels from gas, oil, nuclear, natural gas, from many sources. Those rates have gone up, and there is nothing we can do about those rates. We couldn't buy into the reserves, so unless we want to end up like Lake Worth – he is sure everybody has heard about Lake Worth where their utility, basically, almost went bottoms up, and people were without power for months. He thinks everyone here should be thrilled after three hurricanes, most everybody had their power back on within seven to ten days, if not sooner. That was amazing in his book. He can tell you from the rest of the State, that wasn't the case. Because, those numbers, the 6%, is out of our local hands, he will support that increase, but the other ones, he will not be supporting, because when it comes to water and wastewater, we'll talk about that when it comes. He thinks regarding the electric, we bought into this pool, and if we were to be building a new power plant, this power plant here has two years or less left, and it will be decommissioned. If we were to have to rebuild our power plant ourselves, these rates would be out of this world. We couldn't afford to do it. It is impossible. We need electric and it is a cost like going to the gas pump. He has a family of four. His electric bill in the summer is between \$500 and \$600. Yesterday it came at \$347.00. He can turn his air conditioner off and save a few dollars at this time of year, but it is affecting the families as well as the seniors and everyone else. The cost of living in this State and in this country, because of fuel, energy, has gotten out of hand. Unfortunately, we can't turn it off, because it does keep people alive.

Mr. Perona said before we go on, there were a couple of issues that were raised, and for clarification, let's address the transfer to the City. This is well defined, financially, and it is our obligation to the City to do so.

Mr. Thiess said when the Charter was established for the Fort Pierce Utilities Authority, you have to understand that the utilities were a division of the City at the time. Prior to becoming the Fort Pierce Utilities Authority, it was the City of Fort Pierce Utilities. The City fathers at that time drafted the Charter that governs how we operate now. That Charter says very specifically that 6% of the gross revenues at the end of each year, based on the previous year, will be transferred to the City. That is not something this Board has the authority to change. If the Charter was changed at all, it would have to be at mutual consent of the City and the UA Board and would have to go back before the citizens for a referendum. Mayor Benton said for the record, this was set up, not by the City Commission, it may have been worded by the City Commission and their Attorneys, but it was voted upon by the citizens of Fort Pierce. The Charter was set up this way, the transfer was set up this way by you, not by the City Commission. Mr. Thiess said it would have to be changed in the same way. Any changes to the Charter would have to be drafted in this form and go back to the citizens for a vote. The transfer is still in effect and will be in effect until such time as the Charter is changed.

Mr. Perona asked Mr. Frank Varella to give us a real quick synopsis of the financial status of the Fort Pierce Utilities Authority.

Mr. Varella said in the first hurricane, he thinks we lost 400 different accounts. We have lost two of our top ten electric customers – Southern Film Extruders on Indian River Drive, and Indian River Foods west of town. That has had a dramatic affect. Over the last year, he has reported to the Board every month regarding our financial condition. He has tried to highlight the fact that our working capital has been depleted month after month. Our capital spending has risen and our cash outlays have risen and our cash balances have been decreasing. In a nut shell, because of the lost customers, and increased expenses, increased expenditures relative to capital, those are all reasons we need this rate increase. The rate studies performed by our rate consultant, PRMG, if they are not on our website today, they will be tomorrow. They explain quite succinctly why we need a rate increase. We do need these rate increases.

Mr. Varella stated on a positive note, he would like to say, what we did on this rate increase differently than our last rate increase, was we tiered our energy charge for our residential customers, so that our lower energy users are not hit with as big an increase as our higher energy users. That should take some pain off the lower energy users. We formatted that just like FPL recently did, also. Mr. Perona said if you have somebody that uses a little more than the average amount, they will be paying more than the person who only uses the average amount. Mr. Varella said a person who uses a thousand kilowatt hours or less, will pay a lower rate than a person using over a thousand kilowatt hours on the amount charged for usage over a thousand kilowatt hours. Mr. Perona said as far as electric goes, the average residential bill will be \$3.88 more.

Motion by Mr. Summerhays, seconded by Mr. Drummond to approve Resolution UA 2006-12 Revising the Schedule of Rates for Electric Service.

Under discussion, Mr. Drummond would like the record to show in relation to electric increases, this is the first one in ten years that has been brought before this Board.

The roll was called and the motion unanimously carried.

Mr. Perona introduced Resolution UA 2006-13 Revising Schedule of Rates for Water Service.

