

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY,  
TUESDAY, MARCH 17, 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; Anne Satterlee for Ex-Officio Member/City Manager, David Recor.

Others Present: Director of Utilities; Director of Electric/Gas Systems; Director Water/Wastewater Systems; Director of Finance; Risk Management Manager; Communications Manager; FPUA Attorney

Chairman Cully called the meeting to order.

The invocation was given by Mr. Craig Brewer.

The Pledge of Allegiance was recited.

Mr. Perona requested that Items 1 and 2 from the Consent Agenda be removed for discussion and clarification.

Motion by Mr. Drummond, seconded by Mr. Perona and unanimously carried that the remaining items on the Consent Agenda be approved:

3. Bid 5734: Approve an additional \$25,000 to Dunworth Construction, Inc. contract for concrete sidewalk, driveways and curb replacement through September 30, 2009.
4. Approve Specific Authorization 09-05 with AECOM for engineering services for water and wastewater system improvements in conjunction with Phase I of SR A1A roadway and drainage improvements in the amount of \$85,000.
5. Bid 5895: Accept lowest and best bid as received from Allied Universal Corporation for approximately 175,000 gallons of liquid sodium hypochlorite in an amount not to exceed \$127,400.00 annually with two, one-year renewal options.
6. Bid 5912: Approve Blanket Purchase Order to Indian River State College to fund the Educational Assistance and Partnership Education program in the amount not to exceed \$40,803.58 for FY 2009.
7. Approval of Energy Conservation Measure Project Participant Memorandum of Understanding Confidentially Agreement.

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The first item removed from the Consent Agenda was a request for approval of the Cortez water main improvement/expansion project in the amount of \$100,000. Mr. Perona said he is unclear of the funding source for that.

Mr. Thiess said this is a project located in an area with very small water mains, lots of dead ends. We are going to use Capital Improvement Charges to fund this project, so it will not impact rates. We are going to replace a lot of small water mains with about 2,600 feet of 8-inch PVC water main. It will provide additional capacity and allow us to connect 25 new

customers. It will give better water quality, because we are going to create loops to eliminate dead ends. It will also provide fire protection. It is one of the Master Plan projects we wanted to do. We have a fair amount of Capital Improvement Charges on the water side, so we do like to spend those on projects like this that will enhance the system.

Mr. Perona said he doesn't remember too many projects that were funded by Capital Improvement Charges. We have done a lot of work in that area on sewer recently. Mr. Thiess said on 26<sup>th</sup> Street north of Cortez we put in a gravity sewer system a while back using County CDBG funds.

Motion by Mr. Perona, seconded by Mayor Benton and unanimously carried to approve the Cortez Water Main Improvement/Expansion Project in the amount of \$100,000.

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The second item removed from the Consent Agenda was a request for approval of utility relocation work due to an emergency City drainage project.

Mr. Perona said this project was not budgeted. What was the emergency and where is the funding coming from for this particular project? Mr. Thiess explained this is an emergency project by the City of Fort Pierce to replace a couple of storm drains. These storm drains were of inadequate capacity for the flows created by Tropical Storm Faye, and they needed to be replaced. We had water mains in conflict with both drains, so they had to be adjusted. When the excavations were opened at both locations there were sewer problems with clay pipe in a deteriorated condition. The one located at 16<sup>th</sup> and M required a stick or two of pipe, and we replaced that through our contingency of miscellaneous funding using our contractor. At the other location at 9<sup>th</sup> and B, there was a little more involved with replacement of the gravity sewer. This was done using our contractor and the City's contractor. As pointed out in the letter distributed at the beginning of the meeting, in the City of Fort Pierce Code, we are required to either effect repairs within 30 days or if the City's contractor does the work because ours can't be mobilized and do the work in time, we are required to reimburse the City for their costs within 30 days. This is one of those projects that had to be done on an emergency basis. The funds came from the funds we had for this year for such an event. These funds will be pretty thin next year, because of the way we will have to budget.

Mrs. Cully said it says if there's an emergency the City may commence the work without prior notice to the utility, but yet the utility has to pay an extra 10%. Mr. Thiess said we were not changed the 10% in this case, so we were just charged the pass-through cost of their contractor.

Mr. Perona said it is important to keep in mind that when the City is doing a project and we have pipes in the way, it is the order of our business to remove the obstructions at our cost. These are things we have to be ready for. Listening to Mr. Thiess speak about City projects and our funding source for our water and wastewater systems, it is important that we have enough money to be able to do that and be able to keep up our responsibility in the City's development.

Mr. Drummond said Mr. Thiess indicated these funds will come from contingency. Mr. Thiess said they will not come from the \$1 million budgeted contingency. They come from funds we call Miscellaneous Governmental/Over-sizing that we have specifically for this purpose. Mr.

Drummond asked if it would not come from our Renewals and Replacement budget. Mr. Thiess said there is not a specific budgeted item called Renewals and Replacement. The funds appear in many different places within our budget. We have one item in the budget for replacement of sewer mains. That is an R&R line item in the budget for replacement of sewers and services. We have another line item for replacement of water mains. We have other items for over-sizing and that sort of thing, so funds come out of one or more of those items that are already in the budget for unplanned events. We usually get with the City Engineer early in the budget process and identify all the projects we can see at that point in time. This is several months ahead of the budget. We start it in April, May, so by the time the budget comes up in September or October we are already six months into it, and priorities could already be shifting.

Mr. Drummond said he was just curious, because when we looked at this some years ago, we said we were doing the renewals and replacements on a 100 year schedule, and we wanted to get to a 25 year schedule. He thought we were budgeting for renewals and replacements specifically for old water mains and old wastewater lines. Mr. Thiess said that is true, and in the 2008 budget we were budgeting funds on the 25 year schedule. The last half of 2009, we have cut back on that. Part of the \$5.2 million that we cut out of the budget was for renewals and replacements that were remaining in the second half of the fiscal year. All of 2008 and the first half of 2009 fiscal year, we were probably hitting it at the 25 year pace, but we recognized we were going to have to fall off that pace due to the economy and having to pull back and slim the budget back as much as we could to avoid the upward rate pressure. That will continue in the 2010 budget. Hopefully, by 2011 or 2012 we will be able to ramp that back up to the 25 year pace.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried to approve Post Budgeted Work Order for utility relocation work due to an emergency City of Fort Pierce drainage project in the amount of \$60,500.

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Mrs. Nina Hurtubise, Director of Finance, presented a request to reduce the Purchased Gas Adjustment for firm gas service.

Mrs. Hurtubise explained the proposal is to reduce the purchased gas adjustment from \$.55 per CCF to \$.50 per CCF. What this means to an average customer is the bottom line will decrease to \$32.18 from \$32.83. The rate per CCF would decrease from \$1.67 per CCF to \$1.62. She displayed a chart showing the cost of the natural gas FPUA purchases. Last month we hit bottom. We did know there was going to be some one time lower than normal rates in the month of January. We waited to see where it was going to fall out in February, and we did feel we had the ability to lower the rate again.

Motion by Mr. Summerhays, seconded by Mr. Perona and unanimously carried to set the Purchased Gas Adjustment for Firm Gas Service at \$.50 per CCF from April 1, 2009 through April 30, 2009 and until further notice.

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Mrs. Hurtubise presented a status report on Electric Power Cost Adjustment Over/Under Recovery for February, 2009.

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We had somewhat of a surprise during the month of February when we received our bill from Florida Municipal Power Agency (FMPA). We did expect to have an under recovery during the month of February; however, the under recovery during the month of February was about twice as much as we expected it to be. At the end of January we had an over recovery in the amount of \$48,407.57. The customers now owe us \$468,516.36. We are under recovered, and we are going to cover it and not raise the Power Cost Adjustment at this time. We do expect the power bills from FMPA to decrease moving forward. We will watch this every month.

Mrs. Cully said this is very concerning. We will just have to keep watching it.

Mr. Thiess said this issue was raised at FMPA's Strategic Planning Session. He understands their staff is going to try to adjust that cyclic variation in the rates due to the 60 days cash. We are not sure of what is going to come out of that, but they are aware of the issue, and they are aware that a lot of the member utilities are not happy with that high variation. Obviously, if they do that, they need to hold more of our cash to even that out, so it might be a compromise between FMPA holding some cash to even it out and us having a slightly smaller rate stabilization fund on our side to try to level it even more, so we don't have to be bumping the PCA up and down to our customers as we get fluctuations at the wholesale level.

Mrs. Cully said she attended that meeting and all of the member cities were very upset about it. Mr. Thiess said the member cities created it, too, because they are the ones that told FMPA staff they didn't want them holding their money. The member utilities said they wanted the 60 days calculated on a monthly basis not realizing the consequences.

Mr. Perona said it is a matter of business. If you have non-volatile swings, and it is pretty much stable, he would want his cash too. Why should FMPA keep my funding, but if the swings are going up and down, back and forth and making it really hard for a small utility to be able to feather those out, he thinks he would like FMPA to be able to buffer it, so we don't have to deal with it. Still, the PCA is going to have to be involved and it takes away a lot of our control of what we set the PCA at. It will have to stay at a certain level, so FMPA is then charged with making up the slack rather than us. Mr. Thiess said he thinks we are going to try to share that. We don't know how FMPA staff is going to approach this, but he thinks they got the message that we would like to take the real radical fluctuation on their side out, and that we at the utility level will have to deal with the rest of it on our own. The more FMPA takes out, the less we need to keep in the rate stabilization fund. He thinks if we share the responsibility for stabilizing the PCA, it is probably the best solution. Once FMPA has their rate stabilization fund built up, the cost to us doesn't continue past that point. You spend a little to get there, and they have that. It is not a cost that continues month after month. When you pay your dues up front at whatever level they decide they need to keep, that is not a recurring cost.

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Mr. Thiess explained the reorganization of a couple of departments within FPUA.

Most of the reorganization revolves around retirements and replacing those positions with in-house staff. Mr. Thiess said he will point out highlights and take any questions.

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The biggest part of the reorganization involves the Water/Wastewater Departments. There are four operational departments and one Engineering Department in the reorganized structure. In the old structure there was an Engineering Department and three operational departments. We are going back to a method typically used in many utilities and the way this utility was organized about 12 to 15 years ago.

One of the reorganized departments will include the Water Plant and all associated facilities, such as the well fields and repump stations. The second department is the Wastewater Plant, which involves the plant, deep injection wells and the industrial pretreatment programs.

Right now, we have one Water/Wastewater Operations group with one Superintendent, Curt Morris. We will split those and have a Water Distribution Superintendent, who will supervise water mains, valves, hydrants, backflow prevention, and all the pipes and devices used to distribute water to the customers. The other group will be the Wastewater Collections Department, which will cover gravity sewers, lift stations, force mains, and SCADA and communications that go with that function. Right now, that responsibility is divided among different departments. Gravity mains are in Water/Wastewater Operations; Lift Stations are in Wastewater Systems at the Wastewater Treatment Plant. We are going to pull the collection facilities out, since they are so intimately related. Those are gravity mains, lift stations and force mains. One Superintendent will be in charge of all wastewater from the time it leaves the house until the time it enters the headworks at the wastewater treatment plant.

We are interviewing for the two new Superintendent positions. The new Water Reclamation Superintendent position has already been filled from in-house. Larry Benning will be assuming that position. Interviews have been conducted over the past week for the Wastewater Collection Superintendent position and the Water Distribution Superintendent position. We expect to make hires there in the next week or so. Likely, they will be in-house hires.

The Water Resources Superintendent position is further out on the schedule. That will be filled by July of 2009. By July of 2009, we will have all four Superintendents in place. Our current Superintendent of Water Distribution/Wastewater Collections will retire September 30, 2009. Having the new Water Distribution Superintendent on-board in the next month will give them overlap time to pass on knowledge. Our Water Resources/Reclamation Superintendent's retirement date is July 30, 2010. We have a little more time on that one, which is why we can wait to fill the Water Resources Superintendent position. Those are the major changes in the Water/Wastewater Operations groups. The Engineering group remains essentially unchanged except for some very minor things related to the Assistant to the Director of Utilities position.

The other items in the change involve a retirement in the Purchasing/Warehouse Manager position. That retirement is April 17, 2009. We have an in-house person to fill that position, Mr. Ron Roark, who is in the audience today. We are very confident in him filling that position. That is one of two positions requiring Board approval today.

The other appointment involves the retirement of the Superintendent of Gas Operations. Mr. Peter Helmich retired effective two weeks ago, probably on disability retirement. We have Mr. John Tompeck to fill that position. The Board is familiar with Mr. Tompeck, as he has appeared before this Board fairly frequently. We have a lot of faith in John working with the

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Gas Department and working toward getting their rates more competitive and providing leadership. That is the second appointment that will need Board approval.

Another position is the one being filled by Kenna Hayes, whose contract expires on July 30<sup>th</sup> of this year. We will wish her well, and she will be in full retirement. We will eliminate a position in this retirement, also. Florinda Mazzarella, whom you have seen many times filing in for Kenna, will assume the Executive Assistant to the Director of Utilities' position and will double in her old position as the Assistant to the Director of Water and Wastewater. Her new position title is Senior Executive Staff Assistant. Some of her former tasks will be distributed back into the Engineering Department. Those are the nuts and bolts engineering type tasks she was performing.

In all with the reorganization we are eliminating five positions, assuming both of the Superintendent positions are filled with in-house candidates. We are not backfilling the lower positions after move-ups have occurred to fill vacated positions. When we get to the lower level positions, they will remain unfilled.

Mr. Drummond asked if this anticipates that the power plant will be down by June 1<sup>st</sup>. Mr. Thiess said that is our anticipation. If that drags on, Mr. Tompeck will be straddling the fence doing a little here and a little there, but our anticipation is that sometime by June 1<sup>st</sup> or shortly thereafter, the power plant will be down and his responsibilities at the King Plant site will be diminishing or gone. Mr. Perona asked if we can assume that the overall payroll is going to decrease. Mr. Thiess said yes. These five positions are part of the five or six positions we said in last night's presentation to the City Commission, will be eliminated by June. We are down from 306 employees to 297. We are already down 9 positions from our budgeted headcount. This will increase that by another five. We have another retirement in Craig Brewer's department in June. We are looking at taking 6 positions away, making it 291, which is a 5% headcount reduction below our budgeted amount. We can continue that to a point. We can reduce staff by attrition, another 8 or 10. Once we go beyond that we are going to have to make hard decisions about impacts on our customers and service we provide as a result. We will continue the staff reductions to the point when our customers start to feel it in their service.

Motion by Mr. Summerhays, seconded by Mr. Perona and unanimously carried to approve the appointment of Mr. John Tompeck to the position of Superintendent of Gas Operations.

Motion by Mr. Perona, seconded by Mr. Summerhays and unanimously carried to approve the appointment of Mr. Ron Roark to the position of Purchasing/Warehouse Manager.

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Mrs. Nina Hurtubise presented the Comprehensive Annual Financial Report (CAFR).

Mrs. Hurtubise said two weeks ago she presented the financial statements, so she will try not to rehash too much of the same information we sat through two weeks ago. She would like to talk about the layout of the report. It is broken up into three pieces, the Introduction, the Financial Section and the Statistical Section. The Financial Section is the meat of the report, although the introduction provides a great deal of information about the company as a whole and the statistical section provides long term information about the company.

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In the Introduction there is an overview of the utility system and all the factors affecting our financial condition. There are users of our financial statements that don't live here and don't know about our situation, so we have to provide a great deal of information about the economic condition of the area in general, as well as specifics to the company, such as long term, strategic planning.

Mrs. Hurtubise stated she doesn't want to forget to acknowledge all the assistance provided to put together this report, primarily, Controller, Barbara Mika, and Mrs. Hurtubise' Executive Assistant, Cathy Kane. It required a lot of work. The real trick is not just putting it together, but getting it right.

We have received the Certificate of Achievement in Financial Reporting since 1994. We are very proud of that and will be submitting this report for that award again this year. Included in the Introduction is also an organizational chart with all the Board Members' photographs.

Mrs. Hurtubise said she will very quickly go through the financial highlights that were contained in the management discussion and analysis. Our operating income increased about \$1 million over 2007. Our contributed capital was about \$19 million, but that accounts for about 82% of our increase in net assets. Contributed capital can't be spent on just anything. It is designated for capital construction of specific assets. As a result it's restricted. We did have rate increases effective in April, 2008. That is something that may not be smiled upon here, but in terms of the rating agencies, they like to see the ability to obtain rate increases when needed. That is what they are looking for in financial stability. A big issue this year is the decommissioning of the King Power Plant and bringing on the Treasure Coast Energy Center. Our employees are operating the TCEC. It is a big issue this year for us to implement Post Employment Benefits. It is a very big expense and liability number at about \$2.5 million. It is merely a recording of the current cost of the future benefits of the health insurance benefit retirees receive upon retirement. At our next Board Meeting Mrs. Hurtubise will present the Actuary's report to the Board. She hopes it sheds some light on the situation. It is a very complex issue. Condensed financial information is contained herein and some quick explanations as to what the financial highlights were. There is a listing of our major capital additions in the report. The costs contained are just what was spent this year. When you are looking at Hartman Substation, that is just what we spent on Hartman Substation this year. Our debt service coverage is 2.5 times.

The Financial Section is very similar to what the Board sees on a quarterly basis. You see a full balance sheet, statement of revenue and expenses and changes in net assets. What you only see annually is a statement of cash flows that is intended to speak to those of us who like to look at finances as a check book. The statement of cash flow shows where money is coming from and going to. The footnotes to the financial statements provide all sorts of additional explanations as to what those financial statements mean. Included in there is the calculation of the City distribution, a little over \$5 million this year.

The Statistical Section seems to be expanding at a rapid rate. It is not subject to the actual audit. The financial trends show our balance sheet and our profit and loss for a ten year period. In pretty much every case we're talking about ten year history of the information. Demographics of the area speaks to people who don't live here and don't know what our demographics are in terms of the population of the County and City. It relates to employment, unemployment, and per capita income. It shows our operating expenses for ten years,

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performance indicators, production statistics, our ten largest customers in sales and revenues, etc.

Most importantly, our external auditors did express an unqualified opinion on the financial statements this year, once again.

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Mr. John Tompeck presented a request for approval of a resolution regarding use of renewable energy resources and efficiency measures.

Mr. Tompeck said staff is requesting approval of Resolution UA 2009-07. One of the requirements from last year's energy bill is a statutory requirement that municipal utilities establish their own renewable energy standards and energy conservation and efficiency measures and report on those to the Public Service Commission by April 1, 2009. The legislature is currently working on a renewable portfolio standard rule based on a PSC draft. This rule will in all likelihood require the investor owned utilities to provide 7% of their power from renewable sources by 2013, ramping up to 20% by 2020. Compliance would be achieved by renewable generation and the purchased sale of renewable energy credits known as RECs. Although the draft requirements would eventually apply only to the IOU's, the municipal utilities still have an obligation to report annually our progress in developing standards for the use of renewable energy as well as conservation and efficiency measures. The purpose of the resolution is threefold. Number 1 is to acknowledge our statutory obligations based on energy bill provisions. Number 2 is to monitor the rulemaking process at the PSC and after final adoption, develop a comprehensive renewable portfolio standard. Because we are contracted to buy all our power through the All Requirements Project, compliance with any new renewable standard will likely be met through the generation mix of the ARP. In other words, we're not going to have the flexibility to go out and build our own solar plants. We have to work through the ARP. The Number 3 purpose is to identify and continue to promote energy conservation and efficiency measures for our customers. We included some of the specifics of our practices in the resolution itself. The resolution does not require us to do anything that we are not doing now or have previously decided to do. The signed resolution will be part of a package FMPA will put together on behalf of the ARP members, and they will make the actual submittal to the PSC.

Mrs. Cully asked what we are approving today? Mr. Tompeck said what we are approving today is that we are identifying that we acknowledge that the law is out there and that we have a program in terms of energy conservation and efficiency, and we've identified some of those specific items in the resolution.

Motion by Mr. Summerhays, seconded by Mr. Drummond and unanimously carried to adopt Resolution UA 2009-07 outlining Standards for Promotion, Encouragement and Expansion of the Use of Renewable Energy Resources and Efficiency Measures.

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Mrs. Nina Hurtubise presented the final budget amendment for FY 2008.

Mrs. Hurtubise said this resolution is basically for housekeeping purposes. It is our final budget amendment. She showed the Board a slide depicting a recap of the revenues and expenses for 2008. The net effect of the four numbers is there was about a \$365,000 less

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than anticipated change in net assets. If you compare that to total revenues, that's about .3%, so our estimates weren't too bad. There were some swings in revenues and expenses, because of Power Cost Adjustment, Purchased Gas Adjustment, but in the end it turned out to be pretty close. Also, back to the other post employment benefits, about \$2,463,000 of expense that we could not have estimated until we received the Actuary's report, which we received about a month ago. You will see that at our next meeting.

Electric revenue is broken down piece by piece. It is a good thing electric revenues were up, because none of the others were. The operating revenues were up \$2 million, but the PCA was up \$2.4 million. Again, the Power Cost Adjustment and the cost of power dominates our financial statements. In the non-operating revenues, the variance there was a result of failed or surplus transformers. The Purchasing/Warehouse Manager put a lot of time and effort into getting rid of scrap. The difference in extraordinary income is associated with the power plant decommissioning. The \$414,000 relates to insurance proceeds from Unit 8 tube failure we had in January.

Mr. Drummond asked, when we saw the spike in Power Cost Adjustment, did we also see a spike in consumption? Mrs. Hurtubise said no. The slide shows the original budget, but we had estimated that we were going to sell a lot more electricity. We did anticipate the higher power cost. The spike shown on the slide was an estimate we did over a year ago from right now, back in August, 2007. We were estimating power costs and consumption, which was pretty far off. In the amended budget for 2008, that was the estimate from August, 2008.

We were down in water operating revenues pretty much across the board. The rest is reasonably insignificant. She showed the Board a visual recap. It wasn't quite as extreme as it was on the electric side. We missed our estimate on the revenue side by a whole lot. We thought we were going to be making a lot more than we did. It turned out to be a little bit more than 2007 and consumption was a little less. Mrs. Hurtubise said we were about \$2 million off. Mr. Thiess said he thinks the answer is that budgeting back then was done in a fairly precise manner by looking at the developments that were built and the number of units built and assuming they would be occupied. Between the empty homes and the conservation, it fell off. Mrs. Hurtubise said wastewater is in a very similar situation, Across the Board the operating revenues were down. Certainly the major factor in the non-operating revenues was the end of the South Florida Water Management District grant. We won't be seeing that in 2009 or 2010. In Natural Gas, the PGA was not as high as we expected it to be. Although the dollars are fairly insignificant, it is significant that Natural Gas would have contributed capital. She wants to make note that the \$55,000 relates to the Indian River State College Public Safety Complex. Gas consumption was a little more flat, but not down as much as we have seen on the Water and Wastewater side. Operating revenues are pretty stable across the board as is the consumption. You can see the larger component of the natural gas cost as compared to 2007.

Expenses were \$1.1 million higher than the amended budget. She will say it again, GASB 45, Other Post Employment Benefits, \$2,463,000. Those costs are distributed throughout all the different departments. In addition, \$1.7 million are electric purchases for resale largely recovered through revenue.

She would like to run through a couple of the positive variances that are not quite as significant. Our employees' insurance was \$682,000 under budget, and because we are self-

insured we were able to get the benefits of a good year. Interest on our bonds and pooled loans was \$624,000 under budget, because the pooled loan interest rates are variable, and we got the benefit of the lower interest rates. Maintenance contracts were \$394,000 under budget. This savings is attributable to deferring maintenance when possible, eliminating or reducing the cost of on-going maintenance contracts. This was primarily in the Electric T & D Department and the Water/Wastewater Operations Department. She displayed a pictorial of the expenses over the years. She is attempting to demonstrate how flat all our expenses except electric purchases for resale have been in recent years. We are comparing 2006, 2007 and the actual for 2008. If you take out just the electric purchases for resale, there is only a 5% increase in expenses over two years. That is 2.5% per year for two years, so we have done a pretty good job of holding the line on expenses considering the rising cost of everything these days.

Motion by Mr. Drummond, seconded by Mr. Perona and unanimously carried that Resolution UA 2009-08, Final Budget Amendment for FY 2008, be adopted.

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Mr. Thiess said he had a request from a Board Member to bring the Board up to date on where we are with certain coordination issues with the City of Fort Pierce. He will be brief and the issues will be familiar to the Board. They keep resurfacing in public meetings and other venues, so we want to make clear where our staff stands on these issues.

On the 2006 transfer, the last written correspondence went to the City on August 8, 2008. That was when Dennis Beach was City Manager. That position has changed and Mr. David Recor is in the position now. That correspondence has been sent over to Mr. Recor. He has it, and we will get together to discuss that when Mr. Recor can work it into his schedule. That correspondence outlined the compromise that was proposed in a meeting with Mr. Beach, Mr. Koblegard, the City Attorney and Mr. Thiess.

The next issue is combining City and UA departments. Again, we sent over an outline of what we saw would have to happen for that to occur. Mr. Recor has that. We have discussed it on several occasions. Mr. Thiess thinks Mr. Recor has had some discussions internally with his staff, and we are waiting to see what comes back from the City on that one, also. We anticipate having some more discussion on that and exploring it in much greater detail.

He is not sure where we are on the Solid Waste billing issue. He knows it was on the City Commission Agenda for discussion a couple of meetings ago. He asked the Mayor if anything became of that. Mayor Benton said not yet. Mr. Thiess said that is where we suggested the City might want to consider doing what the County and Port St. Lucie are doing, which is putting the Solid Waste billing on the tax bills and getting it off of our bills. There are certainly some advantages in doing that, both for us in terms of lowering our bills and in terms of the City getting a little additional revenue.

He wanted to give the Board a little update as far as his knowledge goes on the stimulus funds that are coming to the City of Fort Pierce and St. Lucie County. Both of those will impact FPUA. He asked anyone to add comments if they have information, because he is not sure he has all the information. His understanding is the money that is coming through the TPO to the City will be allocated to the 13<sup>th</sup> Street project. He has been told that the TPO funds will be spent entirely for City improvements, and that we will be on our own for our

water, sewer, electric and gas improvements in the project. He asked Anne Satterlee if that is where we stand on that. Ms. Satterlee said she is not certain about that, but she does know the TPO funds will be used for the northern part of the 13<sup>th</sup> Street Project. Mr. Thiess said he thinks that is from Orange Avenue to Avenue I. Ms. Satterlee said that is correct.

Mr. Drummond asked if we gave the numbers for that portion to the City. He knows we had a discussion here that we wanted the Utilities staff to provide our costs as a part of the City's request. Ms. Satterlee said that is correct, and we did include that. She doesn't know what the final breakdown was with the TPO and with our Engineering Department on that. She can get back with Mr. Thiess and let him know for sure. Mr. Thiess said what we are hearing from Engineering is that they only have enough money to do the City's side of the project, and we are on our own. He thinks our water and wastewater costs from Orange Avenue to Avenue I are about a half a million dollars. If more funds become available and we can work something out, that would be great to keep our costs down, too.

Mr. Thiess said for the other stimulus project is on the County's side. He believes they are also getting \$2 million through the TPO. That is for the Juanita Avenue bridge. That will also require some County funds in addition to the \$2 million, the same as the 13<sup>th</sup> Street project will require from the City. We have quite a bit of utility relocation costs in that, also. We have a large water main on that bridge. It is the big 18 inch main that feeds North Beach. We have a gas main; we have electric in there. We have a sizeable amount of utility work associated with the bridge reconstruction. The County has agreed at this point to throw all the costs in together, apply the TPO funds to the entire project, and we will both pay the balance. We will both get the same percentage of funding through the TPO money. FPUA will share in that with the County. We like that approach, and we applaud the County for taking that approach on this project.

Mr. Drummond said he, for one, would say it stops being a stimulus program if we have to find a half a million dollars just to make it happen on our side. Mayor Benton said he would agree. It is not the stimulus we expected. Unfortunately, it went through Tallahassee. We were expecting to rebuild 13<sup>th</sup> Street from Virginia Avenue all the way north. To do a small portion of it and not get all the expenditures, for the City and UA to come up with the funds in this economy is almost impossible. So everyone knows, the stimulus package isn't what it is put out to be.

Mr. Summerhays said he thinks the sharing approach that the County is taking is a lot fairer than the approach, apparently, City Engineering is taking. Mr. Drummond agreed. Mr. Summerhays said he can't see any reason why our ratepayers should pay for this, which is where it is going to end up. Of course, we will get a bunch of grief from City Commissioners about the rate increase that is happening because they chose not to share the money. This is something we are going to need to work out. Mayor Benton said as far as he is concerned we can send it back. It is causing more headaches than it's worth. Mayor Benton said it is new to him. He doesn't sit on the TPO. Mr. Drummond said he sits on the TPO, and he doesn't remember it coming to them this way. He is lost, as well. Mayor Benton said the information Mr. Thiess is giving us, he hasn't seen. He is sort of wondering where it is coming from. Mr. Thiess said it is coming from our staff in discussions with the City Engineer. Mayor Benton said it hasn't been brought to him formally. He hasn't seen anything in writing. All he knows is we submitted 13<sup>th</sup> Street, the entire project, and we haven't seen anything come from Tallahassee yet, and if it's coming down in these small numbers, is it worth even

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having? Mr. Thiess said it is worth looking into a little deeper to see what the situation is; how much money is coming and how it is being used. Hopefully, we can work together on the project and get it done.

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Mr. Perona said he would like to commend Mr. Thiess for the great job he did last night at the City Commission Meeting. He wasn't present, but he did watch it on television. There was a vast amount of information put into very simple to understand format. There were excellent graphs and charts. He thinks it would lead anybody to similar conclusions that this Board has made. It has taken many weeks and workshops and studies to be able to come to that conclusion. He would also like to commend the Mayor. Mr. Perona got to understand what leadership is all about. When you make tough decisions in tough times when it may not be politically the best thing to do, you kept your vision on the true issue and the importance of enabling the utilities to continue to provide good service to this community. He saw that and he thinks everybody he has talked to noticed it. Unfortunately, not everybody on the Commission could do so. The message came to him that we are supposed to put the utility down because people can't afford it anymore, and that is just not going to happen. Staff has been working really hard at cutting costs. Every Board member has that as an agenda item for every issue that comes before us. The Board and staff are doing an unbelievable job, and he really appreciates the way everything was presented last night. The Mayor did a great job, and he appreciates the Mayor's efforts on that Commission.

Mayor Benton said he thinks it just comes down to being responsible. We know what has to be done. We just can't drop everything now. For many years the pipe underneath our road has been sitting there without improvements because we couldn't spend a few more dollars, but before it starts falling apart and the streets start caving in as has happened in other communities, we can't allow that. He isn't going to sit back and let it happen.

Mrs. Cully said she would like to thank the Mayor, too. She was there last night, and she really appreciated his comments. She agrees. When are we going to take responsibility? We have to constantly keep in mind the infrastructure underneath the ground. What we see on top of the ground is beautiful, but what is underneath is ugly. We need to continue to think about this and about getting it done.

There being no further business, the meeting was adjourned.

ATTEST:

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SECRETARY

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CHAIRMAN