

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, OCTOBER 2, 2007, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members present: Chairman, Darrell Drummond; Vice Chairman, Pamela K. Cully; Secretary, Robert W. Summerhays, Jr.; Deputy Secretary, Thomas K. Perona; Mayor, Robert J. Benton III

Others present: Director of Utilities; Director of Electric/Gas Systems; Director Water/Wastewater Systems; Director of Shared Services; Acting Director Corporate Services; Risk Manager; MOEC Curator; FPUA Attorney; Purchasing Manager.

Chairman Perona called the meeting to order.

The Invocation was given by Mr. Richard Stenberg.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

An Election of Officers was held.

Motion by Mr. Summerhays, seconded by Mayor Benton and unanimously carried, to approve the slate of officers as follows:

Mr. Drummond	Chairman
Mrs. Cully	Vice Chairman
Mr. Summerhays	Secretary
Mr. Perona	Deputy Secretary
Mayor Benton	Mayor/Member

Chairman Perona passed the gavel to the new Chairman.

Motion by Ms. Cully, 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 September 18, 2007.
2. Bid No. 5732: Award bid for anhydrous ammonia to Airgas Specialty Products, of Duluth, Georgia, as lowest and best bid for the period of October 1, 2007, through September 30, 2010, with total delivery amount of approximately 60,000 lbs. for a total not-to-exceed amount of \$75,900.00 for a three year period as follows: \$0.395/lb for an annual amount of \$23,700.00 for FY 08, \$0.425/lb for an annual amount of \$25,500.00 for FY 09, and \$0.445/lb for an annual amount of \$26,700.00 for FY 10.
3. Approval of an agreement with Online Information Services, Inc., of Winterville, N.C., as a sole source, to provide Collections of Delinquent Accounts for the period of October 1, 2007 through September 30, 2008, for a not-to-exceed amount of \$27,000.00.

Mr. Summerhays requested that one of the professional engineering contracts, Engineering Design & Construction, Inc., be voted on separately, as he has a conflict of interest and will have to abstain from voting.

Mr. Thiess introduced our continuing contracts for water/wastewater engineering services. We typically renew them every three to five years, and this year we added a few more option years to perhaps stretch them out a little further.

Mr. Javier Cisneros explained that a little over a month ago the Board approved staff's recommendation to negotiate agreements with seven professional engineering and three design build firms. To date, we have received five of the ten agreements. The remaining agreements shall be presented at a future date. The agreements are for a four-year term with three one-year renewal options for a total of seven years. Since our new budget has started October 1st, staff recommends the Board approve and execute the five agreements.

Motion by Mr. Perona, seconded by Ms. Cully and unanimously carried, to approve professional engineering services agreements with CH2M Hill, Inc., Boyle Engineering Corp. and Global Tech, Inc. and a design build services agreement with Globaltech, Inc.

Mr. Drummond said that he would now entertain the motion with regard to Engineering Design & Construction, Inc.

Motion by Mr. Perona, seconded by Mayor Benton and carried, to approve a professional engineering services agreement with Engineering Design & Construction, Inc. with Ms. Cully, Mr. Perona, Mayor Benton, and Mr. Drummond voting yes. Mr. Summerhays abstained.

Ms. Nina Hurtubise presented the comparison of residential electric rates for the month of August 2007. Our status is about where it was last month. Ms. Hurtubise displayed a chart showing the FMEA electric bill comparison for August for 1,000 KwH. Fort Pierce Utilities Authority is the purple line. The hour average for the 1,000 KwH is \$112 per month, and that falls within the range. There are 12 other municipalities that are lower, but there are 20 with rates higher than that. So we are kind of in the middle of the range, and even low on the scale. We are really doing fairly well, even with the \$2.00 increase in our PCA in the month of August.

Mr. Drummond said it is always nice to see that we are staying below the mean and the median.

Ms. Hurtubise displayed a chart showing the FMEA electric bill comparison for August for 2,500 KwH. She explained that the same applies for the 2,500 KwH average electric bill for the month of August 2007. That amount is \$282.60, and it is \$2.85 below the mean and \$1.43 below the median; so we are getting closer to that level, but we are still below it. As the costs of some of these municipals also increase, we expect their rates to increase as ours have. For the 2,500 KwH bill, there are 13 other municipalities that have rates that are lower than ours, but there are still 19 that are higher than ours. We are doing fairly well.

Mayor Benton asked whether there is any way, maybe through our television channel 27, that we could bring this information to the public as a public service. He was told last night by one of the commissioners that there are some meetings in the Lincoln Park area where some information got out, and they were concerned about their high bills again. He tried to explain, and maybe we can try to explain also to the public, that just like the cost of gasoline at the pump, our electricity comes from several sources, whether it is nuclear, natural gas, oil and coal. As to the reason for these numbers, we are just doing business, it is costing us to do business. But somehow we have to get that information out. We have the ability to do it. This is an election year, so sometimes that message gets out the wrong way. If we can clear that up, he thinks it will make all of our lives easier by explaining it to people.

Ms. Hurtubise replied that she thought it would be very beneficial. She thinks that part of the problem that we are all experiencing is the heat, and our electric bills are increasing across the board. That is nothing unusual for any of us. But, yes, we intend to ramp up our information campaign, why it is that it is costing what it does to do business.

Mayor Benton said that also adding to the discussion would be letting folks know that we are getting out of the power business as far as providing power. When the plant is decommissioned next year, we are depending on a partnership that we have that will cost us a little bit more in the future.

Mr. Drummond said that we certainly want to get that kind of information out. But, clearly, one of the things that we want to make sure they understand is that a large component of this continues to be our power cost adjustment, and that is driven and is passed through and we have absolutely no impact upon that.

Mr. Summerhays said that if you look at cities that are similar in size to us and some that are fairly close by physically to us, you will note that the spread is even larger than it is to the mean and the median. Vero Beach, for instance, on a 1,000 Kwh is \$20.00 a month higher. Lakeland is \$10.00 higher. Leesburg is \$7.00 higher. These are very similar towns and/or are close by. He thinks that we are doing a fairly good job of keeping our rates down as low as we can through better planning, which obviously the Board cannot take credit for but the staff can.

Ms. Cully said that going back to what Mayor Benton said, in the Main Street Focus this month Camille Yates has a really good article regarding FPUA, our costs, and an explanation about that. People could pick that up as well.

Mr. Drummond said that, as always, it is important that we do our best to get accurate information out there.

Mr. Thiess introduced a post budgeted work order which has little bit of history behind it. It involves the relocation of our Gas Department out to an area at the Energy Services Center. The agenda item is somewhat brief, but he would like Mr. Doug Giel to give the Board a little bit of the history on it.

Mr. Doug Giel explained that items D-2 and D-3 (two post budgeted work orders) would probably have to be considered together because they both are asking for money, \$200,000

to be specific to be transferred from several jobs from the 2008 budget that just started yesterday, to help move our Gas Department, 15 employees plus their inventory and their vehicles, from the Todd Center, which is behind the water plant off 25th Street, to the Energy Services Center. We had planned to move the Gas Department at some time in the future. About eight months ago, we came to the Board with a plan for moving the administration buildings to the campus concept out on 37th Street by having them all in one location. This is part of that plan, but we are doing it a little prematurely. We are doing it earlier than what we had anticipated. We have taken a look at the costs involved, and we had three different options available to us. We looked at the Hartman Road area, and we looked at a structure that is west of the store room at the Energy Services Center called the Pigeon Coup. We were going to enclose that and fix it up for an office for the Gas Department. We also looked at the mezzanine, on the second floor above the storeroom right adjacent to the Electric Engineering department. That is where it is physically located. What we want to do is enclose that, move all the employees and the inventory there, and also construct a building outside in the parking lot area, although we have not really determined the exact location at this point, for their meter shop and just a little bit of storage area. All of this work will be done by outside contractor and work would start as soon as the money is approved. It will take approximately six months to get it completed. The Gas Department would move in after it is completed. What is anticipated that we would do at the Todd Center when the move completed is still not known. We have several different ideas in mind at this point. One is to turn it into a records storage area. Another is to probably use part of it for the maintenance facilities of the water plant maintenance people. There are other requests in the hopper as well, but we really have not decided what the best utilization of that area is at this point. He is asking for approval for the \$200,000.

Mr. Drummond said that Mr. Giel indicated that he had anticipated that it would take six months after the approval to actually get it completed. He asked whether that encompasses the time necessary to actually go out for bids, receive those bids and to award the bid.

Mr. Giel replied that it does. We are going to take that to City Purchasing as we normally do. That is probably the bulk of the time right there. It takes at least two to two and one-half months to do that.

Ms. Cully asked whether, if we were going to take this option, Mr. Giel thought the amount to be spent on something like this would be \$100,000.

Mr. Giel replied that the closing in of the mezzanine would take about \$100,000. We have to put new air conditioning in. We have to make sure that everything that we construct is fire-proof and blast proof, in case there are any explosions in the storeroom area. It would cost about \$100,000 for the building, and for the meter shop it would cost about \$100,000.

Ms. Cully asked whether we have already had estimates done for that.

Mr. Giel replied in the affirmative.

Mr. Perona referred to the campus idea that we entertained and, obviously, have moved forward on with the purchase of property, etc. As for the Gas Department, he does not recall ever seeing a plan where everything is going to fit on this campus idea. He wondered whether now that we are looking at places to put the Gas Department, if we were three or

four years from now actually building the campus idea, would the Gas Department probably have its own building somewhere else or would it more likely end up being in the same place that we are talking about now.

Mr. Giel replied that it is anticipated at this point being in the same place it is now, so this is a permanent or semi-permanent move as much as we can envision at this point.

Mr. Perona asked whether we are not necessarily going to build another building when we do this campus idea.

Mr. Giel replied that it is not anticipated that we would do that.

Mr. Thiess stated that the one thing we were anticipating in that campus complex was maybe having Water/Wastewater Operations move to the south end of that complex, but Gas and Electric T&D would stay in the ESC building.

Mr. Perona said he was concerned about any type of redundancy or a lost asset later on when we go ahead and build a new building. But if it seems like this is sufficient to house the Gas Department and it works as far as the campus idea, then it is just a question of moving up the time rather than duplicating ourselves later on.

Mr. Giel said that is correct.

Motion by Perona, seconded by Ms. Cully and unanimously carried, to approve post budgeted work orders for the relocation of the Gas Department to the Energy Services Center for an amount of \$100,000.00, and for the building of the meter shop and maintenance shed for an amount of \$100,000.00, to be transferred from budgeted funds.

Mr. Thiess said he had a couple of brief items.

First, he would like to give the Board a short status update on the unaccounted for water. We have not quite brought that to conclusion yet, but we are a lot further than we were the last time we talked about it. We did find some errors in certain areas. We recognized that there was no factor in there for meter error, although it is customary to put one in for unaccounted water, typically 2.3% industry wide. Power Department water use was not accounted for; there were some inconsistencies in engineering water use with projects, flushing mains and that sort of thing, that needed to be straightened out; and the plant water use data also needed to be worked a little better and reported more accurately. As to the plant metering, we are looking at testing those meters and calibrating them because they are operating at the low end of the range and there is typically some error there. Those are four or five areas where we found some things that are probably working against us in the unaccounted for water. By that, he means making the unaccounted for water higher than it should be. But when we look at the data and look at the curves over a long period, there are some trends in there that are still a little bit disturbing, so we think there might be some more systematic errors that have to do with data analysis and reporting. That is the part we are getting into now. We are going back and looking at changes in meter reading and billing practices over the last three years, and looking at implementing correction factors that we have identified and also looking closer at the interface with Cogsdale and new software. We are hoping that

by the next meeting, or shortly thereafter, we will have wrapped all those efforts up and will be able to bring some conclusions to the Board.

