

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, DECEMBER 19, 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.

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

Others Present: Director of Utilities; Director of Electric/Gas Systems; Director of Corporate Services; Director of Water/Wastewater Systems; Director of Shared Service; Corporate/Community Relations Manager; UA Attorney

Chairman Perona called the meeting to order.

The Invocation was given by The Reverend Billie Davis of Emmanuel Full Gospel Baptist Church.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

1. Approval of the Minutes of the Special Joint Workshop with the City Commission on November 9, 2006.
2. Confirm appointment of Mr. Timothy E. Perkins to the position of Director of Water/Wastewater Systems.
3. Authorize upgrade of cooling and heating systems at the Energy Services Center in the amount of \$13,985 by sole source, Siemens Building Technologies.
4. Authorize hardware and software system upgrade of the building security system (cardkey) at the Energy Services center in the amount of \$61,483 by Johnson Controls, sole source manufacturer.
5. RFP 5678: Approval of ranking and authorization to begin negotiations of a contract with Matula Electric Contractors, Inc. for Electrical Services for one year with two one-year renewal options.
6. Bid 5682: Award bid to Allied Universal Corporation for approximately 600 tons of caustic soda for a total award not to exceed \$83,040 for the period of January 2, 2007 through December 31, 2007, with two one-year renewal options.
7. Bid 5675: Award lowest and best bid to Ditchdiggers, Inc. for unit price contract for installation of two inch water mains, water services and miscellaneous system improvements in the amount of \$650,000 annually for three years with two, one-year renewal options.

The following letters of appreciation were noted:

1. A framed certificate of appreciation was received from United Way of St. Lucie County thanking FPUA employees for participating in their School Supplies for Students drive.

2. A thank you note was received from Mustard Seed thanking FPUA for contributions totaling \$647.24 through Project Care.
3. An e-mail was received from Dr. Juliette Lomax-Homier expressing appreciation for the assistance she received from Cindy Haase of the Customer Service Department in resolving problems they were experiencing at her office with their utility bills.

Mr. Tom Richards presented a power point update on the FMPA All Requirements Project.

He explained this is a summary of the workshop FMPA put on regarding the All Requirements Project. He will leave out some details in the interest of time and will just hit the high points.

He explained the Florida Municipal Power Agency (FMPA), primarily, is a wholesale power company. It is owned by its members, of which FPUA is one. The Agency provides economies of scale in power generation and related services. We have advantages of scale and economies at the power level, but each individual member still owns its own utility and administers it just like it always has. Mr. Richards displayed a map showing the locations of the cities that are members of the All Requirements Project. There are about 15 cities scattered from Havana to Key West. FMPA has five power supply projects. The largest of these is the All Requirements Project, which provides all the needs of these cities. The other projects are the St. Lucie Project, Stanton Project I, which is a coal-fired plant, Tri-City Project, and the Stanton II Project. We are members of all those projects. The original six members of the All Requirements Project from the late 1980's, are Ocala, Jacksonville Beach, Green Cove Springs, Clewiston, Leesburg and Bushnell. Ocala and Jacksonville Beach are two of the largest members. Ocala has a large service area with a lot of commercial load. Jacksonville Beach has quite a few residential customers and has a big winter peak, because they are so far north. Kissimmee Utilities Authority (KUA) joined later. They are one of the generating cities. He showed the Board a slide of the peak loads from FY 2005. Fort Pierce is in the middle. There are some very small and very large members of the All Requirements Project. Mr. Richards said most of the slides he is showing the Board are from FMPA, and he has added some, himself.

FMPA plans for our future power supplies, develops power resources to meet those needs, finances ownership interests and operates the power resources the project owns. These are difficult things to do in a cost-effective and efficient way.

In the meanwhile, members like Fort Pierce have continuing responsibilities to distribute the power to homes and businesses, set their own rates and bill them, and are still a community-owned local utility. In Fort Pierce's case, we still have a generating plant. That, for all intents and purposes, is leased to the All Requirements Project and runs at their beck and call. FMPA makes payments to us for that. They are fixed payments. FMPA also pays all the fuel charges, so we are not responsible for the fuel.

