

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, APRIL 18, 2006, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Others present: Director of Utilities; Director of Water/Wastewater Systems; Director of Corporate Services; Community and Corporate Relations Manager; Director of Shared Services; Purchasing Coordinator; Director of Electric/Gas Systems.

Chairman Summerhays called the meeting to order.

The Invocation was given by Mr. Frank Varella.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Mr. Boudreaux requested that the only item listed on the Consent Agenda, the request for approval of a Business Consultant Agreement, be pulled. We need to change some of the wording, and it will probably be brought back at the next meeting.

Motion by Mr. Perona, seconded by Mrs. Cully and carried, with Mr. Drummond voting “present, to excuse Mr. Darrell Drummond from the meeting of April 4, 2006.

Motion by Mr. Perona, seconded by Mrs. Cully and carried, with Mr. Drummond voting “present,” to approve the Minutes of the Regular Meeting of April 4, 2006.

Mr. Frank Varella presented the February, 2006, Operating Results. Mr. Varella distributed a recap showing actual expenses through the five month period for the water and wastewater systems in comparison to the year 2005. The 2006 expenses are running higher. That is true throughout the company. Higher expenses are occurring in salaries and wages. Maintenance contracts are up. The big one is a contract for disposal of sludge at the wastewater treatment plant. Operating supplies, gas, oil, purchases for resale, gross receipts tax and depreciation expenses are up over last year's. As you can see from the Summary Sheet, Year to Date Five Month Period, operating revenues are higher and operating expenses are higher, resulting in a lower operating income by the tune of about \$1.5 million.

He referred to the Statistics Page. In the electric system we are having higher electric unit sales for the five month period, but every so slightly. We look at the customer numbers, and we're up 500 customers from a year ago, which is probably the largest growth we've seen in a long time; however, those new customers are not resulting in any additional sales. Even though we have these customers, and we're billing them, possibly, the minimum amount, they are probably vacant apartments. Mr. Summerhays said it seems like some of our customers have finally taken our advice and turned their thermostats up.

Mr. Varella said water, sewer and gas are down. Even as dry as it has been, water sales are down. We have a very positive gain in the water and sewer customers billed, but it isn't resulting in additional

April 18, 2006

Page - 2

revenues. It could be that higher utility charges, as well as, higher gasoline prices are causing people to turn up the thermostats, stop using so much water and conserve more.

Mr. Summerhays said he noticed, although our gross sales were up, our net income was down and inquired as to why that is. It seems to be that we are holding the line on charges, but our expenses keep going up. We haven't had a rate increase in, basically, a millennium, in spite of the fact that our expenses are increasing. Mr. Varella said that is true. Our last electric rate increase was in 1996, so that is almost ten years. Our last water increase was in 2001; wastewater, 2003; and gas in 2005. We have not had a rate increase in our biggest utility. What we've done is passed on gas and electric fuel charges.

Mayor Benton said this is reflecting the winter in February. When we get the five month report ending in July, you'll be smiling. Right now is when it is hot and dry. Mr. Varella said that is a very big possibility. He understands from Mr. Stenberg that the output at the water plant is higher; however, it hasn't worked its way through the system yet. July, August and September are our biggest months. One other thing is the hurricane expenses in revenue. The UA picked up a small percentage in the storms of 2004, about 5%, but in this last storm, even though our expenses were much lower, we are picking up 12.5%. That is having an adverse affect on our bottom line, also.

Mayor Benton asked if we could possibly be looking at any kind of water rationing in the future if things don't change, or are we good? Mr. Varella said he would defer that question to Mr. Boudreaux or Mr. Stenberg. Mr. Boudreaux said at this point we're not anticipating having to do any mandatory water rationing.

Mr. Drummond said the increase is shown with regard to additional customers coming on in electric, but, as he is looking at wastewater, it actually went down in the City for residential. Mr. Varella said that could be a result of houses being destroyed in the storms. Mr. Drummond said we are bringing on new units. They all get wastewater, don't they? Mayor Benton said they do, but if they're not living there, it doesn't show up. If you look at Harbour Isle, you have some big condominium units on South Beach with no one living in them.

Mr. Varella said regarding Harbour Isle and some other projects, they may be billing, not on a unit basis, but on an association basis, so when the wastewater is billed, it is not billed by unit, but to the association, itself. Mr. Drummond asked if we are metering these units, individually, for water. Mr. Varella said he doesn't think we are for Harbour Isle. We are metering them by building.

Mr. David Mellert requested authorization to piggyback a City of Fort Pierce Streetscape Construction Contract for water/wastewater utility improvements. He explained this is a City of Fort Pierce long term project on 7th Street. We started at Georgia Avenue and completed a section from Georgia to Delaware. We also completed a section between Avenues C and D. Today, we are talking about the remaining leg of 7th Street starting at Avenue C and going to Delaware Avenue. We contacted the City's contractor, Burkhardt Construction, and asked them if they would perform the work for us. Our unit price contractor is tied up on numerous projects. We negotiated a price with them to perform this work. Today, you have in front of you a request to used the approved City of Fort Pierce contract with Burkhardt to perform the utility portion of the 7th Street Project only. We did evaluate these prices in comparison to what we have with our unit price contractor, and they are approximately 10 to 15 percent higher than what we are paying. However, based on what we've seen, if we go to open market

bidding, those prices are still substantially less than what we would see if we went to public bid. We believe the coordination efforts and prices are a good deal for us.

Motion by Mr. Drummond, seconded by Mr. Perona and unanimously carried to authorize piggybacking of the City of Fort Pierce Streetscape Construction Contract with Burkhardt Construction under RFQ 5516 for water/wastewater utility improvements on 7th Street in the amount not to exceed \$347,047 for the period from July 5, 2005 through July 4, 2007, with two one-year renewal options.

Mrs. Eve Walker, Information Systems Manager, presented a request to piggyback St. Lucie County School District RFP for voice communication systems replacement.

She explained the St. Lucie County School District RFP had a total of three bidders. Their contract was awarded to the Presidio Corporation. This authorization would be for a three year contract term with Presidio in an amount not to exceed \$260,000. The UA's existing voice communication is a Mitel System and is nearing the end of its life cycle. As we experience failures, we are only able to purchase replacement parts that are refurbished and very costly. We can only have a single point of contact for support on this equipment. As such, a committee from the Information Systems Network Group got together to determine the best technology and manufacturer to standardize on and replace our existing system. Currently, the telecommunication trend is veering away from the old technology that we have, which is a public branch exchange, or PBX system. A PBX system works similarly to an old telephone operating switching system. The new trend is to move toward an integrated voice and data environment that uses the same process for transmitting voice and data over a single strand of wire. That is called voice over internet protocol or voice over IP. The Committee's technology choice is voice over IP based on the trends at this time. We reviewed six different manufacturers' products providing this new technology, and asked each of the manufacturers to provide on-site demonstrations of their solutions to respond to our system's requirements and needs, provide very broad cost quotes and at least two references. The network committee approved standardizing on Cisco as the manufacturer to provide the UA with a voice communication system utilizing this new technology based on Cisco's providing the most cost effective solution which met and, in some instances, exceeded the system's requirements and needs for the voice communications solution. Cisco has been in the voice over IP industry since early in its inception, and are currently our data network vendor of choice for all of our data networking needs. Cisco has authorized resellers in our general area. The references Cisco provided, when checked, produced very good results. A recommendation and presentation was presented to the Information Systems steering committee, which provided a more in-depth recounting of the network committee's analysis and reasoning for this recommendation. The Steering Committee approved the recommendation, which was then approved by the Director of Utilities. A copy of that recommendation is in the Board packets. The next step was to select one of Cisco's authorized resellers to work with us to purchase and implement this solution, since Cisco does not sell directly to the customers. The St. Lucie County School District has recently gone through an RFP process to choose a Cisco authorized reseller to meet their needs for Cisco equipment and services. Piggybacking on their RFP expedites our process, as well as, provides a 39% discount on equipment purchases, which is better than the current Cisco state contract of 32%.

Today, she is requesting staff be authorized to piggyback on St. Lucie County School District's RFP for voice communication systems replacement with the Presidio Corporation for a three year contract term not to exceed \$260,000.

April 18, 2006

Page - 4

Motion by Mr. Drummond, seconded by Mayor Benton and unanimously carried to Authorize piggybacking St. Lucie County School District RFP 5616 for voice communication systems replacement with the Presidio Corporation in the amount not to exceed \$260,000 for a three-year contract term.

Mr. Drummond said it was a very nice presentation.

Mr. Boudreaux advised the Board that last week he attended the Florida Water Resources Conference in Orlando and was very pleased to be at the luncheon where Mr. Mark Mathis from our Water Reclamation Facility, was presented with a very prestigious award, the Albert Herndon Award, for promoting the Industrial Pretreatment Program. He asked Mr. Mathis to approach the podium. Mr. Boudreaux explained the pretreatment program is a very important issue in the United States. Mark is a long term employee and has done an outstanding job running our program for the last seven or eight years. Mr. Boudreaux explained when he came to the UA he was tasked with putting the program together with the help of CH2M Hill. We had to institute a brand new program here, and it was not very popular. Mr. Mathis and his associates at the Water Reclamation Facility have taken this to a very high level and have done an outstanding job. He, Mr. Stenberg and Mr. Mathis were present at the awards luncheon. He congratulated and thanked Mr. Mathis for keeping us proud and keeping everything working.

The Board also congratulated Mr. Mathis.

Mr. Boudreaux said most of the Board Members were at our Employee Picnic week before last. It was probably one of the best picnics we have had. The weather was great. The food was great. The entertainment was great. That is a credit to several people in the company who worked on the committee to put it together. That committee is headed by Ms. Ann Corbin, who runs this every year, and is in our Community and Corporate Relations Department headed by Camille Yates. He thanked Ann for a great job. Mr. Summerhays said it was very nicely done.

Mr. Summerhays welcomed Mr. Drummond back.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman