

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,  
TUESDAY, MARCH 3, 2009, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Others Present: Director of Finance; Director of Shared Services; Communications Manager; Risk Manager; Director of Electric/Gas Systems, FPUA Attorney.

Chairman Cully called the meeting to order.

The Invocation was given by Dr. Ken Brown of Hope for Families.

The Pledge of Allegiance was recited.

Motion by Mr. Perona, Seconded by Mr. Summerhays and unanimously carried that the items on the Consent Agenda be approved:

1. Approval of the Minutes of the Regular Meeting of February 17, 2009.
2. Approval of Budget Transfer in the amount of \$17,465.00 in order to complete the FPUAnet Project 971.
3. Approval of the Summary of Minutes of the Special Rate Workshop of 2/2/09.
4. Approve Post Budgeted Work Order in the amount of \$39,760.00 to provide new underground electric service for the IRSC Safety Complex Burn Tower Project.

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The following expressions of appreciation were noted:

1. A note was received from The Mustard Seed thanking FPUA customers for a contribution of \$361.95 through Project Care and thanking FPUA Electric Transmission and Distribution employees for a contribution of \$50.00.
2. A note was received from First Baptist Church of White City thanking FPUA employees for their contributions of non-perishable food items to their food pantry.

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Mr. Don Landin, FPUAnet Sales Account Executive for FPUAnet Communications, presented a request for approval of a Post Budgeted Project. He explained the School District of St. Lucie County issued an RFP for digital network services or connections. This is a service we are able to provide. It gives us an opportunity for the first time to utilize our Competitive Local Exchange Carrier Certificate, because these services are considered common carrier services, as they are subsidized partly by the federal government. We now have a new technical class of service although, technically, they are the same as what we have been doing.

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We have a budget item for bringing fiber to the new Emergency Operations Center (EOC) on West Midway Road. That was to be a joint effort with St. Lucie County, but unfortunately, they felt they did not have the resources to do their part, so we never started that project. The funds for that project are approximately what we need for the School District project, so we are requesting the use of those funds for this somewhat different purpose. It is still for FPUAnet purposes to create new revenue.

The estimates for the School District project are being fine-tuned by Electric Engineering. We may have to come back to the Board for some minor additional funds for this project, but even so, if the final estimates come out double the preliminary estimates, we would still have a 33 month period when revenue would exceed capital expenditures.

This project is federally subsidized through the USAC E-Rate Program. The thing that concerned him at first was the E-Rate approval doesn't actually come until after we have spent most of the construction dollars. To address that issue, we have two School Board representatives present, Mr. Marty Sanders, Executive Director of Growth Management, Land Acquisition and Intergovernmental Relations, and Mr. David Jasa, Director of MIS. Mr. Jasa has a few words to say.

Mr. Jasa said you may have seen a charge on your phone bills called the Universal Service Charge. That tax is collected by E-Rate carriers and placed into a fund called the Universal Service Fund and that is disseminated to schools and libraries to assist them with the cost of telecommunications, internet services and some of the infrastructure to support those types of services. The infrastructure components are usually funded last. The internet services are second on the list, and number one on the list is telecommunication services, which is what this falls within. We have seen that the telecommunication services are always funded unless there is a paperwork issue. It is a federal program. It does require a lot of paperwork on the School District's end and a little on FPUA's end, but it does provide a 77% discount on the charges the School District pays. The School District would pay their share to FPUA and FPUA would collect 77% of the bill from the federal program. These connections are critical to the School District for the instructional process. We have internet connections in every classroom, more than one. Staff and students have internet connections, and it is part of the instructional day now. He said we are excited about expanding with FPUAnet. Our experience has been good. He thinks the School District was the first fiber connection for FPUAnet. The service has been good and reliable. In the one case we were down, we had excellent response time.

Mr. Drummond said on the Post Budgeted Project request form there is an estimated completion date of 9/30/2010. Mr. Landin said the required completion date is July 1<sup>st</sup> of this year. It is possible the District will come up with additional locations that may not be required to be completed July 1<sup>st</sup>, and that is the reason we put the end of the fiscal year as the completion date. Mr. Drummond asked if there may be additional sites that may be a part of this. Mr. Landin said he believes it is possible. There is one on U.S. 1 by Harbor Branch that the District asked for a quote on. Mr. Jasa said they are just getting funding and are in the planning stages for that one. Mr. Drummond asked if that would come back to the Board in a subsequent agreement, or is that why this extends to 2010, so it can be incorporated? Mr. Landin said yes, sir. Mr. Drummond said that would be additional funding. Mr. Landin said if it required additional funding, we would have to come back to the Board if it were more than the Director of Utilities' signature authority. If we were able to do it within the Director's

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signature authority or within the funds already approved, he doesn't believe there would be a need to come back to the Board for approval.

Mr. Drummond said his other question was with regards to the EOC being the original partner. In the event they are able to come back, would we have the ability to move forward with their project? Mr. Landin said we would not have any money in our budget to move forward with their project, but they have given us a final answer that has been sustained for at least five months, that they cannot do this. What could change, he guesses, is if they are given funding from the new federal programs that are being established now, we would have to deal with it when the time came. We see the School District's need as the priority at this point.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried to approve the Post Budgeted Project/Budget Request in the amount of \$199,025 to change the description and purpose only of Project 972 from "Fiber Optic Expansion – New EOC & FPUAnet" to "Fiber Optic Expansion – Schools & FPUAnet."

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Mrs. Nina Hurtubise, Director of Finance, presented the Rate Comparisons for the Month of January, 2009.

She presented a graph of municipal electric utilities in the State of Florida for January for 1,000 kilowatt hours of usage. In the month of January we see a significant improvement in our relative position compared to the other municipal utilities. In the month of December, we were fourth highest. We have moved down to the eighth highest. There were some very significant changes in both the municipals and investor owned utilities for the month of January. Since December, 15 utilities have increased their bills and 7 have decreased their bills. Ours have not changed since December. The Power Cost Adjustment went down by \$5.00 in the month of February, so we hope to see yet another improvement for that month. Some of the bigger changes include Green Cove Springs' increase by \$31.72. Blountstown increased by \$29.59; Winter Park, \$26.55; Starke, \$21.25; Chattahoochee, \$13.56; and Havana, \$13.40. There were two significant decreases in the municipals. Lake Worth decreased by \$23.00; Lakeland, \$11.00. Overall, the municipal average increased \$3.51. Three of the four investor owned utilities in the comparison increased. Progress Energy increased by \$26.59; Tampa Electric, \$13.71; and Gulf Power, \$10.09. The investor owned average increased by \$12.95.

Mrs. Hurtubise displayed the 2,500 kilowatt hour usage comparison. It is not quite as favorable to us as the 1,000 kilowatt hour chart. Our average customer does not use 2,500 kilowatt hours. They use much less than that. They are closer to the 1,000 kilowatt hour average usage.

With respect to the Fort Pierce, Port St. Lucie, Vero Beach comparison, FPL's base rate increased, but the Power Cost decreased. There was a very small net decrease for the month of January. That brought Port St. Lucie's total to \$205.65. Vero's Power Cost Adjustment decreased \$6.33. That brought their electric, water and wastewater totals to \$199.52. For the month of January, Fort Pierce is still at \$231.30, but that will be decreasing by a little more than \$5.00 because of the taxes thereon for the month of February.

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Mrs. Hurtubise presented the September 2008 Quarterly Financial Operating Results.

Mrs. Hurtubise apologized for being so tardy. It has been many months since the end of September and regrettably what was holding us up was the issuance of an Actuary's report related to a fairly complex accounting issue called Other Post Employment Benefits (OPEB), and it relates to the insurance coverages for our retirees. There is an accounting standard that we are applying this year, which requires that we show current expense and liability for the future costs of those expenses. We have to bring an Actuary in, because there are a lot of estimates involved based on people's ages, how long they are expected to live, what the expected amount of healthcare costs are going to be in the future, etc. It took the Actuary some time to do. The results were an expense and liability of about \$2.5 million for this year. At this point it is an accounting entry. It is not a cash item. We have yet to discuss whether we are going to fund it. In a future meeting she will present the Actuarial Report to the Board with more detail. That's just a brief overview of a very complex accounting statement that the Governmental Accounting Standards Board instituted and we implemented this year.

The income before City distribution, capital contributions and extraordinary items is \$8,699,000. It sounds pretty good, but you have to take the City transfer out of that in the amount of approximately \$5 million. Considering we're over a \$100 million organization, it is really not that much margin. Our capital contributions continue to be very strong for the Fiscal Year 2008, 12 months ended September 30, 2008, in the amount of \$19 million. Those capital contributions make up about 82% of the increase in net assets of \$23 million. She would be hesitant to begin to say we will see any kind of money like that in Fiscal 2009. Although we did finish out last year strong, it will trail off very quickly. That will be seen in the next couple of meetings as we do the financial statements for the first couple of months of Fiscal 2009.

We have also continued to experience decreases in water and wastewater units billed. This is a result primarily of the South Florida Water Management mandatory water restrictions, but people gained some good habits during that time and as a result, consumption has come down and stayed down. Of units sold, electric is pretty much flat. Electric dropped a little bit from 2006 but stayed flat between 2007 and 2008. Water has been going down for the last three years, 8% between 2007 and 2008. Wastewater is down 7% between 2007 and 2008. Natural Gas is up just a tiny bit, .7%. Dollar-wise there is a little different picture. It depicts how much of FPUA's revenue is derived from the Electric System. There is an increase from 2007 and 2008 of 16%; however, of that increase 83% is Power Cost Adjustment. Our power costs increased, so we had to pass that along to our customers. Although it looks like we're making a whole lot more money, we're not. The PCA is about 1/3 residential and 2/3 commercial. Water revenues were up 2%; wastewater, 7%, and natural gas was up 13%. There is a similar situation on the gas side because gas prices were so high this past year. Seventy-six percent of that increase related to Purchased Gas Adjustment.

In many ways and certainly the way the bond rating agencies look at us, they like to see a very stable debt service coverage. It is based upon operating income. Our debt service coverage ratio was 2.5 at the end of the year. Our minimum is 1.25 times. That is the only limitation we have on our debt at this time, and at this time we have a very healthy debt service coverage.

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For the month of September there was a significantly lower change in net assets as compared to the year before. As of September 2007 we were bringing in substantial grant revenues associated with the mainland water reclamation facility. We drew all that money down, and that is a non-recurring revenue source. Our Capital Contributions, although overall they are up for the year, they are \$1.2 million less than they were the year before for the month of September. We had \$1.2 million less in depreciation. A large part of that was the power plant decommissioning. Property and Liability Insurance and claims were \$300,000 less for the month of September, and the same is so for employee insurance. We made some changes to the employee insurance, so we are working to save money anywhere we possibly can. Year to date, our change in net assets did increase. There are \$2.9 million more in Capital Contributions than last year. There was more grant revenue this year than the year before, but it will drop off in 2009. There was a \$1.1 million increase in operating income. We gained very little from the rate increases last year.

The Capital Improvement Charges were over \$10 million in 2007. They dropped to \$2.3 million in 2008. That tells me that new construction is very small. She believes we will see that moving forward as well. We did have non cash Capital Contributions over \$9 million. Those are facilities constructed by developers or MSBU's. We had cash contributions of almost \$7.5 million.

Our purchases for resale were up \$10.1 million. That is huge. Those are Electric and Gas and some of our other resale businesses. It throws our financial condition out of kilter when you compare it to the year before. It is substantially offset by the PCA and PGA increases. We had an increase of \$743,000 in the City distribution. The payment made in Fiscal 2008 was based on the 6% formula, and that is the reason it increased. FPUA paid \$555,000 more in utility costs or 9% more than the prior year. So, we are paying more, too. For next year's distribution to the City of Fort Pierce based on our current calculations, it looks like it is going to be approximately \$5 million using the 6% formula. We have had decreases in interest expense, but they have been more than offset by decreases in interest income. Interest rates are down.

Mr. Drummond referred to page 2 of the presentation where it states Actual Expenses versus Budgeted by Department. There is a comment with regard to the overall year to date expenditures being approximately \$2 million above what was budgeted. He is guessing this is part of the accounting expenditure for retirees. Mrs. Hurtubise said absolutely. About \$2.5 million is contained within the overage, plus another \$1.7 million in electric purchases for resale. Those two items added together are about \$4.2 million. Subtract it from the \$1.9 and you will see that we came out under budget by over \$2 million. She explained the \$2.5 million is contained within the actual expenses of \$115 million, so although it shows that we are \$1.9 million over, \$2.5 million of that relates to the GASB adjustment. If you just take that, we are \$500,000 to the good. If you also take into consideration the electric purchases for resale, which were over budgeted by \$1.7 million, we are not over budget at all or it is perfectly explainable.

She would also like to say we hope to be making some changes to the medical insurance benefits for retirees that are on Medicare to establish a plan that would lower our costs and, therefore, this accrued liability that is estimated.

Chairman Cully thanked Mrs. Hurtubise for her presentation.

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Mrs. Hurtubise presented three rate resolutions for Board consideration outlining proposed increases in Water, Wastewater and Natural Gas rates. Her presentation will encompass all three systems with Public Hearings to be held individually after the presentation.

She stated we have done everything we possibly could to reduce our estimates for future and present expenditures. We actually increased our cash position a little over \$600,000 from last fiscal year to this fiscal year. It was not as good as projected. We have about 42 days of operating cash on hand as of the end of September.

We have reduced the Capital Budget by \$5.2 million. We have a very old utility system that requires renewal and replacement. Those cannot be completely eliminated. They must be addressed. Many of these have been deferred to future years. We have also deferred filling vacant staff positions. This saved us about \$512,000. We have had no staff salary increases this year for a savings of \$500,000. We lowered health insurance costs in 2008 and have again done so in 2009. This saves us about \$400,000 for 2009. We went with Blue Cross-Blue Shield. We increased employee contributions from 25% to 29%. We are looking into the health clinic with St. Lucie County and other area governmental agencies. In order to minimize the rate increases, we have committed to utilize about \$3 million in our operating cash for 2009 expenses. Where last year our goal was to build up a cash reserve of 60 days operating cash, we have now a goal to have no less than 30 days cash reserve. Instead of building up a healthy reserve, we're trying to see how much we can live without. System-wide we were able to reduce the rate increases from 3.5% to 1.2%.

Mr. Perona said we talked about the \$5.2 million decrease in our Capital Budget. Mrs. Hurtubise kind of rolled the renewal and replacement and deferred capital projects together. But, he is very sensitive to the renewals and replacements, because some day somebody is going to say we aren't a reliable utility anymore. He thinks that is something everyone on this Board wants to make certain we uphold. Are most of the savings from deferred capital projects? Mr. Thiess said it is both. He thinks the majority of it is, but we did roll back the renewals and replacements that we hadn't completed in this year, such as sewer lining. We are still doing the Lincoln Park \$350,000 water main project. We are probably three-quarters of the way through it, so there is no point in stopping that one. All the renewals and replacements we could identify in the budget that had not been committed to yet, like lining sewers and some contract work, were removed for the rest of the year. During these difficult times we can justify backing off on renewals and replacements, but we have to look down the road, and as soon as we get out of the tough economic situation, we're going to ramp them back up to 100% or 110% of where they were to catch up. All the renewals and replacements were on about a 25 year timeframe, so we don't want to lose sight of that. We are in year two of that. When we get out to year four or five, we want to make sure we are back where we need to be on the schedule. Mr. Perona said as we put them off, we think we're saving money, but to do the same work two years from now, it will be a multiple of whatever we would pay right now. He would like to keep some form of renewal and replacement program even if it is slimmed down, so that we keep reliability up.

Mrs. Hurtubise said the good news is that we have no electric rate increases. Those are the biggest dollars that our customers pay. We are reducing the Power Cost Adjustment in the month of February. We are doing everything we can to hold the line on our electric rates. In the event that natural gas prices continue to remain low, we are hoping we will be able to

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decrease the Power Cost Adjustment again after September. Mr. Drummond said he is not as excited since you said September. Mr. Perona said he thinks we had been talking about March or April. Mr. Thiess said we will revisit it on a monthly basis when we receive our FMPA bill for purchased power. We will look at it to see what our over/under collection is. If we are fortunate enough to get an over collection that is significant, we could do something before September. Last month we went down to about \$50,000 in over collections. That is our guideline. If we meet our goals of over collection where we have a little bit of rate stabilization fund, we can give something back. If we don't, we can't. We will be looking at the numbers on a monthly basis. Mr. Perona said if he recalls correctly, we had about \$700,000 over collection, and all of a sudden it went down to \$46,000. We can't run a business of this size on that small amount of money. We've promised ourselves and our rate payers to stay close on that. It is bad right now when money is so scarce. Mr. Thiess said our present projection for power costs shows us going negative about \$1.2 million, and by the end of the fiscal year, it shows us going positive by over a million dollars.

Mrs. Hurtubise said the cost of materials and services is rising. O&M costs are increasing at about 2% per year. Treatment chemicals have increased as much as 260%. The Board sees these costs increase as they approve renewals of contracts that are 100% more than we were paying the year before. Asphalt pavement repairs increased 190%. Asphalt is made with petroleum.

We cannot fund renewals and replacements with borrowed money. That would be mortgaging our future. We must continue to pay for those within our operating budget. We have quite a few road projects going on. We have to continue to pay large amounts of money to relocate our lines in such areas as South U. S. 1, A1A, 25<sup>th</sup> Street, Midway Road, 13<sup>th</sup> Street, and 10<sup>th</sup> Street. She showed the Board a slide depicting the dollars it is costing for those projects. It is very expensive totaling \$4.5 million. Renewals and replacements are \$1.1 million. This is just for water. There are more than 200 miles of old water and wastewater pipes that must be replaced.

We are now addressing maintaining a minimum cash balance of 30 days instead of having a goal of 60 days. Ninety days is truly desirable, but is not possible at this point. We are simply trying to recover our costs. We must meet our regulatory and financial obligations and maintain reliable service. The rate consultant is projecting our debt service coverage to be 3.26 at the end of 2009. We are only at 2.5 at the end of September. We do expect to transfer the full City distribution in 2009 of about \$5 million.

Mr. Drummond asked if these projections are based upon the rate increase being approved. Mrs. Hurtubise said the \$5 million City distribution is almost money in the bank at this point. We will be writing a check for that next month. That is not based on future, but on the past. It is what we will pay in 2009 for the year 2008. The 3.26, she believes, is assuming rate increases are in place.

If implemented, the increase in water and wastewater will amount to a little less than \$3.50 per month for a customer who uses 6,000 gallons of water. For natural gas, we're talking less than \$2.00. We recognize that every dollar counts, but we really need the rate increases.

Back in 2007, our average customer used 7,000 gallons of water. Their combined water/wastewater bill was \$71.74. Our average customer now uses about 6,000 per month,

so they are conserving. That is benefitting them, because the only difference is \$.92, and that includes the rate increase. Next month, we should be down a couple of more spaces in the rate comparisons. We are currently average in the water/wastewater rate comparison. The bulk water rates for the County will also go up the proposed 5%, so it is reasonable to expect the County's rates to their customers to go up. There are three entities currently lower than we are, but they are undergoing rate studies at this time to evaluate whether they are recovering their costs.

Mr. Drummond said he thinks Mrs. Hurtubise has done an excellent job in outlining exactly what staff has done in terms of trying to reduce our costs, and he thinks that is very impressive. What he didn't see in the presentation was what happens if we don't increase the rates? He asked if she can give us an outline of exactly where we are and what is harmed with regard to utilities if the rates are not increased.

Mrs. Hurtubise said what most likely will have to happen is construction projects that are underway that can be terminated, will be. They would have to be. We are always evaluating whether our staffing levels are appropriate. We have already chosen not to refill positions. At this time there is no expectation of layoffs.

Mr. Thiess said according to our rate consultant if we didn't get a rate increase at this juncture, we would have to strip another \$700,000 in addition to the \$5.2 million we've already taken out of the budget for 2009. That would come straight from construction projects that are either in progress or haven't started yet. They would either not get started, or we would cut them off right now. That would be a very deep cut to make. A couple of weeks ago a couple of projects came over from the City, and we were able to find some money to do them. That would not be an option if we had to strip another \$700,000 from the budget. The other thing that would happen is we would be forced into a situation where next year, the rate consultants are saying, to stay within the 30 days cash accumulation, we'd need a 30% increase in water and wastewater in April, or the other option is that we would sink down to ten to twenty days cash reserves. Mr. Drummond said Mr. Thiess spoke in terms of finding an additional \$700,000 to cut, and he assumes he means personnel. That would have an impact with regard to service. Mr. Thiess said we would cut the \$700,000 out of capital for the rest of fiscal year 2009.

Mr. Summerhays asked if we would be in violation of bond covenants if we had less than 30 days cash. Mrs. Hurtubise said the bond covenants only refer to the 1.5 debt service coverage. The rating agencies would frown on a cash balance that low. Mr. Summerhays said we would probably have our rating lowered. Mrs. Hurtubise said yes. We are currently at an A minus, and we would like to stay there. Mr. Drummond asked Mr. Thiess if he is suggesting we would only cut capital. Mr. Thiess said yes. We have already eliminated seven or eight positions. We are well below 300 now. We are eliminating a couple of more this month. We are not in a position to cut personnel. Obviously, if we didn't get the rate increase, we would have to cut everywhere. At that point you will see a diminishment of services and response times. If we have to take the personnel numbers down, you will be in a situation where if you have a power outage at night, you might have to wait until the next day to be turned back on. We simply won't have the personnel to do it. We have used our personnel and operations groups to cut down on our contractors' workload. That is another thing we did to cut costs this year. In the Water/Wastewater Operations, Electric T & D and Gas Operations we will largely be doing work in-house with our own crews. We will be taking up

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the slack with our own crews and keeping them busy during tough times. Mr. Drummond asked if he is correct in that this increase would have no impact on the City's transfer. Mrs. Hurtubise said it might next year, but not this year. Mr. Drummond said it is 6% gross of all utility revenues. Mrs. Hurtubise confirmed this statement. Mr. Drummond said if the City for some reason decided to forego a portion of the transfer that would possibly offset any rate increase. Mrs. Hurtubise said yes it would, absolutely.

Mayor Benton said he doesn't believe the City can do that by Charter. It says it will be 6%. Mr. Koblegard said the Charter doesn't say anything about the City can't reduce it. It says they can't increase it. Mayor Benton said the City is looking at a 36% reduction in revenue in the last two years, so he doesn't see that happening. He doesn't think we want to add to the unemployment market any worse than it is now.

Mrs. Cully asked about cutting back renewal and replacements. Mr. Thiess said he thinks we could justify cutting back in these extreme times. These are as tough times as anyone in this room has seen, probably. We can't cut them back altogether. The \$4.6 million in water projects and the \$1.6 million in wastewater projects consist largely of renewals and replacements. Every time the City or County or DOT digs up a street, we are pretty much obligated to go in and do that work. That would be one of the last things we would cut, but if we go a couple of years without rate increases, we would have to cut that too. Where we have cut the renewals and replacements is the \$600,000 to \$700,000 per year in sewer lining where we are trying to catch up with the 100 miles of clay sewers we have. The water main replacement projects like the Lincoln Park project we are doing right now would be deleted next year. We would cut back on the voluntary R&R and keep pace with those related to the City projects to the extent we could. At some point in time we would have to cut those out, too.

Mr. Summerhays said in real short order we would join West Palm Beach in a blown water line every other day. Mr. Thiess said yes. The City of Tampa is also in that situation right now. Mr. Summerhays said somebody would be doing without water every other day. Mr. Thiess said eventually you would get to that point if you neglect the system for a long period of time.

Mayor Benton said this is a tough time for everyone, but these road projects, these capital projects within the City have been going on for almost 15 years, and A1A is in its second year of a 3-1/2 to 4 year project. While the roads are dug up, because we have over 200 miles of pipe out there that is not PVC, we have to replace them. That is something this group and himself inherited from many years of overlooking it and fixing it as we went along. Now that we are doing the road work, we can't just pave over it and come back and dig it up a few years later to put in new pipe. This is throughout the City. While the roads are dug up, we have to do it. This is a commitment this Board made with the City and FPRA and the State of Florida. All these road projects involve several different governmental entities. We hear all about the stimulus package coming from Washington. We are asking that utilities be included in any infrastructure improvements. The 5% increase for the improvements we are making means a few minutes less in the shower. He has found out personally that 5% on water and wastewater isn't hard to make up for in conservation. You have to watch the kids, but it can be done. For a lot of us we might not notice it if we turn off the water and don't use it as much. It is a tough time, but we can't stop working on the road projects we've got out there.

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Mrs. Hurtubise said what is being proposed is Resolution UA 2009-02, a Resolution Rescinding and Revising the Schedule of Rates for Water Service Furnished by the Fort Pierce Utilities Authority previously contained in Resolution UA 2008-05 and providing for an effective date hereof.

Mrs. Cully opened the Public Hearing to hear comments concerning the revised schedule of rates for water service. She asked that anyone wanting to speak be as brief as they can. She stated we are happy that you came, and we do want to hear what you have to say.

Mr. Christopher Williams stated he would like to speak on his own behalf as well as Fort Pierce Utilities Authority's behalf. We have to keep in mind as citizens of Fort Pierce that the bills are high, but it is not Fort Pierce Utilities Authority. There are a lot of rumors on the street and everybody is angry at Fort Pierce Utilities. Keep in mind this is a State and federal problem and issue. He has a radio show called "We are the People," which airs every Tuesday from 3:00 p.m. to 4:00 p.m. He asked everyone to call. He said he will be inviting some of the Board Members to appear on the show to educate the residents of what is going on and why these prices are so high. It stems from the State on down to the Florida Municipal Power Agency (FMPA). The rates are passed down from FMPA and in turn the Power Cost Adjustment (PCA) is passed down to us. We have to keep that in mind and not be angry. He is working with our State Representative in District 78, which this District. He has just been voted in. His name is Kevin Rader. He is going to be working with him to raise enough issues to get the State of Florida to set better rates, so these things will pass down from the State through FMPA to the customer. That is all he wants to say.

Mrs. Cully said she needs to clarify that what we are talking about now is revising the schedule of rates for water service. We will vote on those after the Public Hearing is closed.

Mr. Tom Rhodes of 2816 Coronado Way, Vero Beach, Florida, stated he would like to speak about both water and gas rates.

Mr. Rhodes distributed some handouts to the Board. He explained he is a second generation laundromat owner and owns eight laundromats on the Treasure Coast, four of which are in Fort Pierce. The first generation is sitting in the audience. He explained they are hugely impacted by water, sewer and gas rates. Their livelihood is affected by the rates charged. The lives of the customers who come into their laundromats are also directly affected by the rates they are charged for washing and drying their clothes. The handouts show how FPUA's rates compare to other providers' rates. He would like to suggest a different pricing method, especially on natural gas. His bone of contention with FPUA has always been on the natural gas side. He complimented FPUA's service. Whenever he has a problem, whether it is water and sewer or gas, you always get out there and take care of the issue, which he really appreciates.

The biggest disparity exists in what FPUA charges for natural gas and what his other providers charge. They receive bills from City Gas for a couple of their laundromats in Vero Beach. One of the handouts shows the rates they charge compared to FPUA's rates. He took his consumption and came up with the difference. He chose the laundromat in Fort Pierce that has the closest consumption to his laundromats in Vero Beach to make a comparison. In April, City Gas was charging \$1.45 per therm. FPUA was charging \$1.22 per therm. At that time City Gas was charging more. However, when we get to June, the trend starts going the

other way. You can see the trend is most pronounced in October, 2008, where the FPUA rate was \$2.01 per therm, as opposed to City Gas, which was \$1.30 per therm. He knows the market was going up, and it peaked in June. However, FPUA kept going up on their rates. While City Gas continues to go down on their rates, FPUA goes down, but not as quickly. There is a huge difference. If you look at February, 2009, at one of their stores, they are paying \$436 more by being with FPUA as opposed to City Gas. That is a big difference. He takes that figure times 11 months, because that is when they got on with City Gas, and it is a difference of \$3,200 paid at the location in Fort Pierce. They have four laundries in Fort Pierce. One laundry is busier, probably by 50%. Two laundries do about half this amount. The last 11 months have cost \$6,000, conservatively, or \$7,000 more by being with FPUA than if we could buy gas from a third party marketer. While the service is good, we are paying much more.

What they would like to do is to have FPUA open the City gates to competition. He understands it is an Authority, but you can do that if you want to. Open your gates to competition. He has, historically, paid more for gas from FPUA than he has through the other natural gas providers. He knows the amount shown in the presentation in terms of total revenue was small, but for them, it is one of their biggest expenses. They have rent, wages and after that utilities. When the price spikes like it did after Hurricane Rita, he can't go up that much on his dryers to make up for it. The customers would just revolt. If he had to price his product based upon the gas prices, he wouldn't have any customers. They would go somewhere else. So, he is asking the UA to open the City gates to competition. If you are not prepared to do that, he would like you to lower the rate to a market rate. We understand what goes on out there. We listen to the news. We see what oil prices do. Let us pay a market rate. His third proposal is to give them the flexibility to buy into a plan as shown on the third handout he gave the Board regarding Pro Energy. Being in the laundromat business, there is an association they can buy gas through. They have a fixed price plan, a floater, a floater with a cap. He can't sign on with that marketer, because FPUA's City gates aren't open to competition. He showed them a proposal from Pro Energy out of Houston, Texas, a third party marketer where he is able to purchase gas at a fixed price of 71.5 cents per therm with an added transportation charge from City Gas, making the gas he pays for the next twelve months \$1.01 per therm for two stores in Vero. He signed the contract in January, so the price would be even lower now. FPUA is still at \$1.42 per therm. That is a huge difference. Charge them the market rate. Open the gates to competition, so they can price their product better.

Mrs. Cully asked if he has talked with Mr. Thiess about this. Mr. Rhodes said no. His primary contact has been Bill Abramowicz. He understands he should have been here about a month ago at their workshop. Living in Vero he doesn't get the Fort Pierce paper, so he needs to be a little more plugged in. Mrs. Cully said we appreciate your comments. She thinks if he could meet with Mr. Thiess and discuss it further, we can look into it and see what can be done. Mr. Rhodes said water consumption has gone down 20%, because people aren't here. The pickers aren't here, construction workers aren't here. Our numbers have gone because of the economy, and it's not just conservation.

Mr. William Frances, 130 Yuma Way in Tall Pines addressed the Board. He stated he is looking at a bill for \$441.59 for water. He hasn't used a drop of water in months and months or turned the light switch on in months and months. If you need the money, increase the price

for the people who are using it. He lives in a trailer. He really owns two trailers, but both of them have been turned off for months.

Mr. Summerhays asked if Mr. Frances has talked to Mr. Abramowicz about this. Mr. Frances said he talked to the supervisor down at the place he pays his bill, but he doesn't know what his name was. Mr. Summerhays asked if it is the man sitting in the back of the room. Mr. France said yes. Mr. Perona said it sounds like you have a Customers Service issue that needs to be investigated. Mr. Abramowicz is the best we have, and he needs to go through your bills and find out exactly why you have that issue. Mr. Perona said he would be standing up there too if that was him. He would like Mr. Frances to go through the proper format. Mr. Frances said he will talk with Mr. Abramowicz.

Mr. Javan Bell of 2210 Jo Hayward Drive addressed the Board. He distributed copies of his utility bill to the Board Members. He said he is not at home, and he received a bill the other day for \$285.00. He is always working, and the last time it was \$245.00; the other month it was \$235.00. He was listening to your meeting the other night on television when our new Commissioner that was voted in, that there is a 25% surcharge for where he lives. He has City water, City gas, City lights, City electric. He has everything City, but he is trying to figure out if he has all this stuff for the City, never late, never had a delinquent bill in his life, how could his bill steady jump like this if he's not at home? No one lives with him. He lives by himself. Mrs. Cully asked if he has talked with the Customer Service Manager regarding this. Mr. Bell said, Ma'am, I just pay the bills. Mrs. Cully said he might have a leak or something like that. Mr. Bell said no, he has a fairly new house. He doesn't have any leaks. He did re-insulation. He did everything. Basically, that is what he is trying to get an understanding about, the 25% surcharge that is in his area. Why is it there? Why doesn't he have the same privileges as everyone else with his light bill?

Mayor Benton said that is because you live outside the City limits, and because the people that live inside the City limits have paid for the infrastructure, the water plant, the sewer plant. People living outside the City limits didn't pay for that, so that is why you pay a little bit more. Anybody that gets bulk water outside the City limits, such as North Beach and several other areas, pays that additional cost. Mr. Bell said he signed an annexation agreement. Mayor Benton said once your property becomes contiguous to the City limits and you are annexed, that will be removed. He doesn't know how close Mr. Bell's property is to the current City limits. Mr. Bell said we stay in a subdivision, and we had all this put in so we could be a part of the City. When lights go out, our lights are underground. His sister is in Port St. Lucie, and her bill with Florida Power and Light is much cheaper than ours. He doesn't mean any harm, but her light bill with water and lights is \$123.00.

Mr. Drummond said FPL doesn't have water service. Mr. Bell said his sister receives water from Port St. Lucie. He is talking about what her combined bill is. Her bill is \$98 sometimes, and then it might be \$78 or \$103. He is just trying to understand. He feels like he is paying for something that he didn't ask for. If he has to pay for it, at least help him out. Do you understand what I'm saying? If my bill is steady jumping, and I'm not at home, because we are both out there cutting lawns, and I live alone. For the summertime, he keeps his thermostat at 79 degrees. He keeps his thermostat for the wintertime at 74 degrees. Mayor Benton said he should turn it off. He hasn't had his turned on since October. Turn it off and open the windows, and you can save a lot of money. There is no reason to have your air conditioning or heat on since October. There is the ability to save. His has been off, because

he can't afford his bills going up. Mr. Bell said when he comes in from out there cutting, to be honest, he doesn't want to come in a hot house, because it costs more watts to cut it on. This is what you said in your meeting about it costs more watts to keep cutting it back on instead of letting it stay at a certain temperature in the house. This is what he heard the Board say in their meeting, because he listens to their meetings.

Mr. Drummond said he is looking at Mr. Bell's bill that he shared with the Board, and his consumption this year compared to the same month last year has doubled. You said you are there alone. Is there anything different happening this month? Mr. Bell said it got cold this month. Mr. Summerhays said his bill was also double for January. Mr. Bell said that is what he is trying to figure out. Mr. Summerhays said it was so much colder this year than it was last year. If you leave the heat on when you go out and work, it is going to do that. He said Mr. Bell does have a problem, but he would ask him to address it to the Customer Service folks. The only thing we are addressing here is water. Mr. Bell said okay. He said do you see his wastewater on there and how much it went to? If he's not there to flush....? Mr. Perona said the wastewater charge is a function of your water usage. Mr. Summerhays said your wastewater bill is based upon your water usage. Mr. Perona said we don't have a meter for sewage. It comes right off your water meter, and they calculate from how much water you use. Therefore, you must use that much wastewater. If you want to reduce your bill for wastewater, don't use so much water. Not that you have. You don't use a lot of water. You have a typical, average bill for one house. You cannot even have a person in a house, and it can still use that much if you have your thermostat set up and your refrigerator is going. If it gets cold out, and your heater comes on, that could happen. We have a Customer Service guy who can look at it and is a lot more equipped to give a comment on that, plus the fact that they can go through and look at your home to see if there are ways to save money. We have that service available, too. Mr. Bell asked if it costs something to have them come out. Mr. Thiess said if the home is not in the FPRA area or does not meet the low income requirements, it is a \$25.00 customer charge, and FPUA pays the balance, which is \$50 to \$60. Mr. Perona said it is well worth it. All they have to do is give you one good idea for saving money, and you could save hundreds. We encourage all our customers to do that. We hear what you are saying. He asked him to take his bill to Mr. Abramowicz and see if he can help him out. Mr. Bell said he will do that.

Mrs. Cully asked everyone to please be quiet and be respectful of the person who is speaking.

Mrs. Hazel Filoxsian of 2605 Arnold Court addressed the Board. She said she doesn't think she is hearing this right. What she is hearing is that back when the water in Lake O was way below the norm she was asked to help conserve. She helped conserve. She complied. Her compliance didn't give you the revenue you expected, and because of that she is being penalized, because consumers didn't use as much water. We complied with the request to conserve. Is that what she is hearing?

Mr. Bill Thiess said there are a number of factors that are causing rates to go up. Those factors include increasing costs, commitments to current projects and lack of revenue. If you look at the conservation portion alone, the conservation still results in less cost to the customers. The component of the rate increase that you attribute to the decreased revenue from conservation is less than the amount you save by conserving.

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Mrs. Filoxsian asked if it occurred to anybody when our water began to rise, to ease or relax the restrictions, so the consumers would use more and bring in some of that revenue you were expecting instead of hiking my water bill to cover the money you were looking for? Mr. Thiess said that is a South Florida Water Management District issue. We are not in control of the mandatory conservation. Mrs. Filoxsian said you are in control of my bill. Should I be taking this up with South Florida Water Management? Mr. Thiess said yes, as far as the mandatory water restrictions. Mrs. Filoxsian said as far as the increase in wastewater on my electric bill? Mr. Thiess said that is a financial issue, and the conservation component is not a major component of the increase. It is cost increases, commitment to the current budget and projects and a small component related to decreased usage, but your conservation outweighs that. The cost increase is less than what you save from conserving that amount of water. Mrs. Filoxsian said the Mayor's concerns for adding to the unemployment lines are commendable. She just wishes he would extend it to the food stamp line, the welfare line and the homelessness in your City, because that's where we're headed.

Mrs. Betty Bradwell of 109 Tropic Court in Sheraton Plaza spoke to the Board. She said she is the president of the homeowners association and speaks on behalf of Sheraton Plaza. She knows we are outside the City limits, because we see it on our light bill every month. She showed them her light bills from the time she has been living in Sheraton Plaza. A \$5.00 or \$6.00 increase might not seem like much to the Board, but when she gets a \$542.00 bill and to add \$5 or \$6 more to her bill and some of the other people that live there..... In the last three weeks she's been volunteering for ALPI, and you cannot tell her that you see bills. She has seen so many bills within the last three weeks of people coming, and some of the bills that are coming from down south, because we are serving people from Stuart, Hobe Sound, Port Salerno, all through Port St. Lucie, the bills do not look like Fort Pierce Utilities' bills. She is sorry. She doesn't care, but \$5 or \$6 for a person that's disabled or living off a fixed income, we need to do what we need to do best. They are cutting everywhere else, she is sorry if we have to go and cut staff. We have to do what we have to do to have the people to be able to survive. One or two more people in a line is not going to hurt, because we are hurting with bills in Sheraton Plaza, and we didn't just start hurting. These are my bills from the time that I have been living in this house, and my bills have been running from \$300 to \$600, and it's just not the electric bill, it's the franchise, it's the water with the sewer, power adjustment, power gas adjustment, St. Lucie County franchise outside, gas gross receipt, electric receipt outside, sewage outside, water outside. We pay all of that two or three times, and if you add another \$10 or \$15 or \$5 to my bill and not just my bill, the whole entire Sheraton Plaza is going to be hurting. We are already struggling. We did 500 applications in one week and the biggest of the applications came from St. Lucie County as a whole. This town is hurting. She knows the problem, but FPUA will survive. You will survive, but people that are living on fixed incomes will not survive with another hike on their utility bill. I hope you will take that into consideration.

Mr. Patel, whose business is at 4907 South U. S. 1, a dry cleaner, addressed the Board. He stated he has the exact same issues as the previous person. He said natural gas as we know it comes from the land of America. It is not imported. Can anybody here connect the dot? Why is gas so expensive? He tries to talk to people on the phone, and no one ever has tried to satisfy his question. Please, we are a democracy. Everybody is hurting. Don't we have shame? Rather than increasing, say this is tough time, we will work with you. We have to survive in business. We are hurting so much in business. Our businesses are closing down. He doesn't know if you can do something and please explain why these costs he just

mentioned are going so high when it is our own material coming from our own land. What kind of expenses are going so high that you have to charge us those types of adjustments? We don't have shame to keep asking for more and more and more at the blood and sweat of American people? No one wants to help us. When he couldn't afford to pay his gas bill, he said he wants to pay some and asked what is the maximum he could pay and then he would pay the rest later on. They said, Mr. Patel, two things will happen. We will charge you the penalty or we cut it off. Is this the way I am going to be helped? Please try to connect the dots with natural gas. Is there anyone to reply here?

Mrs. Cully asked if he has spoken with anyone in Customer Service. Mr. Patel said he doesn't know the names, but he called the company, FPUA. He tried to talk to the person who picks up the phone, and they couldn't satisfy him. He tried to talk to a Supervisor, and they would never come on the phone, never come. He always left messages, and no one came back to him with satisfactory answer, plus they would never call back.

Mrs. Cully said she is sure that Mr. Abramowicz will be happy to talk to you, and she thinks he should speak with Mr. Abramowicz, so that he can understand things a little better. Mr. Patel said nobody is trying to explain it to us. Can anybody around here connect the dots on the nature of gas? Why is it like the stock market up and down? It is our own property of American people and where is the cost going to run the flow in the pipes. That is what he would like to understand from the people. That is a real issue that we are facing here.

Mr. Thiess said the person to speak to about natural gas purchases for the natural gas system would be Tom Richards. He would suggest Mr. Patel schedule a meeting with Tom Richards. Mr. Patel said just as the previous man stated, we have to have competition here. This is a monopoly. We are at the mercy of FPUA that can just shut our oxygen pipe off in one day. We are all trying to survive here. Mrs. Cully asked Mr. Patel to call the UA and ask for Mr. Tom Richards, and he will be able to explain the situation to you. He is the expert on that. Mr. Patel said he would like a comment from anyone here. Mayor Benton said this is America, and the government doesn't pipe the gas. It is privately owned, and they charge us whatever the going rate is, so we have to pass that charge on when it comes to natural gas. We have no say in what that cost is. It is set by the same people who set the price for oil and all the other commodities. Mr. Patel said thank you. He asked if the price is fixed or is it priced on a day to day basis? Mr. Thiess said we buy some gas on the spot market and some we pre-purchase ahead. We purchased this year to the end of the fiscal year, about 60% of our gas. The 40% we're buying on the spot market. Mr. Patel said he asked if he could fix his rate or have another company service him, and he was told absolutely, no. So you know what's going on, and you know what I mean. We are literally trying to fight a battle. Please help us. We are paying on time every day, so look at the eyes of everybody here and do something. We don't live because of the greed, we live because of the necessities. These are the necessities of the human beings to survive. Don't look at you profits all the time. Profit you have made before, and you will make it in future, but let people survive today. Thank you and God Bless America.

Mrs. Lucinda Rich of 523 North 12<sup>th</sup> Street in Fort Pierce addressed the Board. She is a Fort Pierce native very concerned about the Utilities Authority, and how they have gone up year after year after year. She does appreciate the surveys shown today of the increases and decreases state-wide. Her understanding is there are only two paid Utilities Authorities in the State of Florida. Those are here in Fort Pierce and one in Key West. During these economic

times, and she knows they mentioned they had already put in the plan that there would be no salary increases, she wants to know if you have considered disbanding the Utilities Authority for the City of Fort Pierce. If and when the economy takes another downturn, we need to consider the fact that people who live on fixed incomes just cannot survive. She is sixty years old and as a little girl they had kerosene lamps. They didn't have gas stoves, they had kerosene stoves, so she is well aware of how to survive. What she is saying is she knows the Board probably already has its mind made up of what you are going to do, but let God deal with you concerning the people of St. Lucie County. God bless you.

John Brown of 1618 Avenue E in Fort Pierce addressed the Board. He is paying attention to everything going on, and he could easily resolve a lot of issues we have with the budget. He looked at the screen and didn't see any pay cuts for any top employees within FPUA. He is constantly seeing money being wasted on advertisement on the radio station that's already in the bill. That stuff costs money. He is looking at money being wasted, because about two weeks ago he got a call from the University of Florida doing a survey for FPUA. He asked them who is paying for this. They told him the FPUA. Money is constantly being wasted. Why would you waste money if you don't have money, and you have to constantly come back and ask folks for money? Every time we give you money you go find a way to waste it. All these people aren't in here because they have money to waste. They are trying to survive. They are trying to buy groceries. They don't want to keep taking money out of their pockets to pay for utilities when the utilities company finds ways to waste their money and not holding people accountable. We've got people on the Board and on the payroll that ain't doing nothing for the people, and they're making money. Every time we need more money, ask these people to take a pay cut. Every time this guy come in here and asks for a raise, ask him to take a 10% pay cut. See if that would help stop them from coming in here asking us for money. Eliminate useless positions that don't do nothing for the people that every time they come in and talk about the service to the customer going to go down, how is this young lady going to help me if my lights get off? We are paying her salary. All these people are making money. Stop bidding out contracts that put pipe up under the road when we got people in Fort Pierce that are unemployed. We've got the equipment. Fort Pierce City Utilities got backhoes. They got dump trucks, but we got people unemployed. Hire them people to put the pipe in. This is the stuff that he noticed around here today, and he is paying for the utilities. You said 5% won't hurt. Are you willing to take a 5% pay cut right now for the utilities? Customers don't have the right to say if I don't make \$60,000 this year, I'm not going to pay my utility bill. Why do the FPUA say if we don't make "X" amount of money this year, we're not going to pay you. Get a budget of \$6 million from them and have them pay you a half a million dollars every month and put it back in the City. That's how you resolve them issues. We got to stop paying. We can't keep continuing to give these folks money that waste money. We could easily see it. You see it just like I do.

Mr. Gerald Dority of 2105 Winding Creek Lane asked to speak. He asked if he understood it right that there will be a 5% increase in water rates, but next year it will be 30% if you don't get it? Does that mean it will be 25% next year if you do get it? Mr. Thiess said future increases are a budget forecasting thing. Every time we get to the next year, it is always different from what was set the year before. The current forecast is 9.8% for next year with the 5% this year. If we don't get the 5% this year, we would need the 30% next year in the water utility to prevent going below the 30 days of cash through FY 2010. If we don't get the 5% this year the forecast, which could change, states we would need 30% in April of 2010 to avoid going below 30 days cash. We would be precariously low at that time and would need a

big boost to keep us from going below the 30 days cash. With the 5% rate increase this year, there is 9.8% projected for next year, but if development picks up and revenues pick up, it could go way down. These are all estimates based on revenue forecasts. Mr. Dority said at this point you are figuring the increase will almost double. Mr. Thiess said that is the projection that may or may not happen. Mr. Perona asked what the projection was for water this year? Mr. Thiess said he believes it was 6%.

Mayor Benton said once some of the capital projects come to a close that we are doing in the City if we don't get money from the federal government that they are promising everybody, which would also cover the costs of the utilities, hopefully, those numbers won't be the same, but the City won't be doing the road work and improvements as we have been doing in the last 12 years, because we don't have the money. You will see things slow down unless we get the stimulus money from the federal government. The City with a reduction of 20% this year and 16% last year and the FPRA more like 30% last year and could be the same this year, won't have the money to continue doing what we have been doing at the same pace probably for several years unless the economy comes back. Like everybody else we're going to be cutting back, but we have to finish what we started. The money is there. There are several partners in that. To say they are going to be looking at a 9% increase next year, that could be, but there are a lot of factors that come in to play. Mr. Dority said that is not a set figure. Mayor Benton said not at all. He can't predict what is going to happen even a month from now. All he can say is the 5% to continue these projects and finish them up to put pipe in the ground, he can't say not to do it. Normally, he's had the pipe sitting in here to show people. On the beach we still have asbestos pipe in the ground. It is in bad shape. To avoid problems like they've had in Palm Beach we've got to continue to do this. You have seen the changes in Fort Pierce in the last fifteen years, but it is going to slow down. We don't have the money either, because raising taxes is not an option. Mr. Dority said good. Mayor Benton said you will see a lot of things coming before the City and this Board in the next six months and hopefully there will be public input, because we're going to have to think out of the box coming into this budget year.

Phyllis Castro asked to speak on her own behalf and for her Mom who is on a fixed income. She thinks the message is pretty much the same. She grew up here and moved back about a year and a half ago. She loves Fort Pierce and thinks it is a great place to live. The first time she went to the doctor there was a Miami physician visiting, and the physician said she had to do a portion of her internship in Fort Pierce, Florida. She had to pick an area that was deemed to be a low income, agriculturally based area. That is how she described Fort Pierce. Ms. Castro never thought of Fort Pierce in that way, but as she looks around with fresh eyes she sees the standard of living for a lot of people is not so good. She believes we are over 6% now, unofficially, on the unemployment list. She feels it is hard for elderly people, people on a fixed income, people unemployed, that this poses more of a burden on them. If this meeting had been later, there probably would have been more people here to express that same sentiment. She knows the Board is in a position of trying to balance the books, and it's not always easy. She doesn't have any quick fixes.

She will say this, there are not too many companies you can work for anymore that fully vest retirement and give you full retirement. Usually, it is matching now. When you work for a company, you might throw in your 3%, and the company will match it. Government is an area where you are 100% vested when you retire until the day you die. She would say that is an

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area that, as our economy goes down, we might look at how we handle retirement. Can we afford what government costs?

She has a couple of questions. This new budget that we figured out – how much of that is going to fund the City? Mrs. Cully asked if she is referring to the transfer. Ms. Castro said yes. Mrs. Cully said for 2008, it is around \$5 million. Ms. Castro said if we didn't raise the rates, how much would the City receive? Mr. Thiess said the \$5 million transfer will occur next month and is based upon Fiscal Year 2008, which ended September 30, 2008. Ms. Castro said if this proposed rate increase didn't occur, would it be the entire \$5 million that the City wouldn't get? Mr. Thiess said he thinks the projection is that the transfer wouldn't change. We would still transfer roughly \$5 million, we will just have to cut back internally on our budgets and cut capital projects. Ms. Castro said not including the capital projects, but if you were to look at your operating budget, what is the budget rounding to the millions? How much is payroll or payroll related? Mr. Thiess said it is approximately \$21.4 million for payroll plus benefits. Ms. Castro said based on those numbers, which are very large, she would ask that everyone please take a close look at the payroll numbers, because that could help us as a community. Look at the retirement component and the payroll numbers. If there is any way we could consolidate some activities between the City of Fort Pierce and the Utilities Authority, some kind of shared areas. She doesn't know if there is any way to consolidate HR or Finance. Any one of those functions that overlap, this would be a really good time to look at it. Mr. Thiess said we are looking at it. Mayor Benton said we are looking at everything.

Ms. Castro said she does agree with what the gentleman said earlier, that those people who are earning over \$50,000 a year..... It's hard to do pay cuts, but people will consider pay cuts. She said they are doing it where she works. Pay cuts versus losing a job, people understand. Right now everyone is tightening their belts, so she would love to see our government and our Utilities Authority do what everybody else is being forced to do right now. It is painful. She thanked the Board. She knows these are difficult times, and they have a difficult job to do.

Mr. Christopher Williams addressed the Board and the audience. He said he would like to say one thing. We all just got mad, that's good. But, we have to take the problem where the problem needs to be addressed. It is bigger than a local government issue. He felt just like the people who spoke felt. He was mad at Fort Pierce Utilities, but then he has links with a State and Federal Representative. He has connection with those people, and he has told them about this problem. The problem is those people are not getting contacted. We have to apply effort where effort needs to be applied to better this problem. He has a radio show that comes on every Tuesday on 91.1 WJFP from 3:00 p.m. to 4:00 p.m. He will be glad to give everybody his information, because he has the connections. Work with the State Senators.

There being no one further who wished to be heard, Mrs. Cully closed the Public Hearing on Rates for Water Service.

Motion by Mr. Summerhays, seconded by Mr. Perona to adopt Resolution UA 2009-02: Revising Schedule of Rates for Water Service.

Mr. Perona said it is immensely difficult for all of us to sit here, but we have been through thorough workshops. We've beaten staff up to make sure we cut things. We have all talked individually and collectively with staff trying to make sure we're cutting back everything we

possibly can. In listening to some of the comments, he appreciates those that are sensitive to the type of demands that are upon the Board. This is not a popular position to be in right now, but it takes an immense amount of understanding. He is a ratepayer. He used to own a laundromat, so these are real issues that affect all of us. We are not outside people who come in and sit on this Board and make decisions to make sure the pockets of the Utilities Authority are filled with money. We are running a very lean ship on a \$100 million budget, and it is a very difficult task to educate the consumers to let them know what we're trying to accomplish. They have demands upon us to be reliable. When they flick a switch they want power. When they turn a faucet on they want water, as does he. With that comes a cost. We have a responsibility to our ratepayers to make sure the systems are upheld, make sure the pipe isn't breaking in the middle of the street every time we turn a corner. The same people that talked about Port St. Lucie didn't talk about how many times the power goes off in a given week or how many times there is water running down the middle of the street because somebody didn't take care of a pipe. If you go into the County outside our area, that is a common occurrence. He really thinks it is important for us to take a look at what we are charged to do, and our responsibility is to make sure this system is upheld and the renewal and replacements are in line, and that we do what we can to make sure this system is safe, dependable and has every characteristic to survive the future. There are going to be future Boards, future Mayors, future ratepayers out there that are going to depend upon what we decide here and now. He finds it very difficult but a responsibility to support the minimum increase that is on the table right now.

Mayor Benton said it would be very difficult for him in a normal time to support this. He knows how bad people are hurting. For an average customer, they are talking about \$1.36 per month. For every hundred gallons of water you use if you can cut back 5 gallons, you won't notice a difference. Because we have literally 20 miles of road projects throughout the City of Fort Pierce right now in the works, we have to finish them. Next year, when a lot of that work is complete, it's another story, but this year he has to complete all the work we've committed to through public charettes. The public has said we need to do this. He thinks a lot of people can conserve a little and won't notice this increase. It does hurt, but this is business we have to complete. For many years in this community the infrastructure under those roads has not been improved, so we're having to do what should have been done a long time ago. It is the cost of doing business. It hurts to do this, but luckily it is minimal. If it were any more than 5% there is no way he would support it. Next year concerns him, but we will be looking at a lot of cuts, not only here, but in the City, and a lot of consolidation issues. Please be very involved in this, because the City is looking at 20% more this year, and raising taxes is not an option. We're going to look for public support for what we might have to be doing, because it might not be pretty.

Mr. Drummond said he wanted to echo what was said by Mr. Perona. We are charged with a responsibility. We are sent over here to make sure that we are good stewards of this utility, to make sure it is reliable and make sure utilities are being provided in the safest, cleanest, most efficient manner. Out of that charge was that we come over here and make sure that we are not wasteful, and that we hold the feet of our staff to the fire with regard to making sure that they have done everything within their power to address any cost concerns or ways that we can save. We recognize that a large part of this we have little or no control over. A large percentage of the bill we are looking at are items we have no control over. Those items that we do, we are being constantly asked whether or not we are doing everything in our power to address. He thinks in this particular instance with the workshops and everything else, staff

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has demonstrated that they have looked in every area possible, and this is the absolute bare minimum that is needed to keep everything running efficiently, which is our number one charge. He, in a past life, was always known as "Mr. Four to One". He always voted against things. He has kind of mellowed in his age and somewhat now reflects on that and suggests that rather than vote no, you would want to make it better.

Since we have looked at cutting everything, save one thing that we do have some control over, he challenges our partners over at the City to look again, and he recognizes that they are under some very, very tough times, and they are having to cut and make choices which are hard. But, of all of the things that we do still have some control over locally, it is the transfer. He is not looking for them to go bankrupt, and he is not looking for them to have to put individuals out to pasture, but if we're going to get beat up when we get to City Hall, he wants to be sure that we recognize that everything was put on the table, and it was at least discussed, because he believes we have met our challenge on this side to look in terms of addressing all of the things that we can cut.

The roll was called and the motion unanimously carried.

Mrs. Hurtubise requested approval of Resolution UA 2009-03, A Resolution Rescinding and Revising the Schedule of Rates for Wastewater Service furnished by the Fort Pierce Utilities Authority previously contained in Resolution UA 2008-06.

Mrs. Cully called to order the Public Hearing on Rates for Wastewater Service.

Mrs. Castro of 509 South 15<sup>th</sup> Street addressed the Board. She said her question is do they not read the meters on the houses anymore? Her bill has been \$150.00 or more every month, and she comes into the office to complain and sometimes they give her a credit of maybe \$100 back. For one person to pay \$150 or \$160 is too much. When do the men come and read the meters? She does not see them come. When she comes in to complain, they tell her, I'm sorry, we made a mistake. She is very unhappy. She moved here in '62 and has lived here until now. Now, there is no responsibility. The people who are supposed to be reading the meters are not doing it.

Mr. Thiess explained that a lot of our electric meters are read remotely. Most of the water meters are read manually. He would suggest that Mrs. Castro speak with Mr. Bill Abramowicz, Customer Service Manager, and during business hours he would be able to tell her how her meters are set up, whether they are automated or manually read. We do have electric, water and gas meters that can be read with a drive-by device where the Meter Reader does not actually come and open the meter box to read the meter visually. It is done by an automated device in the vehicle. He suggested she schedule an appointment with Mr. Abramowicz in his office whenever possible, and he can tell her what type meter she has. If it is not automated, maybe there is an issue with the meter being estimated or something like that. Mrs. Castro said \$150 for one person is too much, and she does not have the money to give. The lady told her she can read her meter, and she said no. The City has the responsibility to read it and send her a bill.

There being no one else requesting to be heard, the public hearing was closed.

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Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried to adopt Resolution UA 2009-03; Revising the Schedule of Rates for Wastewater Service.

Mrs. Hurtubise requested approval of Resolution UA 2009-04, Revising the Schedule of Rates for Natural Gas service furnished by the Fort Pierce Utilities Authority previously contained in Resolution UA 2008-07.

Mrs. Cully called to order the Public Hearing on Natural Gas Rates.

There being no one who wished to be heard, the Public Hearing was closed.

Motion by Mr. Drummond, seconded by Mr. Perona and unanimously carried to adopt Resolution UA 2009-04: Revising Schedule of Rates for Natural Gas Service.

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Mrs. Hurtubise explained there is one more resolution for adoption, but it does not involve a rate increase. It establishes an additional electric rate. It is to establish a rate for electric service to the wireless cameras that have been installed on Avenue D and along Second Street for the Police Department. It is a very minimal rate. We are proposing the rate per month would be equivalent to \$4.49 per month per service location.

Mr. Koblegard explained we do not have to open a public hearing for this resolution since it does not involve a rate increase.

Mayor Benton asked if the cameras are in use now. Mrs. Hurtubise said she believes they are scheduled to come on line in May. She is not certain what stage the project is in at this point. Mayor Benton said these are the cameras purchased through a grant with the FPRA for the Police Department downtown and on Avenue D to try to curb drug dealing and other crime issues. We have been waiting for a year for these. It is good news.

Mr. Perona asked if this is a fixed rate forever. Mrs. Hurtubise said no. Should electric rates increase in the future, the percentage increase would be applied. The rate is actually \$.049 per kilowatt hour. It is a small rate. She believes there is a \$1.50 customer charge plus the power cost adjustment. When added together today, it totals \$4.49. Mayor Benton said let's explain to everyone this only affects the City of Fort Pierce. This is a bill that the UA will bill to the City for these cameras. This does not affect the public. This is the FPRA and Police Department. This is only a bill that will be charged to the City.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried to adopt Resolution UA 2009-06: Establishing a Rate for Electric Service for Wireless Cameras.

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Mr. Thiess said if the Board will recall, at the last meeting Electric Engineering brought an agenda item that involved a blanket purchase order. We were going to pool several projects, and do work in-house with our staff. The direction given at the end of the meeting was to come back with something that showed what the dollars are going to be spent on in a line by line type item. What Electric Engineering has decided to do for the time being is use of the work orders, Project Number 508 in the amount of approximately \$441,000 for storm hardening and replacing poles, and put our crews to work under that project number with an

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estimated time of completion of 12 to 14 weeks. Between now and the end of that time period we'll have a better idea on how we are going to reshape things, and we would bring a blanket request to the Board at a reduced level at that time when we can identify the projects better.

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There being no further business, the meeting was adjourned.

ATTEST:

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SECRETARY

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CHAIRMAN