Many of the Board Members are relatively new to FMPA and FPUA and don't realize that for many years in the 70's and 80's, the big issue was control. Unless you were a generating

city, you purchased all your power wholesale from investor owned utilities, and there wasn't any competition. They charged you whatever they felt they could get. Those rates were regulated by the Federal Energy Regulatory Commission, but they were pretty friendly to investor owned utilities, and, essentially, whatever investor owned utilities wanted, they pretty much got. It got to be routine in many cases where the investor owned utilities filed one rate case after another at the federal level. They would start filing new ones before the old ones were even decided, because it takes several months to wind through the system. That is what we call pancaking. They were literally layering new rates, and the municipal utilities who were buying wholesale had no choice or control at all. We would have to hire an attorney in Washington and develop a complete rebuttal to the rate case the investor owned utilities filed. It was very expensive to do that.

The All Requirements Project began operating in 1986. That introduced a measure of competition to the wholesale power market that was never there before. Because that whole theory was non-profit, owner-based, it really brought some savings to the communities that signed up. More importantly, the members of the All Requirements Project are owners instead of renters. If you own your own facilities, you should have more control over what is going on and should be able to control your future. Other advantages are economies of scale and efficient operations. It operates as a single, unified system instead of a bunch of individual, small systems. We pool our resources and pool our needs and match up the most efficient way we can do that.

Looking forward, FMPA is able to find new opportunities to connect with economies of scale, like our involvement with the Taylor Energy Center, which will be a coal-fired plant in the northern part of the State, that FMPA is going to build as the lead and have some partners. We have the opportunity to take coal-based power from that plant. We will talk more about that later.

Mr. Richards stated one of the things the Board will hear him talking about time and time again, is risk management. It is a big issue for small utilities trying to diversify their risks, so they are not exposed to things that can really pull them left or right or up or down. One of the ways we do that is by ensuring our power supply is not based on just one source of power down the street and a couple of contracts, but, maybe, fifty different power plants and a whole lot of contracts, and the ability to fall back on one another if necessary and to choose the most effective ones for us. That is the kind of thing FMPA brings to us.

Mr. Richards displayed a chart showing that the percentage of generation that was supplied by natural gas was increasing, and because the members directed FMPA staff to find ways to reduce and mitigate dependence on natural gas, this coal-fire power plant is being developed, the Taylor Energy Center in Taylor County, Florida. The graphs also show the effects of that coming on line.

Mr. Richards showed a chart of daily gas prices since October, 2004. There is some runaway pricing there. The blue line on the chart indicates what FMPA's cost of gas was during this period. The effects of the hedging program we have at FMPA has really paid off in terms of taking away the volatility of gas prices. Hedging is not an attempt to control price, it is an attempt to control volatility. It was an advantage to us in the rising market, and in the falling market, we were lagging a little bit behind.

Mr. Richards displayed a chart that shows where we are going in the future. Instead of a percentage basis, this chart is based upon megawatt demand. The existing capacity is falling off. That is because plants like our King Plant are going to be retired in the future, and a lot of the contracts FMPA has used to purchase power over the years are going to run out. Up until the time we joined the All Requirements Project in 1998, about 40% of the capacity FMPA used for the All Requirements Project was owned, and about 60% was contracted. Over the last decade, we have found the opportunities for purchases are very slim. There is a power purchase shown on the chart from Southern that starts next year. That is peaking capacity. We will need more capacity in the future. Taylor Energy Center will fill some of that.

One of the things he hasn't yet mentioned is our St. Lucie nuclear power. When we joined the All Requirements Project, we also joined with all our generating capacity, so the Stanton I power we had, along with Stanton II and Tri-City, all got folded into the project. The project took over that power. They pay for all of it based on our costs, so although our name is still on the contract, it has all been, essentially, turned over to the All Requirements Project. When the Project started up in the 1980's, the various members and potential members all had differing amounts of St. Lucie power and some had none. Some had a lot. It was pretty high priced power, and people didn't want that power rolled into the Project. They didn't think it was fair at that price. St. Lucie power has remained excluded from the All Requirements Project. Every day, every hour, the St. Lucie power comes through the meter first. After that, the All Requirements Project supplies the rest. It used to be pretty expensive power. When he came to the UA 16 years ago, it was \$65 to \$70 per megawatt hour. Today, it is about the same, but, meanwhile, all the other costs have gone up, so it looks like a pretty good cost power now. FMPA owns 8.806% of St. Lucie. That is about 75 megawatts. We have about 11 megawatts of that. Every day that St. Lucie is running, we get 11 megawatts every hour at whatever cost that is. For fiscal year 2006, St. Lucie supplied about 80,000 megawatt hours at about \$62 per megawatt, and the All Requirements Project supplied the rest at about \$82 per megawatt. Last year was a pretty high priced year. The All Requirements power should be lower this year. We also got credits of about \$9.40 for the King Plant when we spread them over all of our requirements. The King Plant is saving us money. Our all end costs were about \$73 last year. Without the King Plant, they would have been about \$80. We have that to look forward to.

Mr. Richards said when Mr. Varella comes to you and says he needs cash flow, this is the kind of thing he is talking about. Every month we get a bill for St. Lucie power. Last year it was a pretty flat amount, because fuel costs were miniscule. It was about \$467,000 per month. Except for the months FPL has a scheduled outage, we fix the budget so that we only get charged half that amount. The All Requirements Project has us on a rate just like demand rate for retail at \$11.10 per kilowatt for demand, plus, another \$1.65 per kilowatt for transmission per month. Our customer charge is \$13.45 and the energy charge is \$55 per megawatt hour. That is 5.5 cents per kilowatt hour or \$55 per megawatt hour. Those bills last year ran from \$2.9 million to \$4.2 million. That is on top of St. Lucie power.

This is a way to work together. Joint action is important to us. It is a way for small utilities to be successful in the future and not be exposed to a lot of risks.

Mr. Varella introduced his guest from China, Mr. Howard Foo. He is from Zheng Zhou in the Henan Province of China. The Henan province is about a thousand miles west of Beijing. It

is inland central, so it has a climate like Ohio. Mr. Foo has been in training for a couple of months at the University of Kansas, and he is going back to their sister university and will be teaching there. Mr. Varella met Mr. Foo a couple of years ago, as he was one of Mr. Varella's brother's students in China learning English. He is learning a lot being here.

Mr. Perona welcomed Mr. Foo, and said we are happy to have him here.

Mr. Thiess introduced a request for approval of a parking agreement with Lloyd's Auction House. Lloyd's Auction House is located a block north of our 206 South 6th Street administration building. It is on the southeast corner of 6th and Orange. They requested a parking agreement for after hours parking during the evening and on Saturdays when they hold their auctions. Our Attorney structured an agreement very similar to the one we have with Common Ground Ministries, which is located immediately west of Lloyd's Auction House. That agreement is still in effect. There is a very well worded indemnification clause in the agreement that indemnifies the UA from any harm resulting from an injury or accident on the property. In addition, our Risk Manager wants to add the following language and have the agreement approved contingent upon this wording being added: "The contractor shall provide FPUA with certificates of insurance that include 30 days written notice of cancellation and verify inclusion of FPUA as an additionally insured on the commercial/general liability coverage." Those are type 1 insurance requirements.

Mr. Perona asked Mr. Lloyd what kind of auction house this is. Mr. Lloyd replied there are a lot of antiques and if companies have stock they cannot sell as inventory, it is auctioned here. It is generally open to the public.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried that the Parking Agreement between FPUA and Lloyd's Auction House be approved to allow customers of Lloyd's Auction House to use the UA parking lot at 206 South Sixth Street after working hours, subject to the addition of language regarding insurance as requested by the UA's Risk Manager.

Mr. Thiess explained the next item is in reference to an emergency generator. Right now the King Plant is our back up for Lift Station A. The power plant appears to be headed toward decommissioning in late 2008, and this generator would back up Lift Station A after the power plant is decommissioned.

Mr. Javier Cisneros with Water/Wastewater Engineering requested approval of a Specific Authorization for design-build services. Mr. Cisneros explained this is a request for approval of a design-build contract with Globaltech for purchase and installation of Lift Station A emergency generator. The project is located at Lift Station A on Avenue C and Indian River Drive. The project will not exceed \$913,640. It is anticipated the engineering and permitting will not exceed the 2007 budgeted amount of \$100,000. The additional funds will be budgeted for the 2008 budget year.

Mr. Cisneros explained as a part of the Florida Department of Environmental Protection hurricane preparedness plan, FPUA is required to have two independent sources of power for any major sewage pump station. Lift Station A is a major sewage pump station. We

currently have two independent sources of power: FPUA electric and the King Power Plant. The power plant will be decommissioned in mid-2008, therefore, Lift Station A will have only one source of independent power, which is not acceptable. The delivery time for the generator is approximately six to eight months. Construction will last six months after delivery of the generator, and if we delay this project until after January 1st, we will pay an equipment cost increase of 4% to 5%, which is approximately \$20,000 to \$25,000.

Motion by Mr. Drummond, seconded by Mr. Summerhays and unanimously carried to approve Specific Authorization GT-12 with Globaltech for design-build services related to purchase and installation of Lift Station A Emergency Generator in the amount not to exceed \$913,640.

Mr. Thiess introduced a presentation by Camille Yates on Understanding Residential Utilities. This arose out of our interaction with the Concerned Citizens group and talking about high residential bills, answering those concerns. Mrs. Yates did an excellent job putting this together. This report is a good one to put on your shelf. There is a lot of good information in this report if you are talking with customers who have concerns. There is a wealth of information in the report that will put a lot of those issues to rest and give people a lot of good solutions.

Mrs. Yates explained this report is for your information and no action is required. We have had a lot of high bill complaints in the past, so we developed this report so our customer/owners might be able to understand residential utilities a little better. Part of that involves understanding the bill. This report has several sections. One of the sections clarifies items that appear on the bills, as well as, clarifying the various rates and fees that might appear on a bill. She also included an in-depth analysis of nine homes and looked at a two-year history of consumption and fees that were charged with regard to utility use, late fees, cut off fees, etc. We sent an auditor to each of the nine homes to determine the causes of high consumption if there was high consumption. The auditor looked at the pluses and minuses of the home and determined several actions people could take to lower their consumption.

Mrs. Yates further explained we, also, had a lot of people who complained that we don't read our meters or that they are not read accurately. So, in response to that, we did blind meter reading. The Meter Readers were not informed that we were going to be going behind them and reading the meters after they had already been out to read the meters. Supervisors in Electric and Water went to the residences and read the meters behind the field technicians. Those reads were determined to all be accurate.

There is a lot of confusion about our bills. People call them light bills. It would be to our advantage to redesign the bills in the future, so that people will see the individual items of water, wastewater, and electric, rather than having symbols on the bills. We should spell it out a little bit better. This report does go in-depth about what is on the bill. One thing customers also didn't understand that was when they were late in paying their bills, it compounded monthly, and their bills kept getting higher because of late fees and cut off fees. Out of the nine homes studied, eight of them incurred late fees. She thinks it is important that many of the charges that appear on the bill do not go into our revenue fund. There are charges for the County, franchise fees, utility taxes, garbage. All of that is included on our

bills, and people blame us for the high amount when, in fact, some of it is going to other entities.

Mrs. Yates stated there are a lot of seasonal fluctuations in the bills. As you can see on the graphs that are in the report, most of the time in the summer, bills get much higher. We have tried to rectify that by instituting a budget billing program. We have had quite a few customers sign up for that, and that makes it easier throughout the year, so that there are not those seasonal fluctuations.

Mrs. Yates said in the future we might want to devise a program, so that when the Meter Reader goes out and reads a meter, they put a little sticker on the meter that gives the date of the read. This would be for all meters except the ones that have an AMR attached to it. The auditor came up with a lot of suggestions for the homes on weatherization techniques that each of the nine homeowners could implement. A lot of the homes had jalousie windows, so there are major items that could be fixed in most of the houses, and minor items, too. Weather stripping would be an inexpensive item customers could put in their homes that could save them consumption. We do offer home conservation surveys. The audit to each customer is at a reduced fee of \$25.00. We pay \$100 for the audits. Our auditor left the customers with a lot of educational material. We have a lot of educational material on our website about conservation practices that will save customers money. When we were talking about our proposed rate increases for the three utilities for the average homeowner, the average user, it is a \$10.88 increase. If someone just turned their water heater down from maximum to medium and turned their refrigerator and freezer from maximum cold to a little warmer and kept their air on 82 degrees when they are away and 77 or 78 degrees when they are home, they would probably save the amount of the increase if not more.

In summary, we hope people will read this report and use it as an educational tool. It will be posted on our FPUA.com website and available for people who want to request a hard copy.

Mr. Summerhays asked if she has specifically provided it to the Press. Mrs. Yates said yes. We have. It was kind of interesting when we presented it to the Concerned Citizens, because they were not receptive to it at all. They did not want to look at it at the meeting she and Bill Thiess attended. Mr. Thiess said with one exception. One lady told us we did an exceptional job. Mrs. Yates said one lady came out after we left the room and said she thought we did a good job with it and that she thought we were being fair.

Mr. Perona said it seems that this is a seasonal complaint at the City Commission, too. It is said all the UA does is provide services and demand payment. We do a lot more than that. This report is an excellent example. He asked if Mrs. Yates has made the presentation to the City Commission. Mrs. Yates said she has not made the presentation to the City Commission, but they do have this report. She delivered it to them last week. Mr. Perona said you really have to show them what this report is in order for them to understand it and know the value of it. He thinks the City can come up with a program for those people who can't afford to implement all the recommendations. In the past, we have made recommendations and that is where it ends. Mrs. Yates said that is right. Mr. Perona said then, after the next cycle, you have a whole forum of people screaming about their high bills, again. They go to their City Commissioners, they call the Utilities Authority Board Members, and we all start back into the same cycle. There needs to be somewhere, somehow for people to get help. When they get help it will be interesting to see what the bills are for these

nine houses. Maybe, we could petition the City to take these nine houses, help these people out, do what we recommended, and go back and check it out to find out what the bills are after all those things are done. He said Camille did a fantastic job on the report. People should take this report and say they can do something about it. We are going to have to lead the horse to water and then put its head in it to figure out he's got to drink. He is getting tired of doing all this work, giving all this information to the public and still not getting appreciated, because they are not taking it to the next level. They are not doing anything with it. Mrs. Yates said that does require effort on their part. Mr. Perona said he thinks we could partner with the City. They have a vested interest in this. We have identified the problem and the solution. They just have to do it. Mrs. Yates said we will do what we can on our end, and we will be getting with the City to see if they can do something on their end.

Mr. Summerhays asked if we know which of these houses are owned and which are rental. Mrs. Yates said she can find out, but it is not included in the report. She thinks the majority of them are owned. Mr. Perona said landlords are not going to spend the money. He used to have a business with Section 8 housing and did a lot with that. He knew about the fact that a landlord could get within a range for a family. If the range was \$550 to \$750, it was based on the amenities of the home. He came up with a list of things the inspectors, when they go in to inspect for Section 8, could identify the pluses that are in that home for efficiencies, and if they had efficiencies, they got the bigger rent. The landlord would know if he changed out his windows or water heater, etc. he can get the bigger rent. They wouldn't implement the program.

Mrs. Yates said we had our community forum last week. Elise Rollins with the new Main Street in Lincoln Park was talking about that, saying we have to find a solution, and Mrs. Yates thinks the City Commission has the resources to provide the solution with code enforcement and weatherization funding for owners. Mr. Perona would like the Utilities Authority to take the lead and start pushing it again before we have a line of people coming up here. This has been going in a cycle for a long time, because nothing is being done.

The Reverend Billie Davis of Emmanuel Full Gospel Baptist Church asked to address the Board.

Reverend Davis said Mrs. Yates has documented many things, and she brings most of her documents to this Board. But, as far as the public is concerned, the public has no idea about any of her comments. That is why you hear the flap all the time. Many things are said here, but how many are thrown out into the public. He remembers when he became a new homeowner and his bill went from one amount to another. Until they were able to sit down and educate him, he didn't understand. We have many people that are in the black area and most of the white area, too, that are uneducated. They will bring it here, and they will leave it right here. It does the public no good. That is why he said this Board will see most of the flack or most of the torment, because they are uneducated. Like Mrs. Yates just said, she audited nine houses, but he can find 100 houses that do not know how they can be helped. He can guarantee you he can go to 100 houses and find them uneducated. We have to educate the people. He remembers during the time we came before this Board, most of the people sat here because they are uneducated. The only reason he sat here and was quiet was because it just happened that he was educated. It happened on one occasion he went to Customer Service, and he had someone actually sit him down with kind words. People are already up in their tempers, because nine times out of ten they don't have that kind of money.

When the lady took him aside and talked with him and educated him, she said different windows and doing things in different parts of the house will bring down your utilities. How many of the people know that different parts of their house will bring down their utilities? He guarantees you he can get 100 people that don't know that.

Mr. Summerhays asked Reverend Davis how we can get that message out. What is an effective way to get it out? Reverend Davis said to find out some of your leaders here. With Mrs. Yates taking the information here, that is where it dies. It dies right there, then the people come at this Board. They expect you to do miracles. Find out who are your leaders. Mrs. Yates is one of the leaders here. She has given the report. Everybody is not good with numbers. It just so happens he is pretty good with numbers. He could not understand until the lady showed him on paper. He was doing the same thing – he was leaving early in the morning with nothing running other than his refrigerator or several items in his house, but at that time his bill had doubled. With just catching on to the idea of doing something in the house... he has to commend Mrs. Yates. She had done a wonderful job as far as in the black area. They are just catching on to the fact that the light bill goes higher in the summertime. At first they didn't know it. They didn't know that different times called for different prices or if they put in different windows or insulation, it could change. All of this had to be educated unto him. Most of you are educated just as he is, but most of the people don't know it. They are just catching on to the idea. When we put this information out to them to put their air conditioning at 72 or 73 if you can afford to pay a little higher, then you will be ready to pay that. He has heard many say they don't mind paying that. But, he has many come to him and say they just don't understand, so he has to sometimes sit them down and maximize himself, because during that time we were going through that terrible incident, he was here. He told the head of the utility he could not understand how a bill could go from one type to another. He is pretty good at numbers, and if you could explain to him, he would take it out to his people. He and Elise have worked together on this issue. He had no answers to give to his people. Find your leaders. Just don't let it die here.

Mr. Perona said he thinks this Board wants to reach out to the citizens. Reverend Davis said the people don't think that. Mr. Perona said this has been recurring over and over. We are talking about going to the City Commission trying to get real help. The people need to know what to do and how they can afford to do it. We are going to have to find somebody to partner with us to be able to take it to the next level, so it actually gets done. It dies somewhere between here and there. Reverend Davis said when Mrs. Yates gives it to this Board, it dies there, because like he heard on the news, it said the light bill will be going up. The people hear it, and everybody is watching their light bill. No one knows why. You do, but we have no reason.

Mr. Perona said we appreciate Reverend Davis' thoughts on that. We are not going to let this one go away. We will get out to the community somehow. Mr. Summerhays said he would really like FPUA to develop an effective communication plan where we get the information to our customers who aren't educated and don't understand. Mrs. Yates said she thinks the key is what is the best way to get the information to the public. A couple of years ago we had several workshops and nobody came. We advertised them and they were held at local churches, and we might have gotten two people at one workshop and zero people at another workshop. She going to start working with more leaders in the community to continue to get the word out.

Mr. Curtis Morris, Superintendent of Water/Wastewater Operations, presented a request for renewal of a contract for sewer rehabilitation services.

Mr. Morris said this contract originally came to the Board in January of 2006, as a piggyback bid off North Miami Beach for sewer rehabilitation of clay gravity lines in our system. At that time we had asked for the first year in an amount not to exceed \$167,000. We have pretty well spent the majority if not all of that. We are still waiting for some invoices to come in. For this past year we have been TV'ing other sections of our gravity system, and we find other areas that need some attention, as well. We can do slip lining, a zero dig type activity, as opposed to digging them up and disturbing roadways and sidewalks and other utilities. This is a more cost effective method. We are requesting the second year that was approved, initially, for not to exceed \$100,000, be increased to \$250,000. We would also like to move the effective date up from January 17th to January 2nd. That is two weeks, and if we wait until the 17th to make a commitment, it is another two to four weeks before the work actually gets done. Two weeks in some cases can be significant.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried to approve increase for the one year renewal option for Sewer Rehabilitation Services with Miller Pipeline Corporation under Bid 5591 from \$100,000 to \$250,000 and change renewal period to begin January 2, 2007, rather than January 17, 2007.

Mr. Thiess introduced a resolution authorizing use of eminent domain for condemnation of nine parcels on Jenkins Road. The initial installation is for force mains and water mains for new projects.

Mr. Koblegard said a lot of the information in the agenda item was prepared by Bo Hutchinson as to the purpose of these lines. Mr. Koblegard has been asked to condemn a number of parcels we have been unable to negotiate easements for. The actual developer is picking up the majority of these costs. Some of the costs would be paid by the Utilities Authority. He can't break those down for the Board. He would have to ask Mr. Hutchinson for that information. He thinks a substantial amount of that is the actual purchase price for the property. If the Board approves this, it is the first step. There has to be a formal proceeding to actually condemn the land. We will not take that step until we have had a chance to negotiate further. We have to have a survey of each parcel and an appraisal of each parcel. He would then write a demand letter to each of the owners and tell them we are in the process of having to take the property for a public purpose and tell them the appraised value and what we are offering to pay for the easement. Hopefully, that will get a lot more people to the table, and we won't have to actually file a formal condemnation on all of these parcels. If the Board approves this, there is one edit in the resolution. He referred the Board to the heading of the resolution and down to parenthesis four (4). It states "declaring that fee simple interest in said parcels is necessary for the purpose of providing utilities to FPUA customers." He would like to change it to "declaring that acquiring an easement over and, where necessary, fee simple title to said parcels is necessary for the purpose of providing utilities to FPUA customers." There really shouldn't be any necessity to take the fee simple title. We don't want to do that. We just want to put our pipes in the ground, and let the resident use the surface as they please.

Mr. Perona said the dollar amount difference between the easement and taking title fee simple, has to be different. Mr. Koblegard said yes. If we were to take ownership of the property, it would be substantially higher. He doesn't think that will ever apply here, but is in there just in case it is needed. We just want a twenty foot easement for underground utilities. A number of people have given us the easement.

Mr. Summerhays said there is a charitable contribution for that to the extent it reduces the value of your property.

Mr. Thiess said this 20 foot easement corresponds to the 20 foot right-of-way the County is going to take for the expansion of Jenkins Road. These landowners will be compensated for that acquisition of right-of-way. By being in there first in an easement, we are in an advantageous position. If the County designs drainage facilities or other facilities along that right-of-way, we will be there first, and they can't make us move at our own expense, because we will be in an easement. If we go in after the County acquires the right-of-way and put our facilities in, just like what happened on 25th Street, the County changed their design, and we're in there by permit, so we have to move our facilities at our expense. By going in an easement, we eliminate that possibility. Mrs. Cully asked if the residents are aware the County is going to do that. Mr. Thiess said he thinks they are aware of it. The County has acquired some of the right-of-way already along there. We have asked the County about taking these nine properties now and getting it out of the way, but they don't want to move on it. We felt it better to go this way, anyway, because we ensure our utilities won't be in conflict with the County's future work. We are putting our force mains deep and near the edge, so we're getting out of the way as much as we can. The County cannot make us move at our expense once we are in the easement.

Mr. Drummond asked if we are not able to identify areas that will be needed for utilities in the site plan process. Mr. Koblegard said these properties are in the County. Mr. Drummond asked, when they are going through the County's site plan process, this can't be done? Mr. Thiess said we are not a part of the County's site plan approval process. When they are going through site plan approval, they're running utility plans by us. We look at that in a whole separate light. We get our easements the best way we can. He doesn't think we have any leverage with the County to require them to give up the right-of-way or easement. We ran that by the County, and they said no, they were not ready to proceed on that. Mr. Drummond said he thought at one point when we were discussing with the County the expansion of the utilities, there was a discussion of having a planned agreement where we would participate in the site plan approval as they went through the County. Mr. Thiess said there was a general interlocal that had some referenced language like that, but he doesn't think anything ever really materialized as far as involving the UA in the site plan approval process. Mr. Koblegard said that is not in the current agreement we have with the County. It was discussed, but it never went anywhere. We approached the County about trying to resolve this current issue, and we got nowhere. Mr. Drummond said this comes down to the area the Mayor likes to talk about, which is new development paying for itself.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried to adopt Resolution UA 2006-15: Authorizing use of Eminent Domain for condemnation of nine parcels located along the east side of Jenkins Road.

Mr. Varella introduced two resolutions revising the schedule of commercial and residential security deposits. He explained we need to increase these deposits because of the rate increase that is going to the City Commission on January 2, 2007, as well as, the fact that these deposits have not been changed in some time. The last time they were changed, fuel costs were very low. Now that fuel costs are up in the \$25.00 per thousand area, it has increased the deposits, substantially, especially on commercial deposits. The minimum on a business receiving all services is going from \$272 to \$450. That is a pretty big jump. That is pretty much all fuel related. We are in discussions with the City right now to find out if they want to increase their garbage deposit fee.

Mrs. Cully asked if we are in line with the other communities with these deposit amounts. Mr. Varella said yes, because most municipal utilities try to get a good amount of deposit in case people leave without paying their bills. Port St. Lucie has been having a collection problem and have had to chase some delinquent accounts. These deposits prevent that.

Motion by Mrs. Cully, seconded by Mr. Summerhays and unanimously carried that Resolution UA 2006-16 be adopted rescinding, restating and revising the schedule of Commercial Security Deposits for Utility Services.

Motion by Mrs. Cully, seconded by Mr. Summerhays and unanimously carried that Resolution UA 2006-17 be adopted rescinding, restating and revising the schedule of Residential Security Deposits for utility services.

Mr. Thiess said there has been some discussion as to whether we will have a meeting on January 2nd. Unless something came in during the last hour, he doesn't think we have any critical agenda items for January 2nd. Typically, meetings during the holidays are good ones to cancel. Mr. Summerhays said he won't be available for the meeting on January 2nd. Mr. Thiess said if we have something urgent, we can bring it forward. He will be on vacation that week, but that doesn't mean we can't put together an agenda package.

Mr. Perona said, as Chairman, unless something urgent comes up, we will not have a meeting on January 2nd.

Mr. Thiess said he and the Chairman attended a Regional Utility Task Force Meeting last week. The Attorney is on board from South Florida Water Management District. There are two separate things going. Metcalf and Eddy is developing a conceptual master plan. He would have to say it is very, very conceptual. It is on a level of defining utility sub-areas of the County and no transmission or distribution, no piping or lift stations, but indicating where plants might be placed associated with those sub-areas. There are about six sub-areas and a couple of plants. He doesn't think it is going to get any more detailed than that. It doesn't address who the utility will be or bulk/retail issues or anything like that. We had a draft of the conceptual plan and some comments, and it will probably come back in final form at the next meeting. The other thing that is going on is the Attorney, Doug Manson was hired by South Florida Water Management District, specifically to address the annexation issue between the City and County and to assist in drafting an interlocal if we move forward with any kind of utility integration. Integration is the word that is being used now. Both of these efforts are moving pretty well outside out of the realm of the Board or the Commissions, with the

consultants in these occasional task force meetings. He thinks very soon we are going to get to the point where our involvement and the City's and County's is going to be needed on an intimate level. We asked the Attorney, Doug Manson, to do a presentation to our Board. He hasn't contacted us yet. We have another task force meeting in January, he thinks, and we are going to try to ask him, again, to come to this Board and update you on where this is going. Some of the issues that have been brought forward, this Board would be very interested in. Some of the concerns we've had, we don't think got very good air play at the last meeting. It is something this Board needs to be very attentive to. He thinks we need to be very involved in it. If there are going to be any changes to the Charter as far as County representation on the water/wastewater utility authority, this Board needs to be intimately involved in those decisions and in weighing them. He doesn't think anybody is better able to make those decisions for the benefit of our customers than this Board. We are going to make sure as it moves forward that you are informed, involved and that our staff is involved. As this moves forward we are going to be an integral part of it.

Mr. Thiess said last night we attended the City Commission meeting. He attended with our Chairman, Camille Yates, Frank Varella and Murray Hamilton with PRMG. We occupied the entire front row. It was good to have a unified group of people there to present our view on the issues. He appreciates our Chairman being present. He thinks it was a good meeting. He thinks we will get where we want to be, eventually. We have to go one more time around and answer some more questions, but the direction the discussion headed last night, he thinks, was positive toward the end. He thinks we opened the eyes of a couple of Commissioners. Mr. Koblegard was also there. Mr. Thiess thinks we will get what we need at the January 2nd meeting. He doesn't think there is any other choice when we present the facts. We are feeling optimistic about it. We are going to answer the Commission's questions and go to that meeting with the intention of moving forward with the rate increases.

Mr. Koblegard said he had the feeling from the opening discussion that the City Commissioners' minds were made up, but he felt like towards the end, people were actually rethinking their positions, although we didn't get what we wanted last night. We didn't have a vote, either.

Mr. Perona said he was really proud last night to sit there and represent Fort Pierce Utilities Authority. The amount of effort and work that went on there behind the scenes was unbelievable. He thinks we've answered every question that you could possibly think of. He said to Mr. Thiess that there were going to be some questions thrown from the bleachers, and there were. He thinks last night, once they figured out they could not direct the Utility Board to a different conclusion, and that they were there to affirm or disaffirm our actions, they found a way to postpone it, recalibrate and get their heads on straight.

Mr. Perona said Mr. Varella did a fantastic job with the financial aspect of it. He thinks Mr. Varella totally confused some of them, because they have no clue as to what's going on. That means we've got to go back to them again and make them a little clearer on what's going on. The slides and presentation given by Camille Yates was easy to understand. It will be interesting to see what the customer/owners have to say about that. Mr. Thiess did a fantastic job. The five points he had to send home, were sent home. As hard as they were to say without a threatening voice, it was good salesmanship and good information. He knows Mr. Koblegard did a lot of work that day on the side. Mr. Perona was receiving calls from

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Commissioners, and Mr. Koblegard was flushing them up out of the brush. It was a good, concerted effort from a well run organization. He was proud to sit down there and be a part of it. He doesn't think last night was a failure at all. He thinks we are going to get what we need to keep this utility continuing along in the same way it has in the past.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman