

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, JANUARY 16, 2007, 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.; Mayor Robert J. Benton III; Ex-Officio Member/City Manager, Dennis Beach.

Others Present: Director of Utilities; Director of Water/Wastewater Systems; Director of Electric/Gas Systems; Director of Corporate Services; Director of Shared Services; Internal Auditor/Risk Manager.

Chairman Perona called the meeting to order.

The Invocation was given by The Reverend Bill McClain of St. Lucie Presbyterian Church.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

Motion by Mr. Drummond, seconded by Mayor Benton and unanimously carried to approve the items listed on the Consent Agenda:

1. Approval of the Minutes of the Regular Meeting of December 5, 2006.
2. Approval of the Minutes of the Regular Meeting of December 19, 2006.
3. Excuse Mayor Benton from attendance at the Regular Meeting of December 19, 2006.
4. Bid 5679: Award lowest and best bid to Andrew Watters Aluminum for installation of concrete pads at the Hartman Road Pole Yard in an amount not to exceed \$45,550.00.
5. Comparison of Residential Electric Rates for the Month of November, 2006.
6. RFP No. 5678: Approve award of contract to Matula Electric Contractors, Inc. in an amount not to exceed \$50,000 for electrical services through November, 2007, with two one-year renewal options.
7. Purchased Gas Adjustment for firm gas service for the period from 2/1/07 – 2/28-07 will be +\$.178/CCF.
8. RFP No. 5655: Approve award of contract to Heveron Group Inc., d/b/a Beachland Cleaning Service in the amount of \$119,376.00 annually for the term of 1/1/07 through 7/31/08 for janitorial services.

The following letters of appreciation were noted:

1. A letter was received from Grace Emmanuel Church expressing appreciation to FPUA employees for contributions to their food pantry in November.
2. A letter was received from First Baptist Church of White City thanking FPUA employees for food donated to their food pantry in December.

Mr. Thiess introduced Mr. Thomas Orłowski, Vice President of Architecture for CH2M Hill. Mr. Orłowski was on the original architectural team that designed the Energy Services Center. Mr. Orłowski presented a power point report regarding alternatives for facilities growth.

Mr. Orłowski explained he will show the Board a brief power point presentation of the study they began in August. FPUA did an analysis from 2006 to 2016 looking at what staff numbers might be. We looked at what kind of facilities you will need if you have this growth pattern. No matter if growth speeds up or slows down, this will be a baseline to work from. The study sets the parameters, so all you have to do is make the decisions and tweak them as you go along. In itself, the study will give you a variety of recommendations and suggestions, and in the phase development, you can take a look at what it all means to you.

Mr. Orłowski said they looked at how administration and customer service, especially, can be consolidated and can grow. We looked at three different sites in which to make it happen. One is the cooling tower site downtown, the courthouse property and the 6th Street property as a combination, and the site directly east of the ESC and to the southeast of it, which is a larger site. He also looked at all the UA's other facilities. He visited them all and met with people. He has comments, after going through the three properties, on other things you can take a look at. Some are soft; some are hard.

Taking it all in a nutshell, he showed the Board what he thinks they will need within ten years, plus or minus, depending on staff projections. He has hard copies of a larger power point presentation with more detail for the Board. That will give you all the detail of how these things were developed.

If you moved departments 15, 43, 66, 18, 21, 32, 41, 11, 51, 61, and 31 to the 37th Street site, you could also include Department 56 and enhance customer service and keep a lot of it all together. The downtown sites would not accommodate Department 56, as they require an additional 2,000 square feet of storage. When getting into a detailed development of each one of those departments, they did a space program for each unit, which included all offices, conference rooms, work rooms, etc. Once we figured out what your needs are, we added another 35%, because that takes in the walls, the corridors, and everything else that makes the building work. For all the departments, excluding department 56, you would need a 42,000 square foot building. If you included Department 56, you would require 47,000 square feet. Currently, some of the sites considered are clustered downtown and others are at the ESC.

The cooling tower site is a very small site. It is approximately 1.4 acres. He did a first concept on it just to see what could be done with existing zoning and what could be done with the site. It really doesn't work, but he is showing it to the Board anyway. By existing codes, you could only build about 19,000 square feet on that site, and you need 42,000 square feet. You could build a three story building there and a parking structure. It is not cheap, but it could be done. You would have only one street access for everything. A three story building is a little less efficient than a single story building, because you are repeating stairs and lobbies and things you don't really need for your purposes, but they cost and take up space. Parking structures costs, too. It is a really prime downtown site.

Mr. Orłowski said they used \$200 per square foot, not knowing when it might be built. For the usable space in the building, which is 65% of the total square feet, he used \$35 per square foot for all your office furniture, copiers, etc. to make the building work. For site work, they used \$250,000 per acre for each of the sites. There would be a 15% contingency added. In figuring the cost they looked at the UA selling other properties they own, such as the Courthouse building and 206 South 6th Street/Annex. This is estimated at \$6,000,000. This makes the total cost of construction \$9,133,000 after sale of the 6th Street properties.

Next they analyzed construction at the Courthouse site in conjunction with 6th Street and the Annex.

He considered two concepts. Concept A is to build a three story building with on grade parking for 127. This would only allow for 38,100 square feet due to parking rules. New codes say you have to have a ten foot setback from all sidewalks and so much green space. Concept B includes building a two story 42,000 square foot, expandable building using both the Courthouse site for the new Administration/Customer Service Building and the existing 6th Street Administration/Annex site for adjacent on grade/site parking. The courthouse would have to be demolished due to age and the type of construction.

This would work and if you deducted the sale of the cooling tower property, the total cost would come to \$12,295,000.

Mr. Summerhays said that piece of property reverts to the City. Mr. Thiess said the cooling tower property is owned by Fort Pierce Utilities Authority. The power plant site belongs to the City, but the cooling tower property was purchased later by FPUA.

Mr. Orlowski next presented an analysis of using the site on the east side of South 37th Street. This consists of a little over 15 acres. A small portion is wetland, but he doesn't see any problems. We have a lot more room to play with. Under Concept A1, a 2 story, 47,000 square foot (expandable) building could be constructed on the north side of the site nearest the ESC. You could actually tie them right together and start to form a main campus. There would be approximately 6 acres left over. Under Concept A2 you could do the same thing, but on the south side of the site. This would pull the administration building right out to Okeechobee Road and create an image. There are many advantages to this location. For these two concepts, including selling the 6th Street Admin/Annex site, the Courthouse site and the Cooling Tower sites, the total cost comes to \$10,807,000.

On the 37th Street site, there is still area to grow. The Staffing index showed that water/wastewater services are really growing. They have a staff projection over ten years from today of 27 people. They would need approximately 12,000 to 13,000 square feet. Concept B proposes the 2 story 47,000 square foot building and the added concept for a proposed new building for Water and Wastewater.

Another possibility includes the big retention area just south of the ESC. We could mitigate that and move it to the new site and start to use that area.

There is another potential of purchasing the parcel just to the south to do the same thing. We are just giving you different options. We feel that you should consider looking at these sites all around the ESC even for non-facilities, just for area for growth.

The Water/Wastewater building would be a one story 12,600 square foot building at a cost of \$175/per square foot. There would be no stairs and elevators. This addition would amount to another \$4,677,000.

Mr. Orlowski further stated they were also tasked with looking at the existing Energy Services Center. You have an existing open roofed building on the site. It needs to be enclosed and tied back to the main building, so you can get more space. He also showed where expansion areas exist if Water/Wastewater moves out of the ESC building. He also showed the Board possibilities for expansion if Department 56 moved out of the ESC building. Expansion within ESC shows they will need about 5,600 square feet of growth in the future, too. If you consider at some point, these people could move out, it would take care of the space needs within the ESC building itself. Another option is

building a mezzanine section on the second floor over the existing Stores Department and tie it all together with offices or use it for storage. The only reason it doesn't tie in to the existing second floor is because you have to get to existing mechanical equipment, and the fork lift needs to get in and out of there. This would give you over 4,500 square feet of potential storage within the existing building.

Mr. Orłowski presented a slide showing potential sites he feels should be looked at surrounding the Energy Services Center location. Their purchase will tie everything together. Some are very small sites, but when you put them together contiguously, they form something that can make their use efficient. That is the idea of the whole study – consolidation and efficiency.

Mr. Orłowski said we did look at other facilities. The Todd Center was one we looked at. The Todd Center is about 12,600 square feet. That is just about the area needed by Water/Wastewater. About 4,000 square feet of that is office space. The rest is warehouse. Depending upon how it was used, you would have to air condition more space, etc. There is the possibility of using the Todd Center for records retention.

He outlined several other possibilities, such as maximizing off-site customer service operations; working in shifts; working at home; review of new technologies and equipment to reduce building space requirements (example: having FPUA truck/vehicle computers rather than check-in/report writing building spaces); warehouse/storage consultant for developing most efficient storage for both interior and exterior warehousing.

Mr. Orłowski said this report could be a living document. Short term recommendations include renegotiating leases so you have time to make decisions. You are currently using about 6,900 square feet on Second Street. The existing Sixth Street building is 16,600 square feet, and the annex is 12,000 square feet. Put them all together and it comes to 35,500 square feet that you have downtown and are occupying right now. He is stating you need 42,000 square feet, which would take 40 more people. If the 37th Street site is not purchased, you can look at the other site for moving the Water/Wastewater group to a new location. This will free up approximately 5,000 square feet of office/shop area and 1,400 square feet of second floor storage available in the ESC in a 2+ year time frame.

Mr. Orłowski said many times what happens in something like this is that one recommendation becomes part of three recommendations.

His final recommendations include purchasing the 37th Street site for major expansion flexibility, relocation of Department #64, because they are really growing. They can be relocated to a new site on 37th Street or to the south of the ESC with the purchase of the smaller piece of property on Rhode Island Avenue. Depending upon how you do it, there is the possibility of selling other properties. He recommends purchasing smaller ESC area properties for general expansion of FPUA operations and storage capabilities. FPUA should continue proactive planning to further validate and refine selected preliminary concepts. He also recommends incorporating facilities planning into the annual strategic planning process.

Mr. Perona said that was a very informative report. Mr. Orłowski distributed hard copies of the presentation to each Board Member.

Mayor Benton said he has a question about the lease on the Second Street building. When is the lease up? Mr. Thiess said the current lease is up July 31, 2009. We are negotiating a lease extension with the owner to go out to July 31, 2013. It is a four year extension. The first two years would be the first

extension, and the third and fourth year would be individual, one-year extensions on top of that. Mayor Benton asked what we are paying now per year. Mr. Thiess said right now we are paying \$10,000 per month for the last two years of the lease. As we move into the extension, he thinks there is a 10% increase and for the first two years it would go to \$11,000; the third year is 6 or 7 percent and the fourth year is 6 or 7 percent. Mayor Benton asked how many employees we have in that building. Mr. Thiess said right now, we have about 20. Mayor Benton asked if there are any facilities we have right now that could accommodate those 20 people. In his opinion, before we negotiate a new lease, we should consider some other options. Mr. Thiess said we have a few little spaces here and there. We don't have a place big enough to house all 20 people without adding on to another facility or doing some construction. Mayor Benton said unless we actively pursue this plan and, maybe, sell off a piece of property or purchase the 37th Street property, he just thinks we could save some money if we get out of the Second Street building. Mr. Thiess said part of the reason for extending to 2013 is it takes a certain amount of time for the planning, design and construction, and 2013 gets us out far enough so we can be sure we have time to complete that process. If we started today and looked for a contract on 37th Street, we would be at least two to three years.

Mayor Benton said he would like to make a suggestion. The City is building a parking garage with office space. He doesn't know how much office space you need, but this is just thinking off the top of his head, but he would think the City could give you a better deal and if we could fulfill your needs there, maybe that is something we could talk about. Mr. Thiess said yes. All the extensions of the lease are structured to occur one at a time with six months advanced notice. We can opt out of any of them. If we could have office space over there, that is certainly a consideration. Mayor Benton said we will see how much office space you need and talk about it a little more. Mr. Thiess said we have 8,300 square feet of office space at our location on Second Street. Mayor Benton said when the garage is finished by the end of this year, we will have office space, but it will just be a shell. That might be something we could work out. He will check with Mr. Ward. Mr. Beach said there are three stories of office space and one story of retail. He thinks there are around 5,000 square feet per floor or more. Mayor Benton said he will see what he can do to come back with some more details. He is sure the City would give the UA a better deal than anyone else as far as rent.

Mr. Perona said we have heard that, basically, FPUA departments are all over the city. That, in itself, is an expense, not only in real dollars, but in time and convenience, plus the fact that we are renting facilities. He is sure when we crunch the numbers and show what the savings will be for us to have everything consolidated in one parcel or one campus, he thinks you will find the cost to the UA and its customer-owners is not going to be that much. He would imagine once we move forward on this, we will start getting numbers to deal with.

Mrs. Cully referred to the downtown site, cooling tower site and the Courthouse site. When we received that information from Mr. Orłowski, how far out does that anticipate growth? Mr. Orłowski said the plans using the two sites together, gives you 42,000 square foot building or a little larger. Parking is the controlling factor, both at the courthouse and the adjacent site. It would take you to 2016 and maybe a year or so beyond. When we said expandable for the 37th Street site or the combination of 6th Street and the Courthouse sites, that means we can design the buildings to be further expanded. There is enough room to move it out another forty feet and go up two stories at the end.

Mr. Perona said when we talk about the cooling tower site, without really thinking about it, two things come to mind. Do we really have to have that identity in the Second Street area? He doesn't think so, but if that is something the UA thinks we need to do, we need to take another look at it. He thinks it would be best served to work with the City on some major plan they may have, because he thinks that

property falls right in the middle of all the future planning that is going on downtown. It is a focal point on Second Street. Mayor Benton said we have a planning session on the 26th of February, and we will be talking about the power plant property, the sewer plant property and the park there. It will probably be the biggest charette we've had. Mr. Perona said if the UA is the owner of that property, he is sure finding a commercial owner might be a real interesting thing for the City, as well as the Utilities Authority. It will help get our goals accomplished as far as what we need to do. Mr. Perona asked Mr. Thiess if he has a feel for whether FPUA needs some identification and some presence in the downtown area. Mr. Thiess said if we had a campus on 37th Street, we might maintain a walk-up type office downtown. We haven't gotten to that level of detail yet. Our customers are used to coming into our lobby and paying their bills. We have a lot of customers that pay cash. We have to handle that in one form or another. We can have lobbies on 37th Street, but he would think we would need a presence in a storefront type office or something like that in the downtown area, possibly expanding locations like we did with the drugstores and Riverside to allow customers to have some convenient payment options.

Mr. Perona complimented Mr. Orlowski on his report.

Mr. Thiess explained our Community and Corporate Relations Manager, Camille Yates, prepared a Conservation Plan with some input from other departments. She is out ill today, but this is a fairly detailed plan focused more toward the UA, as users. It goes through things like lighting, heating, ventilating, air conditioning, motors, weatherization, even fleet management things that will help us conserve energy. We will put this out to our employees and put it on the intranet site. We will have to continuously remind employees this is what we are doing, and ask them to watch thermostat settings and turn lights off at night. It is a plan for our use to conserve energy in our buildings and in our fleet to help keep costs down. It is for information purposes only.

Mr. Perona said this is what we're telling our customers to do, so we ought to be doing it ourselves. It would be interesting to know what affect this will have on the UA, not that we abuse our utility systems, but it would be interesting to say we did all of this, and we're saving "X" amount of energy by doing so. Mr. Thiess said we are doing a lot of this already. It is not totally new. We have added some things here that we haven't done in the past.

Mr. Thiess introduced James Carnes of Water/Wastewater Engineering. Mr. Carnes presented a request for approval of a Water and Wastewater Supply Agreement.

Mr. Carnes explained Portofino Landings is a multiuse project. It consists of about 44,000 square feet of commercial and retail space including a 250 seat restaurant and about 408 multifamily unit homes. This project is located behind Tractor Supply and Wal-Mart on Okeechobee Road. The developer's engineer has determined that this project needs an 8-inch force main. FPUA's master plan calls for a 24-inch force main; therefore, we are recommending upsizing from the 8 to a 24 inch force main. The engineer has come up with a construction cost of approximately \$576,029.72 for construction of the 24-inch force main. FPUA's upsizing cost is \$341,326.20, resulting in a savings to FPUA in the amount of \$234,603.52. This project is within the City limits, therefore, an annexation agreement has not been affixed to the package. Mr. Carnes pointed out a typographical error three lines from the bottom of the supporting information. It should be "force" main in lieu of "water" main.

Motion by Mr. Summerhays, seconded by Mayor Benton and unanimously carried to approve Water and Wastewater Supply Agreement between FPUA, Culpepper & Terpening and Prime Home Builders to include FPUA contribution for offsite main upsizing in the not-to-exceed amount of \$341,426.20.

Mr. Bo Hutchinson presented a request for approval of a Water and Wastewater Supply Agreement for Carriage Point Estates, Inc. The project includes 132 single family homes located on Selvitz Road just south of Ten Mile Creek. The project is within the city limits of Fort Pierce. The property was annexed in 1994. This development will require a 6-inch force main to service their wastewater needs. Our master plan calls for a 12-inch force main along this corridor; therefore, staff is recommending upsizing from a 6-inch to a 12-inch force main. The total cost for the 12-inch force main is a little over \$760,000. FPUA's not-to-exceed contribution would be \$216,233.35, giving us a net savings around \$544,000.

Motion by Mr. Drummond, seconded by Mayor Benton and unanimously carried to approve Water and Wastewater Supply Agreement between FPUA, Shelby Homes at Carriage Point Estates, Inc. and Watman Group, Inc. including an FPUA contribution for offsite force main upsizing not-to-exceed \$216,233.35.

Mr. Thiess advised the Board we met with the City's Auditors about a week and a half ago regarding the Water/Wastewater rate increases, and they have prepared a letter drafting a scope of work for what they plan to do in looking through the numbers that PRMG worked through, the numbers we gave them and the cash flow situation over the last five years. It is his understanding they are going to take the letter around this week to all the Commissioners and make sure the City Commission signs off on the scope of work before they get started. That being completed this week, presumably, we're looking at February 2nd for the work to be completed. That would mean the next time we could take the Water/Wastewater Resolutions to the City Commission would probably be the second meeting in February on the 19th. It doesn't appear we will have enough time to make the February 5th agenda.

On the Electric Rates, we have redrafted the resolution to address the Public Service Commission index. He thinks we've done that to the point where the City Commissioners will be satisfied with it. We've talked, individually, with two Commissioners. We are trying to get around to the other three in the next week or two. That would go to this Board on February 6th. We would move forward to the City Commission on February 19th. We will take all three rate resolutions back to the City Commission on February 19th with all the i's dotted and t's crossed.

Mr. Drummond said the City has tasked the Auditor to do this. Who is paying for it? Mr. Thiess said they are working directly for the City, so he believes the City will be paying the Auditor. That is his understanding. It is a nominal sum - \$5,000 to \$6,000.

Mr. Thiess said the other item with loose ends to tie up is the Independent Contractor Agreement for Richard Smith. As of now, Mr. Smith is not under the employ of the UA under the tentative agreement that this Board approved subject to Retirement Board approval. Mr. Smith is working on some very critical projects for us. Our intention is to bring him back through a temp agency, which is not in violation of any Retirement Board policies, and use him under the temp agency until we can get this worked out. We are consulting with a tax attorney well versed in IRS procedures and determinations for what is an independent contractor and what isn't. Once we work through that and answer all the Retirement Board's questions, we will take the contract back to the Retirement Board with the

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questions answered and move forward. We probably won't have that information for another couple of weeks.

The last item he has is to thank this Board for participation in the Strategic Planning Workshops last week. He thinks it is a tremendous benefit to have the Board involved. He hopes they found it interesting and informative. It is good for staff to have the Board present, because we value your input and all these decisions come before you. It is good to have the Board in the front end of the planning process, so we are all in it together. He appreciates their input and thinks it was a very beneficial session.

Mayor Benton asked Mr. Thiess for copies of the presentation he put on for the Legislative Delegation. We have some lobbyists in Washington, and we are adding that to their list. He met yesterday with Congressman Mahoney when he was here. He would like to have the presentation so we can get the information to him so we can get the people in Washington working on some grant money. He would like five hard copies. Mr. Thiess said we will get those copies to the Mayor by the end of the week.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN