

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, APRIL 4, 2006, 4:00 P.M., CITY COMMISSION CHAMBERS

Members Present: Chairman, Robert W. Summerhays, Jr.; Vice Chairman, Thomas K. Perona; Deputy Secretary, Pamela K. Cully; Mayor Robert J. Benton III; Ex-Officio Member/City Manager, Dennis Beach

Others Present: Director of Utilities; Director of Electric/Gas Systems; Director of Water/Wastewater Systems; Community/Corporate Relations Manager; Internal Auditor/Risk Manager; Director of Shared Services; Nina Hurtubise for Director of Corporate Services; Jan Gorham, Purchasing Coordinator; FPUA Attorney.

Absent: Secretary, Darrell Drummond

Chairman Summerhays called the meeting to order.

The Invocation was given by The Reverend Warren Bennett of White City Methodist Church.

The Pledge of Allegiance was recited.

Mr. Rubin Johnson presented the Board with an FMEA Safety Award. He explained that each year the Florida Municipal Electric Association requests their members to submit an application for their safety contest. They categorize the awards according to hours worked for the past year. We are in Category D, which is 200,000 to 349,000 hours worked. At the Linemen's Rodeo in Kissimmee on March 19th, we were presented an award for second place in that category for an incident rate of 3.2. On behalf of all our employees and our Electric Transmission and Distribution Operations, he would like to present this award.

Chairman Summerhays thanked Mr. Johnson. He said safety awards have got to be one of the most important awards we could get.

Mr. Boudreaux presented the Board with the United Way Circle of Honor Award and the United Way of St. Lucie County Public Service Division Outstanding Campaign and Community Support Award. He explained that Mr. Richards attended the United Way Annual Luncheon a couple of weeks ago, and we were the proud recipient of these two awards. We are very proud of our community service.

Motion by Mayor Benton, seconded by Mr. Perona and unanimously carried that the items listed on the Consent Agenda be approved:

1. Approval of the Minutes of the Special Joint Meeting of March 2, 2006.
2. Purchased Gas Adjustment for firm service for the month of April, 2006 will be +\$1.16/CCF.
3. Residential Electric Rate Comparison for the Month of February, 2006.

The following letters of appreciation were noted:

1. A letter was received from Mary Holmgren, Director of Development for the St. Lucie County Education Foundation, thanking Camille Yates for serving as a judge for the Young Floridian Scholarship Awards Program.
2. A letter was received from Margaret A. Benton thanking FPUA for sponsorship for Dr. Martin Luther King, Jr. Commemorative Committee of St. Lucie County.
3. A note was received from the Reverend Sharon Britcher of Mustard Seed thanking FPUA for a contribution of \$121.06 from Project Care.
4. An e-mail was received from Pam Gillette, Marketing Manager for Main Street Fort Pierce, thanking FPUA and Larry Benning, Wastewater Systems Supervisor, for assistance and use of the WRF property as a staging site for the fireworks display at the Sandy Shoes Festival.

Mr. Boudreaux explained that the Minutes of the March 21st meeting are on the Regular Agenda, rather than the Consent Agenda, because Mr. Drummond was not present at that meeting, and we were not certain at the time this Agenda was sent out if Mr. Drummond would be able to attend tonight's meeting.

Motion by Mr. Perona, seconded by Mrs. Cully and unanimously carried that the Minutes of the Regular Meeting of March 21, 2006, be approved:

Mrs. Jan Snellings, Curator of the Manatee Observation and Education Center, presented request for approval of a contract with the School Board to provide transportation services.

Mrs. Snellings explained this will allow us to utilize County school buses for transportation for the Manatee Center's summer camps. There are two parts to the contract: the required School Board contract and the standard FPUA contract. If these are approved, the School Board has requested three signed originals.

Mr. Boudreaux stated we have done this for the past several years with the School Board.

Motion by Mrs. Cully, seconded by Mr. Perona and unanimously carried to approve the contracts between the Manatee Observation and Education Center and St. Lucie County School Board for transportation services.

Mr. Tom Richards presented a request for approval of an increase in the blanket purchase order with Florida Gas Utility. He explained this item in particular concerns our line item in the budget for purchased gas supply. We put together the budget almost a year ago. We guessed the price of gas at a lower rate than what it is now. Our actual prices were considerably higher than what we thought they would be this winter. We have, through timely adjustments to the Purchased Gas Adjustment, recovered these costs or nearly all these costs from our customers. Now, we are nearly out of money for this budget item. Part of it is, because the volumes are higher in the winter than they are in the summer, so we've actually sold a lot more gas in the first six months than we plan to sell in the last six months. We've had costs at \$14.42, \$13.14, and \$11.66 per million Btu for October, November and December, delivered to Fort Pierce. He doesn't recall what the budget number was, but it was

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significantly less than that. We are estimating costs for the rest of this year to be in the \$7 to \$9 range. They have come down some, but we need to increase the budget item to keep up with the expense side of the budget. He doesn't think we have any reasonable alternatives.

Motion by Mr. Perona, seconded by Mayor Benton and unanimously carried to approve an increase to blanket purchase order 1773 to Florida Gas Utility for natural gas purchases by \$900,000 for a new total of \$3,394,526 to cover increased cost of natural gas for FY 2006.

Mrs. Nina Hurtubise presented the January, 2006, Operating Results.

She advised the Board the operating results reflect the increases in power costs and gas costs. We are experiencing a series of higher expenses. The increases in the power cost adjustment and purchased gas adjustment are intended to recuperate, but it is a little bit delayed. The largest dollar increases in year to date costs are in services for resale, but, also, for depreciation. We have been doing a lot of construction, so it increases our depreciation costs. The employer contributions for the retirement system are higher as a result of the 3% multiplier approved by the Board earlier this year. Although the water and wastewater revenues are not meeting budget expectations, certainly, the revenues from the electric and gas side are looking very, very good at this point. They are well above last year's. Another reason for the distance between revenues and expenses is hurricane expense. We are currently booking the expenses and revenues we expect to receive as a result of Hurricane Wilma. The reimbursements are not at 95%, as they were for the 2004 storms. They are only at 87.5%. The good news is that the costs were about 1/10th of what we had with the 2004 storms.

Mr. Richard Stenberg presented a request for award of bid to US filter for purchase of a lime paste slaker. Mr. Summerhays asked Mr. Stenberg to tell them what a slaker is. Mr. Stenberg advised the Board that a slaker takes the lime we receive - it is a high calcium lime - and mixes it with water. It gives off a warm reaction, an exothermic reaction. It is called slaking of lime. The machine we are purchasing is a slaker, which is made up of four components. There is a control panel, a gravimetric weigh system, there is a system that removes grit, and the slaker, itself. We have two of them. We replaced one of them about ten years ago. This one, probably, should go to a museum - what's left of it. It is used in the softening process for the surficial aquifer water. It takes out calcium carbonate. It takes out hardness.

Mr. Stenberg further explained that the reason we like to stay with the Wallace and Tiernan equipment is that the original was Wallace and Tiernan equipment. It is plumbed in such a way that if we bought another type, we would have to configure piping, pedestals, etc. It would probably cost as much.

Motion by Mrs. Cully, seconded by Mr. Perona and unanimously carried to waive the formal bid process and award bid to US Filter as a sole source for purchase of a lime paste slaker for Water Resources in the amount of \$72,385.00.

Mr. Bill Baldwin presented a request to award bid to Rinker Materials Corporation for purchase of concrete for a duct bank on Seaway Drive.

Mr. Summerhays said he has the same question: What is a duct bank? Mr. Baldwin said in the industry we use conduits and ducts, but they are really the same thing. This duct bank system is part of

a lot of things that are going on with South Hutchinson Island due to the increase in residents there and the A-1-A roadway improvement project. This is in response to that. It will be used to put our main feeders underground, leaving the substation and going as far as the east end of the South Bridge on the north side and as far as Harbour Isle on the south side. We prefer to buy the conduit in house, because it saves a lot of money. Obviously, we could have the contractor supply it, as they have done on smaller projects.

