

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,  
TUESDAY, APRIL 17, 2007, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Excused: Mr. Thomas K. Perona, Chairman

Others present: Director of Utilities; Director of Electric/Gas Systems; Director of Corporate Services; Director of Shared Services; Acting Risk Manager; Community and Corporate Relations Manager; City Purchasing Coordinator; FPUA Attorney.

Vice Chairman Drummond called the meeting to order.

The Invocation was given by Frank Varella, Director of Corporate Services.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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Mr. Drummond asked if Mr. Thiess has anything to remove from the Consent Agenda. Mr. Thiess said he did not have anything to remove, but would like to add an item to excuse Bob Summerhays from the April 3<sup>rd</sup> meeting. It has not been reflected in the record. Mr. Drummond said that the minutes reflected that we excused Mayor Benton and he was here and perhaps we meant to excuse Mr. Summerhays. Mr. Drummond suggested that the minutes be revised.

Motion by Mayor Benton, seconded by Mrs. Cully and unanimously approved to revise the minutes to reflect that Mr. Summerhays was not here and Mayor Benton was.

Motion by Mayor Benton, seconded by Mr. Summerhays and unanimously carried to approve the remainder of the items listed on the Consent Agenda.

2. Excuse Mr. Perona from this meeting.
3. Approve Interlocal Agreement for Water and Wastewater Service between FPUA and School Board of St. Lucie County with no participation cost from FPUA.

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Mr. Frank Varella presented the Board with a plaque for the GFOA Distinguished Budget Presentation Award for FY 2006. Mr. Drummond asked how long we have been receiving this award. Mr. Varella said this is the 12<sup>th</sup> year we have received it.

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A letter was received from The Council on Aging of St. Lucie thanking FPUA for donations of 354 pounds of food for needy seniors in our community

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Tim Trewyn presented a policy memorandum to have the electric transmission and distribution system inspected for safety and reliability at least every eight years and one-eighth of the system inspected

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yearly. Mr. Trewyn stated that he is bringing this to the Board to demonstrate to the Florida Public Service Commission our voluntary and general cooperation with the inspection requirements that they have imposed on investor-owned utilities. The proposed policy preserves our right to tailor inspection to the unique needs of our systems, not that we are dramatically different from them, but when we look at the results of FPL's system after the hurricanes and the issues they had, compared to our issues, we would want to emphasize different things in an inspection. Mr. Trewyn felt it important to keep this general so we can emphasize our needs. There will be a cost every year to FPUA. Mr. Drummond asked if approving this means we are being a little more stringent than what they were suggesting because they were talking about wooden poles and you were suggesting our entire infrastructure including wood and concrete poles and the pads for transformers. Mr. Trewyn said that is correct. We had a fairly diligent program before PSC put these requirements in.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried to approve the policy memorandum to have Electric Transmission and Distribution system inspected for safety and reliability at least every eight years and one-eighth of the system inspected yearly.

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Ex-Officio Member/City Manager, Dennis Beach entered the meeting.

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Mr. Trewyn presented an addendum to contract with Osmose Utilities Services, Inc. and stated that this is related to the previous item in the way that the inspection policy we now adopted sets out to inspect a general portion of the system every year over an 8-year cycle. As you can see in this item, things did not go as planned because we made a commitment to use our GIS system to support this inspection and it is a new system to us in which we have had a learning curve and some delays. When Osmose came back to present new unit prices, because time had passed, we approached FMPA and asked them to poll the other cities for prices. We brought RW Beck in to tailor our inspections with a strong safety orientation and other systems were focused on wood poles or other aspects of their systems. We have provided an analysis in the report you have. Mr. Trewyn said the best way to respond to the situation is to reduce the scope of the contract and accept the prices in that they reasonably compare to what the other utilities are doing. Mr. Drummond asked if the reduction in the amount of work will be extending it over a greater period of time, so we will be seeing additional costs in the future. Mr. Trewyn responded that it will be consistent with the policy after this year. This year we will not do one-eighth of the system, we will do 25 percent. In subsequent years, we will inspect one-eighth of the system.

Mrs. Cully made a motion to approve the addendum to the contract with Osmose Utilities Services, Inc. to reduce the not to exceed amount from \$217,789 to \$120,000, reduce quantities of inspection by approximately 75% and approve revised unit prices effective through December 31, 2007, seconded by Mr. Summerhays and unanimously approved.

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Mr. Frank Varella presented the Comparison of Residential Electric Rates for the Month of February 2007. FPUA for 1,000 KWH is \$110 and the median and means are four dollars and six dollars higher. As seen in the chart, Mr. Varella said we are competitive in comparison to other utilities in the State. Mr. Drummond asked if this includes the rate increases that were implemented in January. Mr. Varella responded that it is with the rate increases, as well as, the PCA decrease that went in effect in February. Mr. Summerhays noted that we are below the mean and median at the 750 KWH and the 2,500 KWH.

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Mr. Trewyn stated that we have been working with FPL and FMPA on the ramifications of closing the H. D. King Plant. FPL is asking for a letter from FMPA to FPL notifying of termination of power delivery from H. D. King Power Plant which expresses our acceptance of general terms needed to provide adequate capacity to Fort Pierce once the King Plant is gone. FPL has to build a 6-mile transmission line at about one million dollars a mile that they have to pay for. FPUA has to upgrade the sub-station, and we retained an engineering firm, RW Beck, to study the situation and give a preliminary cost of what it would take to upgrade the substation to provide the additional capacity. The estimate is \$6.5 million. We have replied to FMPA to ask if the load forecast that this conclusion was based on could be revisited and if we can revisit the timing of these improvements. It is time to proceed with the approval of the letter to indicate that we recognize this is a reasonably balanced division of the costs of decommissioning of the King Plant and its effect on the system. Mr. Drummond asked if there is a potential to get some credits. Mr. Trewyn said if the improvements provide capacity to FPL that we have no near or medium term need for, we would offer the excess capacity to FPL.

Mr. Summerhays made a motion for approval of letter from FMPA to FPL notifying of termination of power delivery from H. D. King Power Plant, Mrs. Cully seconded and it was unanimously approved.

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Mr. Thiess explained that the next items are two grant contracts as a result of the Hazard Mitigation Grant Program where \$25 million was directed towards St. Lucie County to share among the municipalities and county. This was cut to approximately \$11 or \$12 million, but the FPUA projects were among the first to get funded along with the St. Lucie Village projects, which were very small. Mr. David Mellert presented the two agreements that total a little more than one million dollars in improvements. Mr. Mellert stated that the first agreement is for the wastewater treatment plant hardening, which includes bulkheads, seawalls, berms and additional equipment that will be put in place for the plant to better withstand the storms we have had in the past. The second agreement is for Lift Station A, more for elevation changes to add some berms and curbs from the flooding we previously had there. The FPUA would be responsible for 25 percent of the funding, which will be budgeted in next year's budget in the sum of approximately \$280,000. Mr. Mellert asked the attorney if the projects need to be approved individually or jointly. Mr. Koblegard said they needed to be approved individually. Mr. Summerhays asked if the hardening of the wastewater treatment is for things like the almost problem of the deep well injection almost getting washed out. Mr. Mellert responded that is correct in that on the east side of the plant a seawall is needed. Mrs. Cully asked the timeline on getting this accomplished. Mr. Mellert said that we intend to go out to bid the first of October and get under construction the first of the year in 2008. Mr. Mellert said these are very complicated projects in that they include pumps, motors, drives, earthwork, and seawalls. Mr. Thiess said we will restructure our continuing contracts as design build contracts. We have cut these projects back, scope-wise, because if we were going to harden the plant forever for 20-30 years, it would have been a \$10 million project between the plant and Lift Station A. We cut it way back for the anticipated shorter time that the plant will be on the island, just to protect the structures with a wood seawall, improve some of the motors and build some berms for storm hardening.

Mr. Summerhays made a motion to accept FEMA Project Agreement #1545-136-R, Mayor Benton seconded and it was unanimously approved.

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Mrs. Cully made a motion to accept FEMA Project Agreement #1545-122-R, Mr. Summerhays seconded and it was unanimously approved.

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Controller, Mrs. Nina Hurtubise, presented the January 2007 Operating Results stating they are consistent with December's operating results. The cost of purchased power and purchased gas has gone down and we are passing that along to our customers. For the month of January, Mrs. Hurtubise said we collected about two million dollars in capital improvement charges and expended about \$200,000 of that, primarily in electric. The purchased power has gone down about two million dollars and the revenue was down about that much also. Purchased gas decreased about \$650,000. The increases in depreciations are attributed to the power plant being decommissioned. The increases in general and administrative costs are attributable to property and liability insurance and employee insurance. Mr. Drummond stated that we have had quite a year of capital contributions. Mr. Summerhays said our debt service coverage has dropped a little bit. Are we expecting that to turn around? Mrs. Hurtubise said she hopes that will level off.

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Mr. Varella presented the item for acceptance of FMFA Internal Audit Department Review of the Cogsdale System and City of Fort Pierce and St. Lucie Village Sanitation Charges for Rendering Billing and Collection. Mr. Varella stated that the audit was done to improve our internal control and operations of the customer service system, as well as, calculate a fair and reasonable price to charge the City of Fort Pierce and St. Lucie Village for rendering, collecting, and billing their sanitation fees. The audit came over budget by \$2,000, and we will need your approval for the overage and approve a step increase for the City and St. Lucie Village over the next three years to bring it up to the upper level of the recommended ranges. Mr. Drummond asked if we are being asked to formally adopt the increases for the collections. Mr. Varella said that he would like the Board to direct them to do that, so Mr. Thiess can get with Mr. Beach to work things out so we can have a smooth transition in the next budget year.

Mrs. Cully made a motion to approve the total amount of \$27,767 for the FMFA Internal Audit, Mr. Summerhays seconded and it was approved unanimously.

Mr. Summerhays made a motion for the rate increase for rendering, collecting and billing sanitation fees to the City of Fort Pierce and St. Lucie Village, seconded by Mrs. Cully and unanimously approved.

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Mr. John Tompek presented RFP 5678 for an additional \$77,000 to contract with James E. Matula Electrical Contractors. Mr. Tompek said that on March 6, 2007, the board approved the purchase of the new emergency generator for the administration building and the annex of the 6<sup>th</sup> Street complex. The contract was awarded to Standby Systems, and the generator will be here in late June. Additional funding is needed for the installation of the generator and associated work in and around the administration building. Stanley Consultants has completed the construction drawings. The work scope includes the following: relocation of pad transformer to accommodate location of the new generator; installation of the new main switchboard and automatic transfer switch; new underground conduit connecting the transformer, generator and new main switchboard; installation of new cable; and rewiring of some panels in the administration building. In addition to the installation work, the Contractor is responsible for procuring the automatic transfer switch, main panel, and associated disconnect switches, breakers and construction consumables. The additional \$77,000 is for labor and

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materials. In January 2007, the Board approved the contract with James E. Matula Electrical Contractors for electrical services. The price includes extensive overtime for the work that has to be completed on weekends so as not to disrupt normal work day functions. Staff intends to have this work completed prior to the active part of hurricane season.

Mr. Summerhays made motion to approve the additional \$77,000 under the existing contract with James E. Matula Electrical Contractor for 2007, for installation of new emergency generator at FPUA Administration Building, seconded by Mayor Benton and unanimously approved.

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Ms. Betsy Schnebli presented Bid No. 5715 to piggyback Indian River County's bid for fiber optic services with Precision Contracting. Ms. Schnebli stated their unit price contractor they are currently using has down-staffed considerably and are not able to meet the needs in a timely manner. Mr. Drummond asked if the demand for fiber optic is going down. Ms. Schnebli responded that the demand has not changed, just this company was downsizing.

Mayor Benton made a motion for approval, seconded by Mr. Summerhays and unanimously approved to piggyback Indian River County bid for fiber optic network cabling from Precision Contracting Services, Inc. for a total award not to exceed \$200,000 for the period of April 27, 2007 through September 30, 2007, with five one-year renewal options subject to unit price increase based on consumer price index or a maximum of 5%, whichever is less with maximum cap of 10% for life of the contract.

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Mr. Javier Cisneros presented the item to waive formal bid process and authorize staff to purchase and pay Pantropic Power, Inc. directly for the emergency generator for Lift Station A in the amount of \$415,000. On December 19, 2006, the FPUA Board approved Specific Authorization (SA) GT-12 with GlobalTech for the design, purchase, and installation of the generator. Caterpillar Model C27, was selected because of standardizing and reliability for FPUA. Staff requests that we pay the Vendor directly to avoid paying approximately \$27,000 in sales tax. Savings between the reduced price, the increase cost of the equipment from the vendor and tax exemption is approximately \$50,000. Based on informal quotes and delivery dates from various vendors, it is staff's opinion that the sole source request to purchase the generator represents the best interest of FPUA. Mr. Cisneros said the funds from the South Jenkins 24" force main project will be used to purchase the generator. Mr. Drummond asked if we will have to have someone else come in and install the generator. Mr. Cisneros stated that GlobalTech has already been authorized by the Board to do this work under the Specific Authorization GT-12.

Mr. Summerhays made a motion for approval to waive formal bid process and authorize staff to purchase and pay Pantropic Power, Inc. directly for the emergency generator for Lift Station A in the amount of \$415,000, Mrs. Cully seconded and item was approved unanimously.

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Ms. Schnebli presented a walk-on item to purchase 16,000 feet of cable to be used for the temporary service at the new Mainland Water Reclamation Facility and the rest will be used for stock.

Mayor Benton made a motion for approval, Mrs. Cully seconded and item was approved unanimously.

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Mr. Thiess stated that the City Commission last night approved the addendum to the Contract to St. Lucie County TV. It is Mr. Thiess' understanding that the Board meetings will be televised in June.

Another item is the water restrictions by South Florida Water Management District (SFWMD). Mr. Thiess said that FPUA had a representative last Friday at the SFWMD meeting in Stuart. We also coordinated with the City Manager's office to have enforcement through their Code Enforcement people. A press release was issued on Friday to all media, City Commission, FPUA staff, and other government entities. We are under those water restrictions now until further notice.

Mr. Thiess said we are scheduled to bring presentations to the FPRA Board on the 25<sup>th</sup> of April. We previously put the Commission on notice that we may want to come to them to ask for help on water and wastewater in the amount of approximately \$400,000 for adjustments to the South A1A project in this fiscal year. We are going to request FPRA funding to help us make our budget reductions.

Mr. Thiess also stated that the Mayor was handed a draft Power Point presentation and summary memo on the undergrounding for the South A1A project. Those costs have risen significantly with the overhead to overhead locations being one million dollars and the undergrounding being about \$12 million. We are going to present the facts to the FPRA Board as far as the reasons for the cost increase with new regulations that have come down since February 2007 addressing reliability issues with storm surge. Phase III which runs from Gulfstream down to the end of Ocean Village is slated for construction in May 2007. Mr. Drummond asked if there will be significant contribution by FPRA or do they want to revisit undergrounding. Mr. Thiess responded that it would be both, and we have no problem contributing to overhead to overhead conversion, but that is one million dollars compared to \$12 million on overhead to underground. Our staff will present the reasons for the high costs: complying with the new rules, hardening for hurricanes, and making ourselves eligible for FEMA reimbursement in the event we have a storm surge that inundates our system. Mr. Drummond asked if it would be brought back to the Board if they decided to go underground to discuss the budget. Mr. Thiess responded that is correct.

Mr. Thiess stated that we are in a drought condition and have mandatory water restrictions going on through the SFWMD area and he wanted to let the Board and public know that we are putting a lot of water conservation information out there. A Power Point presentation is running on Channel 27 through the month of April, a 30-minute film on Channel 27, radio ads are on the Flame and WIRA, an ad has been put in the Mainstreet Focus, information has been given to Commissioner Joe Smith for his news letter, exhibits were available in the festival on US 1 for a local church, numerous brochures on the website, posters and pamphlets are available in the lobby, press releases have gone out, a meeting with Lincoln Park Mainstreet and our Web page has information. Mr. Thiess wanted the public to be aware of this information that is available to them.

There being no further business, the meeting was adjourned.

ATTEST:

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SECRETARY

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CHAIRMAN