

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, August 4, 2009, 4:00 P.M., CITY COMMISSION CHAMBERS

Members Present: Chairman, Pamela K. Cully; Vice Chairman, Robert W. Summerhays, Jr.; Secretary, Thomas K. Perona; and Deputy Secretary, Darrell Drummond.

Others present: Director of Utilities, FPUA Attorney, Director of Finance, Director of Electric and Gas Systems, Director of Shared Services, Director of Water and Wastewater Systems, Internal Auditor and Purchasing Manager.

The meeting was called to order by Chairman Cully.

The Invocation was given by Reverend Moses Hill of the Moses Hill Ministry.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

-----

Motion was made by Mr. Perona, seconded by Mr. Drummond and unanimously approved to excuse Mayor Robert J. Benton III because he is out of town.

-----

A motion was made by Mr. Drummond, seconded by Mr. Perona to approve the Minutes of the Regular Meeting of July 21, 2009. Voting for approval was Mr. Drummond, Mr. Perona, and Mrs. Cully, abstaining was Mr. Summerhays, motion approved.

-----

A note was received from The Mustard Seed thanking FPUA customers for the amount of \$549.22 contributed through Project Care.

Mrs. Cully said she would like to thank everyone who has contributed to Project Care and asked Mr. Thiess to explain about Project Care.

Mr. Thiess said Project Care is a program that has been in effect for over three years. He said that through Project Care, our customers can round up their bill to the nearest dollar or contribute a set amount of \$5, \$10, \$20, or whatever they want per month on their bill and it goes to Project Care. That money goes directly to Mustard Seed to be distributed to assist low income customers with paying their utility bills. This is part of the funds that Mustard Seed has, they receive funds from other sources, and obviously every little bit helps. FPUA has sent bill stuffers and other information out on it and we continue to encourage our customers to participate.

-----

Mr. Bill Abramowicz, Customer Service Manager, presented the information for the mail insertion machine lease agreement. Mr. Abramowicz said that FPUA outsourced the mailing of their utility bills, past due, and cut-off notices in 2004. The idea was to free

up staff time from running a temperamental machine and there were some cost savings anticipated at the time. He said that while we enjoyed the break from the machine, the supervisor in the department was unhappy with several aspects of the new method and began to make a case about three years ago to bring it back in-house. Mr. Abramowicz said he began to start listening to her about two years ago, did some research, made some site visits, and looked at some other machines. He said he is here today to ask the Board to bring this process back in-house by leasing a Pitney-Bowes mail folding and insertion machine. Mr. Abramowicz said he likes to listen to the customer and one of the issues brought up is the Orlando postmark that exists on our utility bills when they go out. Knowing the bills come from Orlando, it causes many questions with customers regarding the time of delivery of the bill to the customer and why we outsource this outside our community. He said there have been some issues along the way such as zero dollar amount bills that went out to our beach residents. There also have been Kissimmee Utility inserts in our bills because the contractor also works with KUA. Mr. Abramowicz said that he anticipates saving staff time because even though we outsource the majority of the bills and mailing inserts, 2,000 to 3,000 bills a month are still done in-house. All of our finals have to have checks inserted if there is money remaining after deposits. Master accounts, budget billing, and some other bills have to be printed in-house also. If we do it in-house, these 2,000 to 3,000 bills can be included with those. He visited sites to see machines in action and the monster machines of old have been replaced by quieter and more efficient software driven machines that a person may operate while working nearby. There are other justifications listed in your packet and agenda memorandum. Mr. Abramowicz said he has estimated a cost savings of approximately \$11,000 a year by bringing this back in-house.

Mr. Drummond asked if with current staff and bringing this back in-house, will there be additional staff needed.

Mr. Abramowicz said they would not need additional staff. He said that all of the billing staff was stuffing bills for about an hour this afternoon and that task will go away, which will free up time. He asked TC Specialties to send some of the bills that they print for FPUA and most of the invoices have pink running down the left side. We do not know what is going out when it leaves their location versus if we have it done in-house. When FPUA had inserts that needed to go in the bills, the vender required a 30-day lead time. If we had something that was an emergency, we had to wait 30 days and we will not have that problem with the bills being done in-house.

A motion was made by Mr. Summerhays, seconded by Mr. Perona, and unanimously carried to approve the Lease Agreement with Pitney-Bowes for a mail insertion machine under State of Florida Contract #600-760-07-01 in the total amount of \$171,751.68 for four years.

-----

Mr. Thiess said the next item on the agenda relates to the continuing discussions with the issues at Harbour Isles. He said this is not related to Capital Improvement Charges (CIC), but is related to the bills that they are paying on the irrigation water from their potable lines.

Mr. David Mellert, Environmental/Capital Projects Engineer for Water/Wastewater/Gas Engineering presented the Agreement with Harbour Isle at Hutchinson Island West Condominium Association to establish wastewater credit in an amount not to exceed \$36,000.00. Mr. Mellert said that over the last several months, staff has met with the owners of the Harbour Isle West Association, which represents approximately 2/3 of the 900 units in Harbour Isle. They approached FPUA with the situation that they are paying sanitary sewer charges on irrigation water. Although they are trying to work, as FPUA is, with Mason Simpson, the developer of Harbour Isle to work those differences out, they are also trying to solve the problem themselves. As a part of that, they find themselves in a dilemma as to paying the bills and trying to have the money to solve the problem. Mr. Mellert said they approached staff and asked for some type of relief or assistance while they try to figure this dilemma out. He said after sitting down with them and looking at their utility bills and evaluating their usages, it was determined that approximately 27% of the water they use in the Harbour Isle West development is being used for irrigation. Staff correlated that to a wastewater charge, which is about \$3,000 a month. We told them if we could work an arrangement with them for the next twelve months that would give them time to evaluate their options and alternatives and have some funds available to solve their situation. With that, we approached Mr. Koblegard to prepare an Agreement, which was prepared and presented to Harbour Isle West and they accepted the Agreement and it is before the Board today for approval.

Mr. Perona said that we are trying to do something good for Harbour Isle and are also doing something good for the Utility by trying to work this out between them. He said he does not see any place where FPUA is required to do this, so it is basically just upon us and the good feeling of trying to get something worked out with the development.

Mr. Mellert said they approached FPUA as customers of FPUA and not as a developer and they realized the situation that they were in. We did sit down with them to see what we could do to help them solve their problem. Mr. Mellert said this is not a requirement; one of the options is to do nothing. However, we thought as a matter of fairness and trying to look at the right way to do it as a utility, we offered this and they accepted.

Mr. Perona said it is a good idea to separate the owners of the individual units and the developer in the two different categories and we can approach each one in its own classification. He said he thought that was a very good thing to do right now.

Mr. Drummond said that his problem continues to be whether or not we are setting precedence. He said he has been told by staff that they are fairly comfortable that this is such a unique situation and that moving forward we would not have to concern ourselves with it. He said if our intent is to work with the owners to resolve their problem and figure out a way to accumulate sufficient dollars to get there so they can get off the current system, why would we not consider possibly putting the \$36,000 out there as a carrot versus just going ahead and crediting them? Mr. Drummond said that if they make the changes, this is the amount FPUA is willing to contribute towards that and if they do not make the changes, they do not get the money. He said he thought it

was a better way of saying that we do not have to do it, we see your dilemma and we are willing to work with you.

Mr. Mellert said that is an option. He said this option was presented with the thought that they would need the cash to be able to hire a consultant, an irrigation guy, and someone to evaluate the system. Most HOAs have a budget on an annual basis and that budget was being spent on raising those charges. If they could spend it on something else, that is the avenue they were pursuing.

Mr. Perona said that he clearly sees Mr. Drummond's plan. He is at a frame of mind where he just likes to get out there and get things corrected and solved. Obviously it was not the individual owners who caused the situation with the CIC charges that we are not going to talk about today. Giving them some relief, it gives us more avenues for correction when this thing is all done. Mr. Perona said he would have gone one step farther, thinking that basically they paid these wastewater charges for the last couple of years. Based on some of the other situations that have happened in the Utility, it may come to the point where there is a question if we owe that money back to them or not. He is not saying that we do owe them. We can make this thing as gnarly as we want or we can start laying a road/pathway to corrections. Mr. Perona said he does not think we are setting any unusual precedence. This is an unusual situation to begin with and we are not going to give up Capital Improvement Charges or our fight for that, as he read in the paper. It is definitely a work out plan with our customers and he is very supportive of that.

Mr. Mellert said Mr. Koblegard put in the Agreement a clause or statement that states anything that happened in the past is in the past and they need to let that go. This is from that point forward.

Mr. Summerhays said there is a lot of merit to Mr. Drummond's suggestion. We could actually do it with basically giving them a refund at that point when they put in their separate irrigation system and ask them to make a commitment to this also. Mr. Summerhays said that being in a Homeowner's Association, he knows there never is any money. Being an officer in a Homeowner's Association, if you dare bring up raising the dues, Armageddon starts. They would probably have a problem fronting the money themselves. Based on that, Mr. Summerhays said he does not have a real problem with going ahead and approving this, but he hopes they do not disappoint us and take the credit for it and not fix it. If they do, they will mess it up for anybody that this ever happens to again, as far as he is concerned. Mr. Summerhays said he does not believe they would ever get it done without the credit idea that has been presented.

Mr. Drummond said if Mr. Summerhays feels that the Harbour Isle Association does not have the funds, then they would not move forward with it.

Mr. Summerhays said that after we give them the credit, then they have the extra money to do it.

Mr. Drummond said we could tell them that we would give them the credit as long as they do it; that is the carrot in his mind.

Mr. Mellert said in that format, it has not been presented to them in that way. He could return to them and suggest it and see if that is something they would be willing to pursue.

Mr. Summerhays said that might be worth doing because he does not mind at all helping them out in this situation if they are actually going to fix the situation, to use this money to help dig their way out and get an irrigation system. If they are not, he does not want to give them a credit for anything.

Mrs. Cully asked if a letter was sent to the Homeowner's Association stating what we are discussing now.

Mr. Mellert said that is correct and the letter is in the Board packet. What you have before you is what was presented to them. Mr. Mellert said that Mr. Drummond's proposal is a little twist on what we were talking about and that has not been presented to them in that format.

Mr. Summerhays said the only difference is that we are requiring them use the money we are giving them to pursue a separate irrigation system of some kind.

Mr. Perona said the way he looks at it is, we are talking about a new development that has gotten themselves in a situation and most of those homeowners thought that everything was copasetic. Right now by putting our best foot forward, we partner with them in a problem solution. At the end of the twelve months things revert back and we are back to square one and we do not have to do anything. As far as that goes, we have given them enough time to get to that point. Really their best case scenario is to take advantage of this moment, this twelve months and \$36,000 to use with their partner, which is FPUA, to get this problem resolved. Mr. Perona said this shows our commitment to the situation and he likes the way it is proposed.

Mr. Perona made a motion to accept the Agreement as proposed and it was seconded by Mr. Summerhays.

Mr. Thiess said there was quite a bit of discussion over the waiver part that addressed the back charges. There was some debate on the Homeowner's Association side about accepting the waiver of past charges on the irrigation water. Mr. Thiess said from a staff's standpoint that was a tough pill for them to swallow, but they did sign it. If we start new negotiations, we are back to square one and who knows where it will go.

Mr. Perona said that is a good point too. He asked Mr. Koblegard how far back on a situation like this, if it was an eligible situation, can a customer go. Is there any documentation to that?

Mr. Koblegard said that the figure is somewhere about \$200,000.

Mr. Perona asked if they paid \$200,000 of wastewater they did not use.

Mr. Koblegard said that is correct.

Mr. Perona said that sweetens his pie all the more.

Mr. Mellert said that we have to keep in mind the method that is out there is not wrong, in reference to them paying the bills. That is a choice they have to just leave it the way it is.

Mr. Summerhays said that other condominium associations they do exactly that and have for decades.

Mr. Mellert said that one of the things we did as a precautionary measure was what we put in the agreement, but he does not believe we would be subject to anything back. What they have is what the developer set up and maybe there were some issues with some other things, but the method for billing is correct.

Mr. Summerhays said that they would have an argument with themselves and with the developer and it does not preclude their ability to suggest that was not "fair practices" on the developer's part.

Mr. Perona called for the question.

Mr. Drummond voted no, Mr. Perona, Mr. Summerhays, and Mrs. Cully voted yes, the motion was carried to approve the Agreement with Harbor Isle at Hutchinson Island West Condominium Association, Inc. (HIA) to establish wastewater credit in an amount not to exceed \$36,000.00.

-----

Mrs. Nina Hurtubise, Finance Director, presented the Rate Comparisons for the month of June, 2009. Mrs. Hurtubise said the item before them today is the comparison of residential electric rates compiled by the Florida Municipal Electric Association and the comparison of residential electric, water and wastewater rates compiled by FPUA staff for Fort Pierce, Port St. Lucie, St. Lucie County, and Vero Beach. She said the graph displayed is the municipal electrical bills in the State of Florida for June's usage, 1,000 kWh. Fort Pierce Utilities Authority represents an improvement in its relative position compared to the other municipal utilities. FPUA is the 10<sup>th</sup> highest on this chart and the 8<sup>th</sup> highest on the 2,500 kWh comparisons. Each city has a base rate and a fuel charge that sits upon it. Ms. Hurtubise said that since May, ten of these utilities have increased their bills and seven have decreased their bills. She said most notably, it is our neighbor to the north, Vero Beach, with an increase of \$20.29. That was the power cost adjustment increase from May to June. Fort Meade reflects an increase of \$20.00 and Chattahoochee also reflects an increase of \$10.39. Mrs. Hurtubise said that when she gives the highlights it is the utilities that are over or under \$10.00. There were no

utilities that went down more than \$10.00. Mrs. Hurtubise displayed the graph for the 2,500 kWh comparisons and said FPUA is slightly above average.

Mrs. Hurtubise presented the local comparisons and said the increase that Vero Beach saw in the month of June brings them to about \$3.00 less than FPUA is now. St. Lucie County Utilities went a little bit the other way because there was a decrease in FPL's fuel charge of about \$1.41, but they are only about \$2.00 less than FPUA. Both are about 1% less than FPUA so we really are not that high, relatively speaking compared to our nearby neighbors.

Mr. Summerhays asked if Vero Beach has a substantial water increase coming down the pike.

Mrs. Hurtubise said it has been in the paper that the City was subsidizing the Utility on the water/wastewater side. She said she would hope they would do the right thing and raise their rates. FPUA has looked at Vero Beach's water and wastewater rates, which as show on this graph are substantially lower than any of the other three. Mrs. Hurtubise said that if something is too good to be true, it must be. While it has come out that indeed, Vero Beach water/wastewater has been subsidized and they should, but she cannot say they are planning to raise their water/wastewater rates. Mrs. Hurtubise said this is an information only item and no action is required.

-----

Mr. Thiess said the next and last item on the agenda is Resolution U.A. 2009-12, which is the resolution adopting the annual budget. He said Mrs. Hurtubise has an abbreviated presentation today because the Board has seen the detailed presentation at least twice. We have all the other information with us, but she is going to present a very short presentation and take questions on the budget.

Mrs. Hurtubise said the revenue budget amended is \$119,744,312 for 2009, which is quite a bit less than what we had originally projected. The 2010 original budget is slightly higher and she has explained what those items are because it does not have to do with ourselves at this point. The operation and maintenance net of transfers are up for a couple of different of reasons, but overall O&M is down. FPUA has eliminated or put on hold twelve positions in fiscal year 2009, generally through attrition. There have not been any layoffs, but there have been cut backs every where possible on the operation and maintenance expenses. On the Capital Budget, it does not appear that way here, but although the original budget for 2009 of \$29 million dropped down to \$27 million, the large capital project being proposed brings it back up to almost that same level. We have reduced these two numbers for transfers. What those transfers are is capitalized labor, benefits, overhead, and the unallocated contingency. She said what we do is we have a number of employees that work on capital projects and their time and benefits associated with the project are capitalized. Mrs. Hurtubise said that when she submits financial statements to the Board, those amounts are excluded. FPUA does not attempt to estimate how much that is, we just budget personnel salary gross and then show it as gross against it so it is one less variable in comparing budget versus actual.

Mrs. Hurtubise said the unit sales are flat, less than 1% either decreased or increased between the 2009 and the 2010 budget. She said the details of that information are on page 15. The sales revenue, the dollars which are shown are also flat. For these two years it is approximately \$108 million of sales revenues, which is about 90% of our revenues overall. We do have an increase in non operating revenue due to stimulus funds that we hope to receive for the Wireless Broadband Network and the Advanced Metering Infrastructure projects. We either have to include it all or exclude it all, so the revenue is included. There are some pretty significant decreases in Contributed Capital due to the fall or cancellation of new construction projects. There is a recap of this on page 16 and it is presented in detail in the revenue section of the budget on pages 55 through 65.

Mrs. Hurtubise said the operation and maintenance budget is flat. The things that have increased are depreciation, even the purchases for resale this year fell fairly flat, relatively speaking compared to years past; and the other post employment benefits (OPEB) other than pensions. Mrs. Hurtubise explained that both the depreciation and the OPEB are non cash expenses. Although those costs are going up, they are expenses that are accrued budget expenses, they are not cash expenses. The details of the operations and maintenance can be found on pages 68 through 127.

Mrs. Hurtubise said in 2008, we had a Capital Budget of \$48 million and we only spent about \$31 million that year. In 2009, we had an original budget of \$29 million, which at this point we are estimating to be about \$24 million. For 2010, this fairly large chunk of approximately \$9 million relates to the Wireless Broadband Network and the Advanced Metering Infrastructure. As shown, if we are not able to get the stimulus funds to pay for that project, that amount will literally come right off the top. Mrs. Hurtubise said that what is being proposed today is \$27 million. In the event we do not receive those funds that would bring the proposed Capital Budget down to \$18 million for the year 2010. This budget has been really brought down to bare bones. If the Board wanted to compare, 2008's original budget for the electric system was \$22.7 million. In 2010 they are proposing an \$8 million budget, which is a decrease of 65%. The other huge dramatic difference is in wastewater. Originally it was \$15 million in 2008 and 2010 they are proposing \$2 million, which is a decrease of 85%. Mrs. Hurtubise said that is a big one on the renewals and replacements (R&R) side. We are basically just going to hold the line for the entire year and we are not expecting to be able to be too terribly proactive in making renewals and replacements. The details of the Capital Budget are located on pages 129 through 136.

Mrs. Hurtubise said the Wireless Broadband Network and Advanced Metering Infrastructure Project are anticipated to be at least 50% grant funded. We are submitting two different grant proposals, one to the Department of Energy Smart Grid Investment Grant (SGIG) and that is a 50% funded grant. This will cover both projects. We are also submitting an application that only covers the Wireless Broadband Network and the name of it is the Department of Commerce's' National Telecommunications Information Administration Broadband Technology Opportunities Program (BTOP). This is an 80% funded grant and only requires 20% match. Obviously, that would be a much

more favorable grant to obtain. Although we really do need the other 50% on the Advanced Metering Infrastructure side, we are going for whatever we might possibly qualify for. Mrs. Hurtubise said we are doing this because we are expecting it to save us some money. The specific costs that we are aiming at are expenses associated with the reduction of personnel, vehicles, and communication. We would basically be providing those services to ourselves at that point. We expect there to be more revenue. There would be a onetime sell of the retired electric meters and we expect to be able to sell our wireless services, more so than we do now. We have three different levels of expectation. We still expect the funds coming in to exceed the funds going out by \$79,000 and that is the net of all the expenses associated with this project. At the current time, we are looking at funding it as a lease or as a loan, which is the same concept. Perhaps a more realistic estimate might be about \$262,000 a year that we would save overall. Perhaps not unreasonably, we might make more than \$500,000, but we are not presenting it on the premise that we are going to make tons of money. It is the smart thing to do and Mrs. Hurtubise said she thinks it would be a wonderful thing for the community as a whole to have Wireless Broadband available to the entire city. Obviously the Federal Government thinks so too and will hopefully grant us the grant.

Mrs. Hurtubise said if the Board approves the Resolution as proposed, FPUA would present the Budget to the City Commission on August 17. She said she would like to request the Board's approval of Resolution No. U.A. 2009-12, a resolution adopting a budget for the fiscal year beginning October 1, 2009 and ending September 30, 2010 and amending the fiscal year beginning October 1, 2008 and ending September 30, 2009 for Fort Pierce Utilities Authority of the City of Fort Pierce, Florida.

Mr. Summerhays made a motion for approval of Resolution No. U.A. 2009-12, a resolution adopting a budget for the fiscal year beginning October 1, 2009 and ending September 30, 2010 and amending the fiscal year beginning October 1, 2008 and ending September 30, 2009 for Fort Pierce Utilities Authority of the City of Fort Pierce, Florida and it was seconded by Mr. Perona.

Mr. Perona said the one thing that gets to him is when he first became a Board Member of this Utility, it was pounded into him the importance of the renewals and replacements. He said as he looks at the Capital Budget being reduced by 85%, he knows it is because of the constraints that we have with funds. It is real easy to give up on these assets that are basically under the ground and nobody gets to see them until they break. We are in a real good community, where this utility is not brand new. A lot of the parts that are under the ground and the wires and things like that probably are past due of their life expectancy. Mr. Perona said he thinks it is the responsibility of the Utility Authority not to forget the fact that those renewals and replacements are real important to this utility in the future. It is real hard for him to accept the fact that we are not doing our job in keeping up with it. He said Mr. Thiess for the longest time was talking about the 100 miles of pipe.

Mr. Thiess said it is 100 miles of water and 100 miles of sewer pipe.

Mr. Perona said our responsibility is not only for the year 2009 and 2008, but down the line some future Board Members are going to be sitting here with stuff blowing up all over the place wondering what the heck did those people before me do, did they not fix or replace anything, did they not have the forethought of getting in there and replacing this pipe. He said on Indian River Drive there was pipe replaced that was 70 years old and it had the word "tuberculated" on it. He said he got to know what that is when he got a cross section of the 6" pipe that you could barely put a straw through. That is not just there, it is all over the place. Mr. Perona said that when we look back and try to maneuver through these financial times like this, he does not want to forget the fact that we have a responsibility to fix these assets and get them up into condition. This is really what our Utility is all about. When we start to look at reliability and knowing that we win awards year after year for electric, water, and wastewater reliability and that reliability is going to be challenged if we do not resume renewals down the line. We are going to fix things as they happen and that is a pretty sad state for any type of business particularly for a utility.

Mr. Thiess said we have not abandoned renewals and replacements all together; we have scaled back the effort for this next year. We absolutely intend to resume that effort when sales start going up instead of down and we have more cash to work with. We have cut back on the quantities we are doing. We are still doing a much less amount on the electric side. We are replacing 75 utility poles that have been identified in a survey as needing replacement. On the water/wastewater side, we are going to look at the worst situations. If we TV a sewer and it is about to collapse under the road, we will fix it. We are not totally backing away altogether, but we are cutting back on the quantities. We look at it as strictly a temporary state of affairs and we will watch it and get it back up to the 25-year replacement pace that we set, once the revenues start turning around.

Mrs. Cully said that we all sat up here and wondered the same thing. What happened to people before us, why were they not looking at these pipes in the ground so we are doing it ourselves right now. These are just unusual times and we have to go with the flow. When things are bad, we have to cut back and when things get better, then we will work it out again. Mrs. Cully said that Mr. Thiess and all his staff and the people who work so hard are going to do just that, continue to work on the repairs and replacements.

Mr. Drummond said he would again like reassurance that when the presentation is made to the City, we will highlight those areas of the budget that if we do not get the expected grant, these items that are yet to be finalized on this side. He said there are about three items that he is concerned about, the Broadband as well as some road construction projects. He said he just wants to be sure that those are brought to the Commission's attention again during the presentation.

The roll was called and the motion was unanimously approved of Resolution No. U.A. 2009-12, a resolution adopting a budget for the fiscal year beginning October 1, 2009 and ending September 30, 2010 and amending the fiscal year beginning October 1, 2008 and ending September 30, 2009 for Fort Pierce Utilities Authority of the City of Fort Pierce,

Mrs. Cully thanked Mr. Thiess, Mrs. Hurtubise, and all the staff that worked hard and that has come together to drastically reduce the budget this year in order to avoid having to increase rates this coming year.

-----

Mr. Thiess said the next step in the budget finalization is taking the Budget to the City Commission and that will happen on August 17<sup>th</sup>. He will be contacting the Commissioners individually to try to set up meetings where he can address their issues or answer their questions prior to that meeting to the extent that we can, which should make the meeting go a little smoother. He would be setting up those meetings over the next two weeks and he looks forward to taking the Budget to the City Commission.

-----

Mr. Perona said his comment has to start with our mission statement "To provide our customers with economical, reliable, and friendly service in a continuous effort to enhance the quality of life in our community". He said when he thinks about this and relating to the friendly service, we just had a third party survey come in and check out our customers. Basically that part of it, Mr. Thiess and his group have done a really good job, people are basically very satisfied with the type of people that we have manning the desks and the phones. With reliability, we get award after award for our safety and all those issues of water quality, electric interruptions and things like that are a bare minimum. He said he believes we are heads and tails above all the municipalities in the United States as far as that goes. With economical, it seems that we are getting beat to death on that, comments from the public that walk up to Mr. Perona and talk about the bottom line of their utility bill and not just the rate, but the whole bill at the bottom. Mr. Perona said he thinks it has been a conversation of a lot of people in our community especially now that we are in July and August and it is 95 degrees out there, air conditioners are working overtime, the weatherization program is out there, people's utility bills coupled with the power cost adjustment, the cost of adjustment that we pass through to customers right now is on the average over \$100. Mr. Perona said when he thinks of economical, he asked himself what he can do. When we listen to the Budget that we just proposed, we cut everything down, some items to 85% of what we have done. We talk about renewals and replacements and things that our staff is working on at a bare minimum, he said he thinks this is a time that the Utility has gone through that echoes no other time in our history about what we have to do and try to keep our costs at an all time low. Mr. Perona said that the thing that comes back to him is as he tries to think outside the box, rather than just deal with the issues that we have, he keeps coming back to the 6% transfer to the City. He said we do not say it very often, we kind of just mumble it under our breath every time we do. He said last year we collected \$7.5 million from our rate payers and handed it to the City, almost \$5 million in an obligation that we had to do, 6% from our gross revenues, and then over \$2.5 million from the utility tax, just basically on our own utility. The utility tax we do on a monthly basis and the 6% we do once a year. Mr. Perona said he does not know what the City does with the money, he guesses that they throw it in their general fund and use the money for all the good things this community has gotten over the last year. He said he would like to think that in these unusual times that he would

like to ask the City Commission to be able to consider possibly not taking all that money or possibly none of that money and let us help reduce the power cost adjustment. Let us reduce those bills based on the usage of our customers to be able to mitigate the high costs of electricity right now. He said he feels like it is his 16<sup>th</sup> birthday and he is going to go in and ask his parents for a brand new sports car knowing he is not going to get it. He had to get to that point and time to think that this is a good idea and he knows that they do not have the money to be able to do that, but he said he believes it is a good idea. If we collect that much money this year, Mr. Perona asked Mrs. Hurtubise what our transfer schedule is this year.

Mrs. Hurtubise responded about \$5 million.

Mr. Perona said that is \$5 million that when we increase our power cost adjustment for our electric and all the other utilities have to be combined, included in that is the money from each of the rate payers to be able to pay that amount of money, that \$5 million and the \$2.5 million in taxes. It is our obligation to pay it, but he felt an obligation to bring this up to this Board and said he would like to see if there was a consensus if anybody else feels the same way. Mr. Perona said he would like to ask the City Commission to be able to consider the fact that we need help to mitigate these high power cost adjustments that are a mere pass through to our customers and by doing that we are doing our job as far the economical part of trying to get our customers the lowest price for utilities in our community. He said it may be in vein, but it had been bothering him for several months and thought he would bring it up and throw it out in the open to see if any other Board Member would be interested in doing something like this. Mr. Perona said he would like to ask each Board Member individually from a Board standpoint.

Mr. Drummond said he would be very pleased to hear what response Mr. Perona gets from the Commission. There is an ongoing discussion about the actual running of the Utility Authority and a suggestion to our rate payers and our citizens that it would be better served to be placed back in the City Commission's hands. Mr. Drummond said he totally disagrees with that and he is in favor of keeping it as it is because they currently have all the controls they need to make sure that they are "getting the best run utility that they can". Those triggers continue to be their ability to select individuals who are sitting here, their ability to sign off on our budget, their ability to have a decision on the rates and the increases, and their ability with regard to the transfer. Mr. Drummond said he feels very comfortable that is where that decision should be made. He said personally he does not disagree that this is something that should be on the table, but he does not think it is our purview just as he does not think it is theirs to suggest how we are run on this side. He would prefer not to formally suggest this to them. Mr. Drummond said he certainly encourages Mr. Perona to individually speak to them. He thinks they should feel comfortable that they have sufficient triggers on their side to work if they feel very strongly that there needs to be something done with regard to the rates.

Mr. Summerhays said that there is no doubt that our customers bills would go down a lot if we had that \$7.5 million back to credit against their bills. Mr. Summerhays asked

Mrs. Hurtubise what the charge per 1,000 kWh would go down. He said we would give them 6% or it would go down at least 6%.

Mr. Thiess said that is excluding the \$54 PCA so that would be \$6 on the base side of the bill.

Mr. Summerhays said it would go down \$6 and maybe another \$2.50.

Mr. Thiess said that is correct on the electric and then we would also have similar reductions on the water/wastewater and gas.

Mr. Summerhays said that it would make a significant difference to our customer's bills and he gets a big chuckle whenever certain City Commissioners talk about how FPUA is out of control and just not running it right. If they think they could do a better job or that we are over charging, they could certainly turn that money back and give everybody the credit of that \$7.5 million they get every year. Mr. Summerhays said that of course it does all come out of the same pocket so to speak. It is not quite true, but it kind of does because they would have to raise taxes if they did not have it. The idea that the City Commission could do a better job of running the Utilities Authority, he finds ludicrous, absolutely beyond belief. Mr. Summerhays said that when one of us comes on this Board, it takes about a year of intensive education before we have any idea of what we are doing. He said that he would bet several or maybe all of us spend at least as much time on FPUA business as the City Commissioners do on City business. He said maybe they ought to think about what they are wishing for. Mr. Summerhays said he would like to support Mr. Perona and make that official, but he said it is not going to happen.

Mrs. Cully said that it is a wonderful idea, but she does not think we could even begin to think we could ask for something like that to happen right now. She said that as far as she knows from history and she has been here 20 years, before the Charter, the City actually was still getting funds from the utility to help run the City.

Mr. Summerhays said that they just took it and it was more than what they take now.

Mrs. Cully said that is why we have the Charter and that is happening in other cities as well, which is why we have an Authority. She agrees that it takes a good year to not only learn about everything, but also about the history that has gone on previously. It takes a long time to learn about the projects and get a handle on what happened and why we are doing this now, and what needs to be done. It is not something that can be picked up and taken over, she does spend a lot of time and believes that it would be very hard for them. Mrs. Cully said she sees on television all the different things that come up in front of the Commission and wonders how they can keep track of it and be able to do the Utilities' stuff as well. It would be a pipe dream to think we could take those monies and use it to lower the rate, but it would end up if we could give that back the general fund would have to have another way to bring back in that money. In the long run they have always wanted to try to get more retail and more commercial

business and hopefully some day they can and we all will not be as taxed as we are today.

Mr. Perona said he respects everything that everybody has said and agrees with them. It has been difficult trying to come up in a creative way after getting pressure from our community and also getting pressure from our City Commission. For them to even think of disbanding the Utility is ludicrous, because of the time that it takes to do this job properly. He said that he thinks that after trying to think through it, if it did happen and the Utility was put under the guidance of the City, the first thing they would probably do is eliminate the 6%, then they would be able to lower everybody's charge and say "look what we have done". These are unusual times and just to make these types of recommendations in a business when we are having issues with high costs, a lot of times your profitability goes down. We still have the same responsibility to push that money out the door as we ever had before, even if there was some type of lowering of it, it would be a benefit to the Utility and the rate payers. Mr. Perona said he wanted to say that and he wanted to say it at the meeting. He said he did not expect to enlist any grand charge. He wanted to get some conversation going and get something on the record that we have talked about it here today and as a rate payer, he will respond accordingly.

-----

There being no further business, the meeting was adjourned.

ATTEST:

---

SECRETARY

---

CHAIRMAN