Secondly, Mr. Thiess explained that we received notice from the St. Lucie County Utilities that they want to go ahead with the planning of the expansion at the water plant at Holiday Pines. That is a reverse osmosis treatment plant at a 250,000 gallons/day capacity presently, and they want to expand it to 500,000 gallons/day. Staff does not have a problem with that. He knows since the Regional Utilities Task Force and FPUA realized that we are not going to be one utility, he thinks the way everything is going is that we are looking at moving ahead with two utilities in a cooperative effort and probably sharing capacity and sharing more interconnects and working separately to accomplish the same objectives as the Regional Utilities was designed to do. They have also indicated that they intend to move ahead and build their own treatment capacity. We received the five-year notice on doing that and in accordance with the bulk agreement back in March 11, 2005. At this point, it is very apparent that the County intends to build their own capacity, and this would be a first step in that direction. They have some larger plants they will have to build at the airport, much bigger water and wastewater plants. Actually the time line of this would be that they might start construction prior to the five-year notification, but they would not have it on line prior to the five-year notification. So the fact as to whether or not it is in accordance with the agreement, or around the edges of the bulk agreement, is a little fuzzy. As far staff is concerned as to picking a new direction, we do not have a problem with it. We think this is the way the County is going, and we just want to bring to your attention that it is occurring. Laurie Case, the Utility Director for the County, is also here if the Board would like to ask her questions.

Mr. Drummond said that he would hope that this does not preclude our ability to still discuss with them the option of trying to at least partner with them on the wastewater facility in the north. He asked whether that has come off the table.

Mr. Thiess replied that will be totally separate. This is strictly the water plant at Holiday Pines not the wastewater plant.

Mr. Summerhays asked how much water the County is currently buying.

Mr. Thiess said he could pin it down to developments. The Portofino development is on our water. The Seminole development that only has a few homes in it out on State Route 70 is on our water. The airport, of course, always has been, and North Hutchinson Island. Really, those are the main developments. He does not know of anything else of any scale at all that is on our water system. Of those developments, North Hutchinson Island, of course, is not on our wastewater.

Mr. Perkins said their purchase of water is around 200,000 gallons/day on average across the year, excluding North Hutchinson Island. Wastewater is billed on water, and we deduct for irrigation.

Mr. Summerhays said that the additional capacity they are contemplating could conceivably eliminate all their water purchase.

Mr. Thiess said that he believed this is not meant to serve Portofino or the developments we are serving. It is for growth within the Holiday Pines plant service area. We will still continue to be the providers for the Portofino development and right now, if any future development happens out there, we will provide the capacity for that. But, as he said, this will probably not be on line until that five-year notification runs out anyway. It is probably not an issue with respect to the bulk agreement.

Lastly, Mr. Thiess explained that we have held off on rescheduling the Treasure Coast Energy Center tour because it has been pretty wet out there, including this week. He talked to Ed Leongomez today. Ed said that the Board probably would not want to come out this week, although he had an open date on Thursday. So we are looking at going into next week. He just wants to throw some dates out. These are dates on which Ed is available. Monday, October 8, and Tuesday, Wednesday, Thursday, October 16, 17, 18. If the Board will mark these down, Elena will be back in touch with them and we will see if we can lock in one of those dates. If they do not work, we will schedule it out a little further. The dates are all morning appointments, we do not want to do it in the afternoon.

Mr. Summerhays commented on Mayor Benton's loss of his mustache.

Mayor Benton said that he had a little challenge with Jack Kelly, of the Port St. Lucie City Council, and he lost the challenge, but it was \$8,600 toward Big Brothers/Big Sisters. It is a great cause. Jack Kelly really enjoyed taking the shaver to it. Paul Hyatt with the St. Lucie County challenged Commissioner Joe Smith, and Commissioner Smith won that battle. But it was for a good cause.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman