

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,  
TUESDAY, JUNE 20, 2006, 4:00 P.M., ENERGY SERVICES CENTER.

Members present: Chairman, Robert W. Summerhays, Jr.; Vice Chairman, Darrell Drummond; Secretary, 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 Water/Wastewater Systems; Director of Corporate Services; Director of Shared Services; Internal Auditor/Risk Manager; Community/Corporate Relations Manager; FPUA Attorney; Jan Gorham, Purchasing Coordinator.

Chairman Summerhays called the meeting to order.

The Invocation was given by Pastor Todd Smith of Common Ground Vineyard.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Mr. Summerhays said he would like to note that it is the 20<sup>th</sup> Anniversary of the All Requirements Project with FMPA.

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

1. Approval of the Minutes of the Regular Meeting of June 6, 2006.
2. Approval of Independent Contractor Agreement.

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Mr. Summerhays said he would like to make note of a letter from Mr. Boudreaux thanking the Board for the flowers sent to his mother's funeral service. Mr. Boudreaux said he very much appreciated the Board's expression of sympathy.

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Camille Yates gave an update on the Status of Customer Programs.

She explained in 2005 the Community and Corporate Relations Department began a marketing campaign to raise awareness about Project Care. This program was established by FPUA in 1998. From the beginning of Project Care in 1998 until 2005, UA customers donated only \$8,500 to Project Care. Our intent was to raise awareness and more money to help those facing a serious crisis or those having difficulty paying their utility bills. As a result of our marketing campaign, which began last November, our monthly donations, plus the number of customers contributing to Project Care, have increased, dramatically. The number of customers has increased by 225% since November of 2005. The average monthly donations have also increased by 225%. This includes the set amount donations. The figures do not include monies received from the Round Up Program. The Round Up Program began in January, 2006, when we established the computer capability in our billing system. We started with 7 customers in January, who were participating in the program, and we now have 160 customers. From both the set donations and the Round Up donations, we've gone from an average of about 9

customers a year to over 240 customers per month who donate to Project Care. She would say that our promotions are working with regard to Project Care.

With regard to Budget Billing, this program was also established in January 2006, after we gained computer capability. In January, 2006, we had three customers who participated in the Budget Billing. Since our promotion began in January, through May, we now have 157 customers participating in Budget Billing.

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Mr. Perona assumed Chairmanship of the meeting, as Mr. Summerhays was having difficulty speaking due to illness and a cold.

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Mr. Bo Hutchinson presented a request for approval of a Water/Wastewater Supply Agreement for the Mariner Cove Project with Shelby Homes and W. F. McCain & Associates, Inc.

Mr. Hutchinson explained this project consists of 220 multifamily homes. It is located at the intersection of Jenkins and Edwards Road. This project requires the construction of the minimum of an 8 inch water main to complete a water main loop on Jenkins Road to provide fire protection to the development. Staff has recommended the 8 inch line be upsized to a 12 inch line to accommodate future development in the area and to be consistent with our Master Plan. This upsizing will require an FPUA not-to-exceed contribution of \$51,590. The agenda item shows a savings to FPUA of \$125,725. It should be \$138,297.50. This project also requires a lift station. Staff has evaluated the potential service area for this lift station and have determined it should be upsized to serve a larger area, more specifically, the Heritage Grande project proposed immediately to the north on the north side of Edwards Road. This upsizing would require an FPUA not-to-exceed contribution of \$70,290, all of which could be gotten back from the developer of Heritage Grande.

Motion by Mayor Benton, seconded by Mrs. Cully and unanimously carried to approve Water/Wastewater Supply Agreement between FPUA, Shelby Homes at Mariner Cove, Inc. and W. F. McCain & Assoc., Inc. in the not-to-exceed amount of \$121,880.

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Mr. Hutchinson presented a request for approval of a Specific Authorization with LBFH.

He stated we are all aware of the City's project for drainage and roadway improvements on A-1-A. This phase starts around Gulfstream Boulevard and goes down to Blue Heron Boulevard. FPUA has an active 8 inch, 6 inch, and 16 inch water main in this corridor. We also have an 8 inch gravity sewer system, as well as, a 12 inch forcemain. As you can imagine, when the drainage improvements take place, we're going to have a lot of conflicts. The City has contracted with LBFH to do the engineering for the drainage and roadway improvements. UA staff recommends that FPUA do the same. It is in our best interests to do so. By using the same engineer, we will be able to minimize the conflicts.

Motion by Mr. Drummond, seconded by Mr. Summerhays and unanimously carried to approve Specific Authorization #LBFH 06-03 in the not-to-exceed amount of \$77,000 for design, permitting and construction services to relocate and/or construct necessary improvements in conjunction with Phase III of S.R. A1A roadway and drainage improvements.

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Mr. Frank Varella presented the April 2006 Operating Results.

Mr. Varella stated our income has not materialized like we expected it would, and it is highly likely that we are not going to make the budget numbers as we had projected. On the revenue side, we had a building boom from 2003 to 2005 and were expecting additional revenues from the additional units that are not materializing. There a lot of unsold properties out there. We have lost a lot of property because of the storms. We lost 300 to 400 gas accounts that we can identify. If they had gas, they had water, sewer and electric, also. In addition, there is a lot of reconstruction still going on. We have lost some surcharge revenue. Every time the City annexes property, we lose our 10% electric and 25% water and sewer surcharges. We have lost some St. Lucie County Utility revenue from the contract we negotiated a couple of years ago. It is highly unlikely we will make the megawatt hours sold in the electric, also. On the expense side, we are experiencing higher payroll costs and fringe benefits, higher maintenance contract costs, higher utility costs, hurricane expenses, as well as, depreciation. Right now, we are in the process of amending our 2006 budget. We review and approve the 2007 budget in July and August. In those numbers you will see revised estimates. We are in the process of diligently preparing for our water and wastewater rate review, as well as, reviewing our electric rates. It is highly likely staff will recommend increasing those rates at the beginning of the next fiscal year.

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Mrs. Eve Walker, Information Systems Manager, presented a request for approval to piggyback the school district's bid for updating our existing network infrastructure.

Mrs. Walker explained FPUA's existing network infrastructure needs to be upgraded and reconfigured to provide capability and added features to accommodate network growth and to alleviate some slow response complaints we have been receiving from some of our buildings. These added features will provide us the capability to optimally manage bandwidth usage to address these issues by allowing us to set quality of service over our network. It will allow us to rate limits for certain portions of network traffic. It will allow us to prevent multicasting, which decreases available bandwidth. We will be able to set network routes based on which portions of the network are experiencing high performance levels. It will allow us to maintain high availability and to build in a redundancy. This upgraded equipment will enable us to create self healing loops so that if a portion of the network connected in a virtual ring design, fails, the system will automatically reroute traffic in the other direction around the ring, more effectively providing the ability to maintain a reliability and uptime of 99.9% for the FPUA network operations. Upgrading the equipment will provide power over Ethernet. Our existing network infrastructure equipment does not provide power over the network. Power over Ethernet is a technology that extends the functionality of our network by providing reliable DC power over the same cables that currently carry our data and our voice. Power over our network cables offers advantages and prepares us for tomorrow's innovations. It lowers costs by eliminating the need to run both data and power wires to our network devices. It allows network devices to be managed so they can be remotely monitored and controlled for power consumption and/or failures. It provides a centralized power source enhancing the protection against power overload, outages, surges and spikes. When used in conjunction with generators, it allows for distribution of power even when the AC electrical power is down. Power over Ethernet is the recommended alternative providing power to our newly arriving voice over internet protocol phone set, versus the other option of placing these phone sets on their own, stand alone, uninterruptible power supply. This request is outlined in more detail in the memo provided in Board packets.

Mrs. Walker stated she is requesting the Board authorize staff to piggyback on St. Lucie County School District's RFP for the procurement of CISCO equipment and professional services, which was

awarded to Presidio Corporation, for our network infrastructure upgrade in an amount not to exceed \$82,000 from funds already available in this year's budget.

Mrs. Cully asked how long it will take to get something like that in place. Mrs. Walker said our goal is to have this in place before 9/31/06, and we believe we can do that.

Motion by Mayor Benton, seconded by Mrs. Cully and unanimously carried to authorize staff under RFP 5616 to piggyback on St. Lucie County School District's RFP 06-05E for equipment and professional services to upgrade the existing network infrastructure equipment with The Presidio Corporation in the not to exceed amount of \$82,000.

Mr. Frank Varella presented Resolution UA 2006-05 – FMPA Pooled Loan Agreement.

Mr. Varella explained this is the same resolution adopted a couple of years ago when we did other pooled loan financing relative to the storm and relative to the property purchase on Indian River Drive. This pooled loan of \$10 million will be used to finance many of the projects we have on-going right now, such as the transmission line over the bridge, the Lawnwood Substation improvements, as well as, other water/wastewater and electric expansion projects. Since the beginning of the year, we have spent over \$10 million in capital. This year, we had a \$30 million budget. Last year we had a \$25 million budget. Before that we were down into the \$10 to \$15 million budget. The difference this year from previous years is not only the budgeted amount, but the fact that we're actually spending it. We are spending a lot of money. Although we are going to the pooled loan for \$10 million, it is highly likely that in six months or nine months we could be coming back asking for more money, because there is just so much expansion going on in the water/wastewater and electric and gas systems. The system just cannot fund it all, internally, anymore. We are asking the Board authorize the Chairman and Secretary to sign the various documents.

Mr. Varella said the difference between this pooled loan and previous pooled loans is that we pushed out the principal payment in this pooled loan by 5 years. The interest rate is pretty flat right now, so it is not really increasing dramatically in the long or short run, so it won't hurt us financially in the event we ever go to refund this loan. It will take some pressure off having to increase rates.

Mr. Perona asked if this is new money or refinancing. Mr. Varella said this is new money. Mrs. Cully asked when the interest payments start. Mr. Varella said the actual principal payment will be October 1, 2012. As soon as we close on the loan, we will have to make a two months' advance interest payment. After that, it is paid every month. Mrs. Cully asked what those figures are. Mr. Varella said the current rate is 3.2% per year. There is a .6% administrative fee.

Motion by Mr. Summerhays, seconded by Mr. Drummond and unanimously carried to adopt Resolution UA 2006-05: FMPA Pooled Loan Agreement.

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Mr. Boudreaux reminded the Board we are scheduled to be back in City Hall for the next scheduled Board Meeting on Wednesday, July 5<sup>th</sup>. If there is any change to that schedule, we will let the Board know in advance. It depends upon when the City Hall project will be complete.

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Mr. Koblegard said he is sure everyone is aware that there was a claim filed against Commissioner Coke for doing business with the City of Fort Pierce as a corporation. It is his understanding that will now be expanded by the complaining citizen to include any business that the Fort Pierce Utilities Authority has done with her company. He researched Chapter 112 today, and he believes her connection as a City Commissioner sitting on the City Commission is too remote to make us or her fall under Chapter 112 for any purchases by the UA. We are in certain respects a part of the City, but we are also separate. Her only control of the Utilities Authority is either in voting to approve a new member of the Board, or she has to be one of the ones that would vote on our budget and any rate increases. He still thinks that would be too remote. The Mayor would be different. Anyone that sits on the Board as the Mayor would be voting directly on all business that comes before the Board. Although he thinks we are going to see it in the paper, he would not be concerned. He doesn't think it is an issue for the Utilities Authority.

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Mayor Benton advised the Board we are going to be on TV next month.

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Mr. Perona said the trip to Chicago was very worthwhile. The conference was exceptional. We learned a lot. It was a good time. He thinks we came away from it learning a whole lot about our Utility and how it fits. We sit there and listen to circumstances and think it will never happen to us. He doesn't think we think that way anymore. He appreciates the opportunity to go, and he is sure the other Board Members feel the same way. This will be Mr. Boudreaux's last APPA conference with us.

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There being no further business, the meeting was adjourned.

ATTEST:

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Secretary

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Chairman