Mr. Boudreaux said a duct bank is a cluster of conduit in which we would place underground cable. Mr. Baldwin said there are twelve conduits in this particular duct bank. Mr. Boudreaux said we had been purchasing the concrete through our unit price contractor, who was adding his mark up. Initially, we didn't realize how much concrete was going to be required for this project, but realized that we could save a lot of money buying it, ourselves.

Mr. Perona asked what the red clay is they are pouring over there. Mr. Baldwin said that is the concrete we are discussing, today. Once we realized how much concrete would be needed, we stopped the project to get approval from the Board. We anticipate starting the job back up as soon as we receive Board approval to purchase this concrete.

Mr. Beach said he understands the UA is going in conduit on the east side of the bridge on Seaway Drive in front of Harbour Isle. Mr. Baldwin said it is up to Harbour Isle. It stops in front of the Smithsonian. Mr. Beach said he has had a couple of inquiries regarding some of the poles going up on the west side of the bridge. Mayor Benton said they are the poles between the foot of the bridge and the Fort Pierce Yacht Club. Mr. Baldwin said there are two poles in there, two new pole bases. Those are necessary in order to place the transmission lines underground from Second Street down Avenue E, so we can remove the transmission line on Indian River Drive. Mr. Beach said he understands that, and Mr. Boudreaux had talked to him about that, previously. The concern that is being expressed from the City Commission is we didn't know it was possible to have larger metal poles than what we already had there, but these are actually larger than the ones that were there before. Is there any opportunity for undergrounding that segment of the transmission facility at the foot of the bridge in the park where the two new poles are being installed? Mr. Baldwin said somewhere we have to put riser structures, so we can rise up and cross the water. That is where we worked it out with City Engineering. Mr. Beach asked if that is what those are called – riser structures? Mr. Baldwin said yes. Mr. Beach asked if they are designed specifically to start the line across the water. Mr. Baldwin said yes. They are self-supporting, so they will withstand the strain of the wire pulling against them without installing guy wires. They have to be somewhere. Mr. Baldwin said putting the transmission lines underground at that location is a matter of money, and it is not a little bit. It is very expensive.

Mr. Beach asked if that means if you had the resources, you could go underground with those lines at that point. Mr. Baldwin said yes. We got an estimate from our consultant to put the line underground under the river, and they came back with a ballpark figure of \$10 million. Mr. Beach said he is talking about the park area, itself. Mr. Boudreaux said at least one of those poles is a dead-end structure that supports the wires coming across the river. Mr. Beach said what he is understanding is that you couldn't go underground at that location without going underground across the river, simply because you have to have that structure there to support the crossing. Mr. Boudreaux said that is true.

Mayor Benton asked, instead of having two poles, couldn't you just have one and go underground with the other one. Mr. Baldwin said there are two lines going across the river there and you need a self-supporting structure there for each of them. Mayor Benton asked if, maybe, when it is finished, we can landscape around the bottom of it, so the foundation doesn't look so bad. Mr. Baldwin said the

landscaping can be improved, but there is going to be a lot more work done in that area. There will be a lot of digging going on in the next few weeks. Mr. Beach said, again, this is being done in order to remove those large utility lines. Will all of the utilities come off of Indian River Drive, or just the large ones? Mr. Boudreaux said the plan is to take them all down.

Motion by Mr. Perona, seconded by Mrs. Cully and unanimously carried to Waive formal bid process and award bid to Rinker Materials Corporation as a single source for purchase of concrete for duct bank on Seaway Drive in the amount of \$161.50 per cubic yard for a total not to exceed \$484,500.

Mr. Tim Trewyn requested approval to award a bid to Advanced Control Systems for purchase of a SCADA remote terminal unit. Mr. Trewyn said a SCADA tells you what is going on with the electric system every day. Especially, during a hurricane, it is very helpful. It is also an important safety tool. He is told that around the year of 1980, a number of firms competed to provide Fort Pierce with a SCADA system, and Advanced Control Systems was selected, because there was a belief that company would have staying power and would support their product. Twenty-six years later, they still are doing that. The system is about half a million dollars when you put it all together. What we're adding here is a component. Therefore, we seek standardization, so we don't rebid the whole thing.

Motion by Mr. Perona, seconded by Mayor Benton and unanimously carried to waive formal bid process and award bid to Advanced Control Systems for SCADA Remote Terminal Unit as a sole source in the amount not to exceed \$27,830.

Mr. Curtis Morris requested approval to award a bid to Clay's Asphalt Maintenance, Inc. for asphalt repairs. He explained this is for the acquisition of funds to finance a contract with Clay's Asphalt for repairs of asphalt when a company needs to go in and make repairs and in some cases, add to our mains, modify the mains, etc. A number of years ago the City of Fort Pierce did this for us but are no longer able to do it. Four or five years ago we had to start contracting this out. Clay's Asphalt was the successful bidder the last time we bid this, as well. Out of 17 bids, we had two responses: one from Clay's Asphalt in the amount of \$10.50 per foot and another one from Ranger Construction for \$300 per foot. He thinks that might have been a polite way of saying, "thanks, but no thanks." Staff recommends approval to award to Clay's Asphalt.

Motion by Mayor Benton, seconded by Mrs. Cully to award bid 5604 to the lowest and best bidder, Clays Asphalt Maintenance, Inc. for asphalt repairs in the amount of \$10.50 per square foot for a total not to exceed \$50,000 with two, one-year renewal options.

Mr. Boudreaux advised the Board we had two external candidates we were prepared to interview for the position of Director of Utilities. One of those is still scheduled for April 18, 2006, 10:00 a.m., Second Street Center Conference Room. The other person accepted a job, elsewhere. After he informed Board Members, the consensus was we should get a couple of additional resumes from Mr. Little. He is in the process of providing those, and as soon as we receive them, we will share them with the Board, and the Search Committee can decided what to do about those.

Mr. Boudreaux said the next thing he would like to discuss is something he has spoken with each Board Member about, individually, and to a couple of the City Commissioners. Mr. Koblegard has also spoken to a couple of City Commissioners on this issue, and, that is, work after retirement. The situation is that we have many individuals in this company who are approaching retirement age, and there are several key people that it would greatly benefit the UA to offer a service contract to once they retire. There are probably only two or three at this time. They are in a position where they are eligible to retire; they want to stay with the UA; and he doesn't want to say we are desperate for anything, but we would be remiss in allowing these people to go without making them some kind of an offer. At present, we really don't have the opportunity to do so. What he would like to do, with the Board's permission, is petition the City Commission to construct a resolution or ordinance to allow us to have some type of a personal services contract for work after retirement for the UA. This is not something that would be offered to just any person who decided to retire. It would be up to the Director of Utilities, and it would be very selective. It would greatly benefit the UA. It has nothing to do with him.

Mrs. Cully asked how many employees might be retiring this year. Mr. Boudreaux said he knows there is at least one in the Electric Department that is eligible in October. We have a couple of other really key people who are eligible to retire, and they are fairly young and could easily go and take a job somewhere else with no problem.

Mr. Summerhays asked if Mr. Boudreaux would like a motion. Mr. Boudreaux replied it would help in his request to the City Commission to have it come from the UA Board. His request for a motion would be to request the City Commission to allow work after retirement.

Mr. Koblegard said he has talked to a couple of Commissioners, and it appears they looked upon our request favorably if that is what the Board decides to do. He and Mr. Walker could get together to come up with the language.

Mr. Perona said in just the normal thought process of it in the normal attrition of employees from an organization is the time when that employee retires and makes a spot for someone else that is going to be there another 20 or 30 years, hopefully. That is kind of the evolution an organization has. He tried to think about how this would interfere with that normal format. If you have somebody with expertise at retirement age, who chooses to come back after retirement on a contract, it kind of voids out that other person coming along, learning the ropes and making mistakes and building a certain amount of experience in that environment. But, this is not your typical organization. It gets down to the point where the buttons and levers and what is underground and how it has been handled over the years is an expertise that we may be remiss if we don't take advantage of. With the thought that we are training other people to be able to take over those positions, he would have absolutely no problem at all. It is with that thought process that he would support that, totally.

Motion by Mr. Perona, seconded by Mrs. Cully that the Board direct Mr. Boudreaux to draft a request to the City Commission on this issue.

Mrs. Cully said she supports it, as well. We are not taking about a lot of people here, but some choice people, and she doesn't believe we will be leaving people out. Sometimes it is difficult to get really experienced people to do important jobs.

Mr. Boudreaux said for the most part, for the positions he is talking about, we don't have people in-house who could step in, because of the training required. We are talking about a chemistry degree, a degree in micro-biology or something like that. You have to bring people in from the outside for some

positions. We are unable to grow our own in some instances. Mr. Summerhays said in any kind of technical business it is imperative to maintain that body of knowledge that comes from experience.

The roll was called and the motion unanimously carried.

Mr. Boudreaux advised the Board that he had a conversation with the Mayor this morning, and he asked about the power lines on 25th Street between Orange Avenue and the City limits that are going to have to be moved to accommodate the road widening improvements. He found out there had been lots of communication between City staff and UA staff on what to do with those power lines. He is not sure exactly where it sits right now, whether the two staffs agree they should be underground or overhead. In his discussions with staff, if we can proceed with the same arrangement we've had with the City over the last few years about sharing the cost of putting such facilities underground, we will do it. That cost sharing procedure was something such that the City would bear the cost of putting the duct banks in, and we would pull the wire. It is a little more expensive for us. Five years ago, we probably would not have been in favor of this, but since we have experienced three hurricanes in about 18 months, our attitudes have changed, somewhat.

Mr. Beach asked if the City could request that the UA prepare the costs associated with that and submit those costs, so he can take them to the City Commission. This was a request of the City Commission at last night's meeting, that we ask that this be done. He would like for the Commission to fully understand the costs associated with it, as we move forward. Mr. Boudreaux said that can be done.

Mayor Benton said for the record, because most all the road reconstruction within the City has had all utilities put underground, he thinks we need to look at doing that. He thinks the City requires it by ordinance. From now on we need to look at these costs instead of waiting until we get to a project, because we're requiring homeowners to do it, so it is difficult to say, as a homeowner, you have to do it, but we don't. Whenever we are doing road work and making improvements and poles are going to have to be moved, why not put them underground? Mr. Summerhays said this is Orange to City limits, north or south? Mayor Benton said north. We are doing it on A-1-A; we did it on Georgia, so, we don't want to say in a certain area, we're not going to do it.

Mr. Boudreaux said the Mayor said it is required by ordinance. He is not aware that is the case. We understand it is a requirement for new construction, but for relocation of facilities, such as an overhead facility like this, we looked at an ordinance Mr. Beach sent over about a year ago, and it really couldn't be determined that the ordinance required that to be done. All the projects that have been placed underground successfully were because of negotiations and compromises with the City.

Mr. Beach said the City Engineering Department, that wrote the ordinance, takes the position that the City has the ability to make that requirement on relocations. That is their current interpretation. He thinks the negotiations that have taken place in regards to the island, as an example, one of the things he's come to learn over the last ten or eleven years, and he is sure this Board feels the same way, is that our utility ratepayers are pretty much the same constituency as the citizens of this community, and how those expenses are paid, whether through utility rates or some other source of taxation, to him it is not real relevant. When the City has the resources we have through the CRA to deal with the island, he thinks it is better to use those resources than it is to impact the ratepayers of the system. But, if those options aren't available to us, we almost have to look at the ratepayers to improve the system. He believes 25th Street is within the CRA boundaries, so we may be able to work through that, as well.

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Mrs. Camille Yates advised the Board she has prepared a press release on the Causeway Substation, and it should be going out tomorrow letting the public know what is going on.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman