

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, SEPTEMBER 5, 2006, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Chairman Summerhays called the meeting to order.

The Invocation was given by The Reverend John Lee of Mount Olive Baptist Church.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Mr. Richard Stenberg, Superintendent of Water Resources, presented a "Good Neighbor Award" from the Florida Department of Environmental Protection.

He stated, after the storms of the past several years, it became apparent that we needed statewide agreements to help each other. Unlike the electric utility, for many years, there was no such plan for water and wastewater utilities. The groups in Florida created a system called Florida Warn. Fort Pierce Utilities Authority was the first water/wastewater utility to join that group. In 2005, although we were impacted by Hurricane Wilma, it was not as bad as some other utilities to the south of us. Being a member of Florida Warn, we made arrangements and sent people to other utilities to assist. We had purchased some portable pump equipment that was needed. We responded to Seacoast Utilities and Palm Beach County Utilities. They were very thankful for our assistance. A couple of weeks ago, we received a letter from the Florida Department of Environmental Protection. The letter transmitted to us a "Good Neighbor Award" signed by Mimi Drew, Director of the Division of Water Resources. The award lists the utilities who responded after Hurricane Wilma.

Mr. Stenberg said, on behalf of the Water Resources Department and Wastewater Systems, he would like to thank the gentlemen who have come here with him this afternoon. They are Larry Benning, Mark Kobbe, Joe Gilson, Gary Gillette, Keith Stephens and Charles Putnam. They deserve a big hand. There was applause from the Board and audience. Mr. Stenberg said these guys have done tremendous work throughout the storms in 2004 and during Wilma. These fellows are the salt of the earth and wonderful employees.

The Board congratulated the Water Resources Department and Wastewater Systems.

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

1. Approval of the Minutes of the Regular Meeting of August 15, 2006.
2. Bid 5640: Award bid to Carmeuse Lime & Stone, Inc. for purchase of pebble quicklime in an amount not to exceed \$422,475/yr. With two, one-year renewal options.

3. Comparison of Residential Electric Rates for the Month of July, 2006.
4. Purchased Gas Adjustment for Firm Gas Service for the period from September 1, 2006 through September 30, 2006 will be set at +\$.195/CCF.
5. Bid 5582: Approve repairs to pump/motor assembly for Lift Station A by Florida Bearings, Inc., in the amount not to exceed \$29,000.00.

The following letters of appreciation were noted:

A note was received from Mustard Seed thanking FPUA for contributions totaling \$596.36 from Project Care.

An e-mail was received from Michael J. LaCoursiere of Michael B. Schorah and Associates expressing appreciation for FPUA Water/Wastewater/Natural Gas Engineering staff, David Mellert, Scott Loven, Bo Hutchinson, Cindy Southard and Florinda Mazzarella, in their work with them on water and sewer permitting and releases for residential communities.

Mr. Bo Hutchinson presented a request for approval of an Interlocal Agreement for the South 26th Street Wastewater CDBG Project.

Mr. Hutchinson stated the project is bounded by 25th Street on the east and 30th Street on the west, Cortez Boulevard on the south and Stanton Avenue on the north. This will provide sanitary sewer service to approximately 92 residents. It is funded entirely by a Community Development Block Grant. There is no direct FPUA contribution. Our contribution will be limited to engineering, permitting, inspection and certification.

Mr. Summerhays said as he recalls, the Board approved a substantial sum of money for this project, so it is nice to see they got this grant. Mr. Perona said this is the subdivision that has always been in trouble out there and has been coming across the desk for the last couple of years. It is good to clean this one up.

Motion by Mayor Benton, seconded by Mr. Perona and unanimously carried to approve the Interlocal Agreement for the South 26th Street Wastewater CDBG Project between FPUA, City of Fort Pierce, and St. Lucie County.

Mr. Frank Varella presented the June, 2006, Quarterly Operating Results.

He referred to page 1. Unrestricted current assets decreased \$6,600,000 in this past month. That is pretty much cash. Over this nine month period we've been spending a lot of cash, and we're depleting our cash at a very rapid rate. Although we had a very good month, it did not meet last year's target, and our year to date income continues to be lower than the previous year. On pages 14, 15, 16 and 17, you will see the electric, water and wastewater areas jumped above last year's nine month figures. He expects this trend to continue through July and August. Our debt service ratio is well above our minimum requirement of 1.25.

Mr. David Mellert presented a request for approval of a Specific Authorization with CH2M Hill for design of the new 5 mgd Mainland Water Reclamation Facility.

Mr. Mellert explained this is one additional step forward to a new 5 million gallon per day wastewater treatment facility. Nearly a year ago, we initiated the preliminary design for this facility off Glades Cut Off Road across from the landfill. This is the next step to initiate the design phase, which would take us through bidding, permitting and recommendation of award of bid for selection of a contractor. This is approximately a ten month process. From the time we make the decision, today, until the time we have the plant on line will be as much as three years. Our Attorney has reviewed this contract. We have had numerous meetings to define the scope of this project, as well as working diligently on the costs. We are confident we have negotiated a fair and equitable price. We feel comfortable, as well, that CH2M Hill will provide the services. Mr. Mellert advised the Board that Sean Skehan of CH2M Hill is present, today, if the Board has any specific questions.

Mr. Drummond asked if the design will allow us to go up to as high as 25 mgd. Mr. Mellert said that is correct. This design will encompass, not only, the 5 mgd, but it puts in place the expandability to 25 mgd. In many cases the facilities will actually be designed and built to go to the next phase. It is very similar to the R/O plant where we built the facilities large enough so that expansions could take place very quickly and in an economical manner.

Mr. Summerhays said 24 inches is a pretty big deep injection well. Mr. Mellert said that is the next item we will talk about.

Mrs. Cully asked if we should need to expand rapidly, what would the timeframe be? Mr. Mellert said we have broken this into five phases. If we were looking at those, individually, the first phase would require a three year window. To go from phase one to phase two, would probably take less than a year. When you go beyond phase two, the phases get a little longer, because many of the facilities would not be in place in the initial phase. So, if we go from the initial phase of 5 mgd to 10 mgd, that would take approximately one year.

Motion by Mr. Perona, seconded by Mrs. Cully and unanimously carried to approve Specific Authorization 2006-04 with CH2M Hill in the amount of \$2,060,000 for design of the new 5 mgd Mainland Water Reclamation Facility.

Mr. David Mellert presented a request to waive the formal bid process and authorize staff to negotiate directly with Youngquist Brothers, Inc. for construction of one 24-inch industrial deep injection well, one 24-inch municipal deep injection well, and one monitoring well at the Mainland Water Reclamation Facility. If he is not mistaken, this will be the largest well ever constructed, possibly, in the United States as an injection well. Mr. Sean Skehan confirmed this. Mr. Mellert said that is one reason we come before the Board today to request waiver of the formal bid process. Probably, 99% of all wells that have been constructed in the State of Florida in the last ten years have been constructed by Youngquist. Youngquist is the expert in the industry. They are familiar with Fort Pierce. They drilled the two wells we have in place here. We feel very comfortable with them. To go in any other direction would come at a high risk. Based on the timeframes this is very important. This well has to meet deadlines established, contractually, with FMPA. This well, initially, will be used for the discharge of the cooling waters from FMPA's power plant, which he believes is scheduled to be on line in early 2008. Mr. Thiess said FMPA's target is June of 2008. We would like to have the well

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ready by November of 2007, if possible. Mr. Mellert said we are talking about \$13 or \$14 million dollars. FMPA is going to be participating in this project at approximately \$3.2 million. That is their prorated cost share of the well.

Motion by Mr. Drummond, seconded by Mr. Perona and unanimously carried to waive the formal bid process and authorize staff to negotiate directly with Youngquist Brothers, Inc. as a sole source for construction of one 24-inch industrial deep injection well, one 24-inch municipal deep injection well, and one monitoring well at the Mainland Water Reclamation Facility.

Mr. Mellert presented a request to authorize payment to St. Lucie County for FPUA's portion of the South US 1 water main installation.

He explained we have discussed an Indian River Estates MSBU for a number of years. The County is planning to do that. If you have driven on US 1 between Midway and Rio Mar in the last six months, you realize that road is under construction. The MSBU is not quite ready to go yet, but as part of that, the County had to jump forward and put this water line in immediately. We also looked at it and had budgeted next year to put in these stubs and crossings for future growth, but, because of the schedule, we've had to bump that up. Because the County went forward, we jumped in with them to get these stubs and services put in now. Today, you are asked to approve our portion of the costs for putting those stubs and services in for those vacant tracts of land. This main will actually be located underneath the asphalt when the road is completed. The road is going to a six lane section. Right now, it is four lanes with a suicide lane. It will go to six lanes with a median. When that happens, the main will actually be under the road. This is a \$550,000 project, and, out of that, our portion will be around \$90,000.00.

Mr. Summerhays asked if we are responsible for the bumps in the road down there. Mr. Mellert said our lines were bored underneath the road. We did not cut the asphalt. All of those are drainage crossings.

Motion by Mr. Perona, seconded by Mayor Benton and unanimously carried to authorize payment to St. Lucie County in the amount of \$89,989.88 for FPUA's portion of the South US 1 water main installation.

Mr. Thiess stated the Bond 101 Workshop we had scheduled before the storm was cancelled. We have a tentative target date of September 22nd. Mr. Summerhays said he has been called to jury duty. If it is a civil matter, they won't let him serve, but he has served on criminal juries. Mr. Thiess said he and Mr. Richards will, also, be out of town on that date. We will look at another date. We are also going to look at scheduling a workshop on rates with our consultant, PRMG. Right now, we have a target date of September 29th. We will go back and look at two new dates and get back with the Board Members.

Mr. Thiess reported that we received notice from City Purchasing week before last that our costs were going to increase. Our cost in the past has been based on a percentage of the cost of running the Purchasing Department. That amount was 33% of their budget. Over the past several years, for some reason, it wasn't brought up to date, and we've been paying the same amount for four or five years. The Purchasing Department has asked that we pay 50%, rather than 33%. Their budget is approximately \$413,000. We are going to do two things. We are going to evaluate that percentage,

and, maybe, have our Internal Auditor take a look at it to make sure we are both happy with that percentage. We are also going to look at what our costs would be in-house for comparison purposes. Once we have those two numbers, hopefully, we can negotiate something with the City, looking at having them continue to do our purchasing. We will have more to come on that one.

Mr. Thiess stated because of his transition into this position, he was unable to take a vacation this summer. He will have over 240 hours after September 30th. It is the UA's policy that everything over 240 hours is eliminated if it is not used prior to the last pay period in the fiscal year. He is requesting the Board to waive this policy in this case considering the circumstances. When he was tapped for the position of Director of Utilities, he immediately began interviewing for someone to fill his previous position. There was no time for a vacation. He is just asking for a little relief on that.

Mr. Summerhays asked how many vacation hours Mr. Thiess has. Mr. Thiess replied it will be a week or a week and a half over the allotted amount. Mayor Benton asked what month he is going to Hawaii. Mr. Thiess said that will be in December.

Motion by Mr. Drummond, seconded by Mayor Benton and unanimously carried that Mr. Thiess be allowed to retain any vacation hours he has accrued over 240 hours by the last pay period in September, and that they be carried over to the next fiscal year.

Mr. Thiess said, in a related matter, the fruit of that search and effort was the hiring of a Water/Wastewater Director. He introduced Mr. Tim Perkins as the new Director of Water/Wastewater Systems. Mr. Thiess stated Mr. Perkins has a tremendous resume. We are very lucky to get him. He has 27 years of experience in water and wastewater. He is a registered PE in Florida. He graduated from FIT with a degree in Environmental Engineering. One thing we appreciated was that he had 22 years with JEA and its predecessor utility in water and wastewater. He has a very solid technical background with a little electrical experience, also. The Board welcomed Mr. Perkins.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN