

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,
TUESDAY, SEPTEMBER 4, 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; City Manager/Ex-Officio Member, Dennis Beach.

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

Chairman Perona called the meeting to order.

The Invocation was given by Dr. Willie Russ of the Family of Faith Worship Center.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Mr. Drummond requested item A-1 be removed from the Consent Agenda.

Motion by Mayor Benton, seconded by Mr. Drummond and unanimously carried to approve items 2 and 3 on the consent Agenda:

2. Approve post-budgeted Work Order in the amount of \$320,000 for installation of underground electric distribution system to provide service to Carriage Point.
3. Bid 5671: Accept sole source bid received from Telvent Miner & Miner in an amount not to exceed \$45,115 for engineering services for ArcFM Viewer for ArcGIS Engine.

Mr. Drummond explained he asked that item 1 be removed and voted upon separately since he was not in attendance at the meeting of August 21, 2007.

Motion by Mr. Summerhays, seconded by Mrs. Cully and carried with Mr. Drummond abstaining, that Item 1 from the Consent Agenda be approved:

1. Approval of the Minutes of the Regular Meeting of August 21, 2007.

The following letters of appreciation were noted:

1. A letter was received from Drug Abuse Treatment Association (DATA) thanking FPUA employees for a contribution of 296 pounds of food items for their Hayslip residential clients.
2. A note was received from the Mustard Seed thanking FPUA for a contribution in the amount of \$67.90 from Project Care.

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Mrs. Nina Hurtubise presented a comparison of residential electric rates for the month of July, 2007, as provided by the Florida Municipal Electric Association.

Mrs. Hurtubise reported that for a residential customer using 1,000 kilowatt hours of electricity, we are \$5.16 below the mean or average, and we are \$4.80 below the median. There are 12 municipalities lower than we are, but 20 municipalities higher than we are. For 2,500 kilowatt hours of usage, we are \$7.36 below the mean and \$9.31 below the median. There are 12 municipalities below us at that rate, and 20 higher. This item is for information only.

Mr. Bill Baldwin, Supervising Electric Engineer, presented a request for approval of additional funds for installation of electrical equipment for Carriage Point development.

Mr. Baldwin explained Carriage Point Subdivision is a planned unit development on Rawls Road. That is west of Selvitz Road on the south side of Ten Mile Creek. They have continued construction and have essentially completed construction of one home. Staff is asking for an increase in funding of our unit price contract for installation of the conduit and cable for the underground system. The developer is contributing to this in the amount of \$108,000 as his contribution in aid of construction. All monies the contractor is contributing are not for this particular contract, but they are for this subdivision.

Mr. Perona asked what the expected build out is for this subdivision. Everything is in slow motion right now in the housing market. Mr. Baldwin said his best guess is that the project will run into 2009, as well. We really don't know.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried under bid 5575 to approve an additional \$151,573.22 for installation of conduit, cable equipment, electric services and streetlights for Carriage Point under existing unit price contract with Mastec of North America, Inc.

Mrs. Betsy Schnebli presented a request for award of bid for installation of underground electrical conduit and removal of overhead electrical system on South Ocean Drive.

Mrs. Schnebli explained this is for Phase III of the A-1-A project. The City has divided this phase into three parts. Phase III-A is Coconut to Blue Heron, which will remain overhead and will be storm hardened. Phase III-B is Melaluca to Coconut, which will be rebuilt underground with FPUA funding in the amount of approximately \$1 million. Phase III-C will be funded by FPRA from Gulfstream to Melaluca. Today, staff is requesting additional funding of the Mastec contract. We went out for bids on this Phase, and we would like to be able to award the bid to Mastec.

Mr. Drummond asked if we are comfortable that the numbers the FPRA Board was speaking about last week at their meeting are consistent with the request today. Mr. Thiess said yes. At the FPRA meeting, their Board voted to fund another \$4.6 million for the electric undergrounding on South A-1-A. That is in addition to the \$1.5 million that was allocated for Phase III, for a total of \$6.1 million. We are confident the commitment is there, and we are following up with staff on when that transfer of funds might take place and how we are going

to do that. We should have something more on that this week. We are confident this will be covered by FPRA funds, and we will have a mechanism to transfer those funds very shortly.

Motion by Mr. Summerhays, seconded by Mrs. Cully and unanimously carried under bid 5722 to accept lowest and best bid as received from Mastec North America, Inc. in an amount not to exceed \$2,717,016.86 for installation of underground electrical conduit system and removal of overhead electrical system on South Ocean Drive.

Mr. Thiess said he distributed a copy of a letter from Florida Municipal Power Agency (FMPA) to everyone, wherein FMPA expressed a desire to have a liaison between our Board and FMPA. They would like to have every member utility have a liaison to increase the communication level between FMPA and the various governing boards. Staff tries to bring the relevant information to the Board, but it is not quite the same as being there. FMPA is asking for a liaison, which would involve a minimum of six business meetings that occur every other month, mostly in Orlando. We have one meeting at the annual FMEA/FMPA annual conference and one meeting at a member utility city. We are looking at a basic package of six all-day meetings and some other meetings the liaison might want to attend. He asked if a member of this board would like to volunteer for that position.

Mr. Perona said he thinks this is very important and would give this Board a lot more information and help us understand a lot of issues. Mrs. Cully said she would like to volunteer for this position.

Motion by Mr. Drummond, seconded by Mayor Benton and unanimously carried to appoint Mrs. Pam Cully as a liaison between the Fort Pierce Utilities Authority Board and Florida Municipal Power Agency.

Mr. Thiess said the next meeting is coming up toward the end of September.

Mr. Thiess said some interest has been expressed by this Board in touring the Treasure Coast Energy Center. It is well under construction. The progress they have made in the last year is phenomenal. He would recommend early morning. We will extend the invitation to the City commissioners if any of them are interested. We will work out a day that is favorable to most everyone and set it up with Ed Leongomez to give us the tour.

Mr. Thiess said we had two meetings with the City last week. One was regarding the City transfer or lack thereof. He thinks our Attorney will update the Board in his report. We are not quite to the bottom of that process yet, but we are getting close. That relates to the letter handed out prior to the meeting where the City Attorney gives his position.

The other meeting we had was regarding the King Plant demolition. That was a follow up to the draft MOU staff brought to the Board two meetings ago. We decided at the meeting with the City to go ahead with a Request for Proposals (RFP). We heard Jacksonville had a pretty good experience doing that and the costs came in a lot less than anticipated, because the RFP attracted the types of firms that would concentrate on resale and recycling of materials. That put a good dent in the overall cost of demolition. The cost for an RFP is about \$45,000. We will bring that to the Board, probably, two weeks from today for approval. Once we have

firm costs in our hands, we would hope to structure a proposal where that cost would still be good in May of 2008, when we are ready to go ahead with it. At that point we will get back with the City and FPRA and see how those costs can be taken care of.

Mr. Perona said the reason for the MOU was to come up with an understanding and working relationship with the City on the demolition of the King Plant. He doesn't know that the MOU accomplishes that. Mr. Thiess said no, but his thoughts on the way this will go is once we have the numbers, the MOU will be restructured. Some of the things in the MOU that we were going to take care of, maybe, the contract will take care of. We would restructure the entire MOU to reflect the RFP and have a handle on the costs. We will meet with City staff once we have those numbers and see how we are going to distribute those costs and who is going to pay for it. The MOU will be entirely restructured based upon the proposal and costs involved.

Mr. Drummond said his question would then be, there is not any sort of discussion on-going with the City now? You are going to wait until you get that? Mr. Thiess said yes. We really need to have the numbers. City staff cannot make any recommendations to the FPRA or make commitments for any City funds without knowing the magnitude of that commitment. Mr. Drummond said it may not improve the process at all, but he would rather the City be in earlier than later. The sooner they get involved in the process, the better we all benefit from it even if it is going to be an RFP we are asking for.

City Manager Beach said what we learned when we met and talked about the MOU as it is written, was that we thought it would be a much better product if we could plug in the cost and responsibility associated with the removal of the plant – just make it part of that MOU. To do that, is the request for RFP process. There is some experience in this industry. Apparently, there are some cities who have done this and have had some good success with it. The idea behind the MOU is important and is something we are proceeding with. We are simply getting a lot of backup material in order to be able to make it a part of the MOU. Mr. Drummond said if the City is comfortable with this, great. He just wanted to be sure. Mr. Beach said the City is very comfortable with that, at least he is.

Mr. Perona said this is very time sensitive, and he doesn't want this Board to be remiss in that obligation. He asked for the time schedule on getting the information back. Mr. Thiess said two weeks from today, staff will bring a request for approval to have our consultants prepare an RFP. We have issued the consultants a limited amount of funds under his signature authority to proceed with the front end work, so we don't lose two weeks in the process. As far as the entire process to get proposals back and have those figures in our hands, typically, is a 90 day process, start to finish. It can be compressed a little bit, but if you're going to allow firms time to really work on their proposals and sharpen their pencils, you can't restrict that time too much or you start to get some high numbers back. Mr. Perona said it is reasonable to assume that by the end of the year we will have all the details worked out with the City, and we will have an understanding we can move forward with. He guesses May is the date we actually decommission the King Plant and turn it over to the City sometime in November. Mr. Thiess said we anticipate the whole process to be brought to conclusion before the holidays.

Mr. Thiess said he would like to report on the rest of what happened at the FPRA meeting. We did get \$4.6 million toward the undergrounding project on South A-1-A. That leaves FPUA with \$1.7 million, which is the commitment we unofficially made as the cost of overhead to overhead relocation. Our commitment will remain at that amount, and the FPRA will pick up the balance on the electric undergrounding.

Also, on that same date the FPRA approved \$200,000 for the Avenue Q sewer project. That project is between 25th and 29th Streets and involves two blocks of gravity sewer. The lots are mostly within the City limits, but do not have sewer service. We furnished a letter to the FPRA outlining the costs of that project. We can possibly build it for close to \$200,000 if we can pull it back in the south right-of-way and stay out of the pavement. If we have to move out into the road, it could be significantly more expensive. We gave the FPRA figures. He believes the low figure was in the \$164,000 range. We indicated this could go up, because our unit price contract is going back out on the street, and we will probably be doing this under the new contract. That could increase by 25 to 35 percent. If we have to go into the roadway, the project could increase to \$350,000 to \$400,000. In that case we would be a little short on funding. We will cross that bridge when we come to it. We are going to do the design in-house. We are already gathering survey information. There is a gas main on the south side that we have to work around. If it works out right for us, we can get in the right-of-way and complete the project for \$200,000 or a little more. In the past this Board has offered participation in projects like this to the tune of four years' gross revenue. Four years' gross revenue on this project is \$52,000. If we do our design and get our new prices in an can do it in the \$250,000 neighborhood, we will bring it back to this Board to ask for the participation of \$52,000 for four years' gross revenue to round the project out and get it done.

Mr. Thiess said the other thing that has not been addressed yet is Capital Improvement Charges. Those were not addressed by the FPRA. That cost is still out there. At some point we have to address that issue, also.

Mr. Drummond said he has spoken to Mr. Thiess about that, and he understands for us to be able to really speak in terms of hard numbers, the design work needs to be completed, so he is comfortable in allowing that process to go forward. As quickly as possible, he would like to see the numbers associated with everything right down to the Capital Improvement Charges and connection charges and any other out of pocket numbers that would be expected from the homeowner. He doesn't know exactly where Commissioners Nelson and Alexander are with this, but he wants to be sure everybody is on the same page in terms of what is going to be expected of the homeowner when this process is finished. He would like to see those numbers, so if we need to take action here, we know what we are talking about. Mr. Thiess said all the numbers including Capital Improvement Charges and Connection fees were all included in the letter that was sent to the FPRA, but the construction costs were based on today's unit price schedule and included two versions: the one in the right-of-way and the one in the road. There were a lot of unknowns when the first cost estimate was worked out. When we finish the design, we will know which option we are taking. We will also have the new numbers in for the new unit price contact and can probably get within 10%. At that time we will bring it back to this Board.

Mayor Benton said we have been trying to get this going for some time. He knows Mr. Drummond has been working on this and several on the City side. We had a number of about \$158,000 that was going to be the cost several months ago. He thought everything was

in the works and progressing, and all of a sudden we are hearing that the numbers could be \$300,000. How did we get from \$158,000 to \$300,000? Mr. Thiess said the \$158,000 number only went to \$164,000. We revised the cost estimate when we took it back to the FPRA Board. He is not sure what the \$6,000 difference was, possibly, an increase in the price of materials, but it was not a significant difference. When we took it back to them, we wanted to make sure the FPRA Board understood that the price was based upon the assumption that we could get into the grass right-of-way and not have to build it in the pavement. If you recall, the South 26th Street sewer project had to go in the pavement all the way, and that was a very expensive project. We had to reconstruct the entire road from edge of pavement to edge of pavement. If we get into that, that makes it a \$360,000 project at today's prices.

Mayor Benton asked why we wouldn't be able to use the right-of-way. Mr. Thiess said there is a gas main in the south right-of-way and a large water main in the north right-of-way. We think we can get it into the south right-of-way and keep enough separation from the gas main, but we can't determine that until we get some survey and design information. Mr. Drummond said he was watching the meeting on TV, and he has a feeling the FPRA is not going to be very excited if you come back asking for more money, so he is hopeful that we can work it out within the south easement area. Mr. Drummond said he, too, thought we had worked this out. Mayor Benton said several months ago we talked about this, and he thought it was \$158,000 and it was a done deal, and we were going to be knocking on doors and explaining to people we were going to be pulling out their septic tanks and putting it in and all of a sudden things haven't progressed and he didn't know whose fault it was. All of a sudden now we are talking about it possibly costing us twice what we were looking at. Mr. Drummond is also concerned about the cost of pulling out the septic tanks and filling in that area and whether or not those costs were involved. There are still some unknowns and those things need to be answered. Mr. Thiess said once we complete design and get the new prices in for the unit price contract, we will have all that information. We will then develop a new cost estimate that should be plus or minus 10%. He expects that process will take 30 to 45 days.

Mrs. Cully asked if the \$158,000 includes removal of septic tanks? She wasn't aware that was part of this project. Mr. Thiess said the only cost we took to the FPRA was the construction cost for the sewer. We didn't have the septic tank abandonment costs, which are not major. It will be a couple of thousand dollars per unit. The FPRA did not act on the capital improvement charges. The charges were in the letter we presented, but there was no discussion of them paying that in the motion that was made.

Mr. Perona asked if we will see this in 45 days, because the prices keep going up. Mr. Thiess said this will be constructed under our new unit price contract unless we choose to bid it. Typically, our unit price contract is better than bidding it, price-wise.

Mr. Koblegard referred to the letter that was distributed at the beginning of the meeting from the City Attorney about the transfer and the City's position and that of the City's bond counsel, Mike Williams. He and Mr. Thiess met with the Mayor, City Manager and City Attorney one day last week. There is one thing Mr. Koblegard doesn't have yet. Rob Schwerer has some of the old Minutes from the City when the Charter was revised and is going to get Mr. Koblegard a copy. There is a discussion in there where we may be able to figure out the intent of how the Charter was drafted. He doesn't agree with Rob Schwerer's

letter, as written. He forgot to bring a copy of the Charter with him, but the City Attorney makes reference to the annual transfer that is owed to the City in accordance with the Charter, and then he states, "while the bond covenants arguably preclude FPUA from paying the annual contribution." Then, again, at the bottom of his letter, he states, "The Charter provision trumps the bond language." In the Charter there is a section, he thinks it is 176, that makes reference to the bond covenants and FPUA makes payment to the City subject to that. The 6% language in the Charter doesn't trump the bond covenants, because there is language in the Charter that limits it. The question is, what does that mean? Does that mean that you can't pay the City that year that you don't make the 40% figure, but you do carry it over, or does it mean that you take each year standing on its own. You pay the 6%, but it is limited upon your ability based upon how you did that year. At the end of that year to you move on to the next year and it starts anew? There is no answer in his opinion in the Charter or the Ordinances or any law that he is aware of that answers that question. If you presented it to ten people, he thinks five would take one side and five would take the other. He doesn't think there is a strong argument for either side, but there is an argument for either side. That's where we are today. If this Board decides once that year ends and you have had to pay a less than 6% payment, that's it, and it doesn't accrue to be paid later, that's not the City's position, and somewhere along the way that's going to have to be resolved. He doesn't know a good way to do it. We have to figure out a way to resolve it, because we don't want to get into a serious argument over the transfer. He thinks the language in the Charter makes it very difficult for a person to make a decision of what is right or wrong. The old minutes may help us with that.

On another issue, Mr. Koblegard said sometime back in March the Board adopted a resolution to condemn property on Jenkins Road if we needed it for a new water line. There are six parcels left unresolved. It looks like we will have to go forward with condemnation. To do that we have to get a survey of each piece and an appraisal. He has done that. The appraised value of the six parcels averages about \$24,000 for a parcel just for the water line under the ground. They cannot put anything permanent over our easement, but they can have the beautification of their yard and paving across that. We are at a point now where we have to go and file it. He has to write a 30 day notice letter to the people and he has sent that out. He tries to keep from going this far, because once we take this step, we are then responsible for their survey if they want to get their own survey, their own appraisal, and a percentage if the value goes up for their attorney in representing them in the condemnation. We, as the condemning authority, have to pick up almost all of their expenses. It really makes it costly from this point on if we can't resolve it. The timing forces us to go forward. We are going to be moving ahead with those law suits. He will keep the Board informed. He believes there will be another resolution for the Board. We may have to have three more.

Mayor Benton said we have new development along Jenkins Road, and we have to get the pipe to this development. Mr. Koblegard said we are running the water line all the way down the east side of Jenkins road, north and south, to get to Selvitz Road and to serve some of the developments along that Road. We have worked it out with most of the residents who have allowed us to go through their property, a number of them for no expense, whatsoever. There are people who are holding out, and they want us to pay them for putting that easement through there. Mayor Benton asked if this is south of Okeechobee Road on Jenkins. Mr. Koblegard said yes. We will cross Okeechobee and cross Five Mile Creek. All of the developers have been fine with giving us easements, because we are serving them, too. It is individual homeowners in some of the locations that still feel we should be required

to pay something for running the lines through their yards. Mrs. Cully asked about the width of the easement required. Mr. Koblegard said he thinks it is 15 or 20 feet. The lengths vary. There was one parcel, which was a long one, that cornered Okeechobee and Jenkins, and was something like \$60,000 to go along the side there. Some of the others are as low as \$6,800, but they all average out to \$24,000 each. The costs will add to that rapidly once we start condemnation if we don't work them out. Mr. Perona asked if there are any existing improvements on these properties now. Mr. Koblegard said he doesn't think so. We will be going just under the grass or whatever is right along the road. We tried to work with the County before this, because they are going to widen Jenkins Road, and we asked them to go ahead and get their right-of-way now, and we could use that. The County is not in a position to move that fast, and we have to get the line in.

There being no further business, the meeting was adjourned.

ATTEST:

Secretary

Chairman