Mayor Benton said he will not be able to support this rate increase. If it was a lesser number, he might be able to accept it. He thinks it is way too high, and he doesn't know how to tell folks that have pipe in the ground and we have facilities that aren't at capacity, how you can raise rates. If it were 2% or 3% per year, he knows it has been some time, but the numbers are just too high for him. He knows the burden this will place on the public, so he is sorry, he can't go along with this one.

Mr. Drummond asked if Mr. Varella could share, again, what the average cost would be as associated with the water increase. Mr. Perona said the percentages are somewhat confusing and don't tell us a whole lot. What is the affect to the average, monthly bill? Mr. Varella said the average water customer uses 7,000 gallons per month. In the water area, the average customer will experience a \$3.09 per month increase to their water bill. Mr. Perona asked how long it has been since we visited the rates on water? Mr. Varella said five years.

Mr. Perona said earlier in the meeting we were awarded a \$516,000 grant from the South Florida Water Management District. We are constantly pursuing outside grants, and, basically, free monies to help us with our alternative water sources, which is a direct line of savings to our ratepayers as a whole. Is that true? Mr. Thiess said, absolutely. We have pulled in about \$1.4 million on the water facilities alone, between the plant and the wells. Obviously, that offsets our capital costs and allows us

to keep our costs down. Mr. Perona asked Mr. Thiess to tell us one more time about the R/O plant and what it does and how important it is to our water system.

Mr. Thiess said when we started the alternative water supply, we got grants very early on for building the plant, itself, and for other wells and the addition of the third skid to the plant. The Reverse Osmosis Plant treats water from the deeper aquifer, the Floridan Aquifer. The wells are typically in the thousand foot depth, as opposed to 130 or 120 feet for the surficial aquifer. The advantage is it is a more plentiful water supply, it has more saline, more total dissolved solids; it requires the reverse osmosis membrane process to get those solids out of the water. It is a different treatment process altogether, but it is a more sustainable source. The surficial aquifer, that our original wells for the lime softening plant are tapped into, are subject very much to the fluctuations of weather and drought. We had a period back in the 1990's where we were in a very severe drought, and the utility to the south of us actually lost their water supply. They couldn't meet demand. They had to shut down the system. If we had to rely on the surficial water supply right now, we couldn't meet our demands. All of our future demands are coming from the Floridan Aquifer. All of our future plant increases will be to the R/O plant. At some time in the future, we're telling the Water Management District, probably 20 years out, we will probably abandon the lime softening plant and be 100% reverse osmosis.

Mr. Perona said the water we are getting out of the ground right now we would not have even thought about drinking 50 years ago. Mr. Thiess said that's correct, and 50 years from now it will be totally different. In 50 years the Floridan Aquifer might be tapped out, and we might be pulling water out of the ocean. Mr. Perona said when you talk about the skids, you're talking about the intense filtering system in the R/O plant that takes out all the impurities from the water and makes the water safe to drink for our citizens. Mr. Thiess said yes. The R/O skids are stacks of vessels with membranes in them that the water is circulated through. Reject water comes off the back side of them and permeate water is the water we drink. We built the plant for a very reasonable cost per gallon. You could never duplicate that cost, today. The third skid we added, the larger of the three, was a \$2.5 million project with one half million coming from South Florida Water Management District. That got us the better part of 4 million gallons per day capacity.

Mrs. Cully said she thinks it is very important that we plan ahead. Water is very important to everyone, and it is very important that we have clean water available to us. We should go ahead with this. It has been five years since we've had a rate increase, and she thinks it is important that we do so.

Mr. Perona said it is always difficult to raise any rates, and when it is in front of this Board, we may not be from the utility sector, but we're from the business sector, and we know how to pinch pennies and make things work when funds aren't readily available. All of us have been involved with Fort Pierce Utilities Authority long enough to know if there was ever a dime to be saved, we saved it. He thinks by holding off on raising rates for the last few years, we have made a benefit for our ratepayers not having to be charged all these extra monies. If we had gone on a 3% per year basis or stayed with the regular indices, our ratepayers would be paying a lot more. We have always gauged what our ratepayers pay by what the utility needs to operate.

Motion by Mrs. Cully, seconded by Mr. Summerhays and carried that Resolution UA 2006-13 Revising Rates for Water Service be adopted with Mayor Benton voting no, Mrs. Cully, Mr. Drummond, Mr. Summerhays and Mr. Perona voting yes.

Chairman Perona introduced Resolution UA 2006-14 Revising Schedule of Rates for Wastewater System.

Mr. Perona asked Mr. Varella how much more a typical, residential customer would experience from this increase. Mr. Varella said the average, typical residential customer would pay \$3.91 more per bill. That is the amount that would be paid by a customer who uses 7,000 gallons of water per month. That is how we bill our wastewater services. Mr. Summerhays asked how long it has been since we last raised these rates. Mr. Varella said three years.

Mayor Benton said he won't be supporting this resolution either. He is going to start with the wastewater treatment plant on the island, as he was the one that really spearheaded ten years ago moving that facility off the island, and he knows some of the discussion in the workshops have talked about this rate increase to help move that plant or at least, eventually, decommission that plant. To him, he firmly believes the permitting agencies that permitted that plant, which means the federal and state governments, should be the ones working to help us relocate that facility. Last year it started with a grant from the State of Florida through the South Florida Water Management District for just under \$10 million. He expects over the next nine year period, which is the length of time we discussed decommissioning the plant, we will be applying for more grant money. He could never do this and put the burden on the ratepayer, knowing the cost of everything between insurance rates, taxes, and everything else. To him it is the icing on the cake when it comes to utility rates, and when it comes to water and wastewater, the facilities are there. They are not at capacity, and in his opinion, a lot of this is being done to support new growth that is not, specifically, being approved by the City Commission, but more so, by the County Commission. He doesn't agree with that.

Mr. Drummond suggested that he somewhat agrees with the Mayor as it relates to the future of the treatment plant on the island, but everything he has seen suggests that the rate increases being asked for today, are what is needed for what we already have in place, not for the moving of the plant. If, indeed, we are successful, and he hopes we are, in terms of getting grants that will continue to add to the possibility of moving the plant and assisting with some of the growth, he believes staff would be able to come back to us and suggest a reducing of the rates or a holding of our current status and not having to further increase the rates. He would certainly support that, but as he is understanding it, the resolution before us today is what is needed now. If he is incorrect, he would certainly appreciate staff indicating he is wrong in his analysis.

Mr. Thiess said that is correct. We had this discussion during the rate workshop. If we didn't add another customer to wastewater, we would still need this first year's rate increase. This is to cover our costs, our rising costs of doing business, materials, labor, the general administrative costs to the utility, and to replenish our cash reserves, which have been depleted. On the wastewater side alone, we have a tremendous amount of old pipe in the ground, particularly, in the downtown area, out as far as 25th Street. There are a lot of clay sewer pipes and clay laterals. They are very maintenance intensive. When you do a road construction project, they, typically, fall in the hole. You have to change them out and put PVC in. We have to get back on our renewal and replacement program in wastewater, which we have really put on the back burner as part of the strategy to hold down rates and not make increases. You can't put maintenance off forever. The longer you put it off, the harder it is going to bite you when you pick up the R & R Program again. If we didn't add a single customer to the system, this particular increase is needed. If we were going to change our direction and not build the mainland plant, and look at focusing back on the island and increasing capacity there, future year increases could probably be cut back some. We would still have some expenses to expand capacity on the island, but probably not nearly as much as it would cost to build a plant out west. That is a decision this Board would have to make in conjunction with the City Commission and the community. We have been given the direction to head west, and that is where we have been going. This rate increase has very

little to do with that and would be needed regardless of whether we added a single customer to the system.

Mr. Perona said he thinks the dependability of a utility, he used to call the utility an invisible giant, he never noticed much about the Utilities Authority. He flipped a switch and expected the lights to come on or turned the tap on and the water would flow. He is finding out there is a big responsibility, especially for the people who are sitting on this Board, to constantly keep that in mind. We aren't talking about building massive plants or anything when we are talking about these rates today. We are talking about keeping those lights on and a good source of water. You read about other communities that have water problems and are having to boil water and businesses can't count on their electric supplier. You are not reading about Fort Pierce being that way, because we are trying to upgrade and keep up with new ways of doing things. We are undergrounding where we can, and we are trying to keep ahead of the grade so our ratepayers have the best there is at an affordable rate. Affordable is what we have to spend to maintain this quality of service. He thinks the administration has been doing an excellent job at that. We did not add any employees for 14 years and everybody was wearing many hats. Mr. Thiess said we still have people in major managerial positions wearing two hats, instead of hiring other people. We have been pretty lean.

Mr. Thiess said he would like to point out if we had adopted the Public Service Commission deflator index from three years ago – The PSC establishes indices to allow the regulated utilities increases to cover their increased operating expenses each year. These indices are lower than the Consumer Price Index. It is one of the lowest indices you will see out there. If we had followed the PSC index for three years since the last increase, we would have a 13.3% increase today. We are asking for 10%. The cost increases we are telling you about are justified, not just by this utility, but by every utility in the State of Florida.

Mrs. Cully said she thinks this is very important. Not only do we need the rate increase right now, but we do have to plan for the future. We can't wait until it comes and it is too late or we're running like crazy trying to catch up, find the money. We need to go out and look for grants and find other monies to help us build the wastewater plant, but she doesn't think we should stall and hold off on it. We need to consider it, look at, and plan ahead.

Mr. Thiess said we did apply for funds from the State of Florida last year. We submitted a Community Budget Issue Request to our legislative delegation, and we were awarded almost \$7.9 million through the South Florida Issues Team. We submitted another application this year directly to the Issues Team of South Florida Water Management District, and we submitted another Community Budget Issue request last week to our legislative delegation. He is going to present that request to the delegation in January when they meet at IRCC. That is for another \$10 million. We are very optimistic we will get that appropriation, again, this year. We are going to keep submitting them every year. He hopes they keep funding them. If we do get these \$10 million chunks of money, that is considerable when you look at a \$45 million plant expansion. That is almost a quarter of the project. If we keep getting those, they will cut down on future rate increases in the second, third and fourth years.

Mr. Summerhays said he would like to make note of two things. These three rate increases for our average customer, taken all together, come to \$10.88 per month. While he recognizes that for a lot of people, particularly those at minimum wage level, \$10.88 can be a significant amount, we as a utility would not be fulfilling our fiduciary responsibilities if we did not keep this utility solvent. As some of you know, I am a Certified Public Accountant. He has listened to all of the presentations about where we are financially and what we need financially. He has been expressing concern at our dropping

working capital, which is an accounting term and means that your cash and your current quick liabilities, like accounts receivable, less your current assets, less your current liabilities – items that must be paid soon – has been dropping month after month after month. It has caused him a great deal of concern. In addition to that, we have already covered the electrical issues, but every month we compare our rates to all the other municipal systems that are in the Florida Municipal Electric Association. For this particular month, we hit the municipal median to the penny, and we are \$.60 over the municipal mean for the average 1,000 kilowatt customer. Our rates are not out of line. We spend a lot of time trying to make sure they aren't. We were accused of not having compassion. We knew we had to make these rate increases two years ago. We, as a Board, discussed it and said we cannot load this on top of people who just got nailed by these hurricanes. We put it off and ate up our reserves. At this point we have to replenish them. Given all of that, Mr. Summerhays made a motion.

Motion by Mr. Summerhays, seconded by Mr. Drummond and carried that Resolution UA 2006-14 Revising the Schedule of Rates for Wastewater Services be adopted. The roll was called with Mrs. Cully, Mr. Drummond, Mr. Summerhays and Mr. Perona voting yes. Mayor Benton voted no.

Mr. Perona thanked everyone who came and spoke today or those who came and listened. We appreciate your comments. We invite you to come back to any of our meetings. We do have a specific time that we ask for comments from the public. Rarely do we get any, but they do help us with our direction. We do want to keep in touch with ratepayers. We are all ratepayers in the city, ourselves. We would like to hear anything that anybody wants to say on those issues.

Mr. Thiess said we are going to present the request for a grant to the Treasure Coast Delegation on January 4th at IRCC in the Kight Center. We will send our presentation in and be on the agenda. That will be a request for \$10 million from the legislature through the Issues Team.

Mr. Perona asked for comments from the public on any issue other than the rate issue which we held a public hearing on already. No one asked to be heard.

Mayor Benton said he was told today by somebody with Mustard Seed that if somebody is on life support of some sort, if their power is going to be turned off and there is a written notice from the doctor, that it is against the law to turn the power off. Is that true?

Mr. Koblegard said the UA has a policy if we are aware someone is on life support, they are not handled as a regular customer would be. Mr. Varella said we have a written policy concerning that. Our policy is pretty much standard within municipal utilities. If a customer is on life support and they cannot pay their bill, and they are given a delinquent notice, we give them written notice that their service will be terminated, and that they need to have an ambulance come to take them to a hospital.

Mr. Thiess said that is an issue that came up through Hospice. He talked with Chris Craft, County Commissioner, this morning. The County has a program that will pay up to four months for a County resident who is terminally ill and can't pay their bills. He spoke to the Mayor this morning about the possibility of the City filling that gap, because when Hospice designates someone as terminally ill, that is usually six months. We are going to have a package e-mailed to us from the County laying out their program, make sure Hospice is aware of it, and get with the City to see if we can fill in the gap between four and six months and have a program in place, so all these people can get their utility bills

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paid. Our Customer Service Department would be involved. Mayor Benton said he looks forward to receiving that information. He thinks it is a good program and something we need to do.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN