

MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, SEPTEMBER 7, 2010, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman, Robert W. Summerhays, Jr.; Vice Chairman, Darrell Drummond; Secretary, Pamela K. Cully; Deputy Secretary, Michael A. Perri, Jr.; Mayor Robert J. Benton III, and David Recor, Ex-Officio Member/ City Manager (*left the meeting at 4:15*).

Others present: William G. Thiess, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney; Nina Hurtubise, Director of Finance; Thomas W. Richards, Director of Electric and Gas Systems; Evelyn I. Walker, Director of Shared Services; Douglas W. Giel, Manager of Special Projects; Timothy E. Perkins, Director of Water/Wastewater Systems; Levette Dixon, Communications Manager; Arne Taranger, Acting Risk Manager; and Samuel L. Barnes, Director of Procurement, City of Fort Pierce (*arrived at 4:15*).

The meeting was called to order by Chairman Summerhays.

The Invocation was given by Reverend Bryan Wenger of Indian River Presbyterian Church.

The *Pledge of Allegiance* was recited.

The roll was called and a quorum declared.

Tom Perona of 2006 Cypress Avenue, Ft. Pierce thanked the Board for allowing him to say a few words. He said right now he is just a mere ratepayer in the City of Fort Pierce and recently ran a campaign in District 2 for the City Commission. Mr. Perona said the biggest question he received from the constituents was about the electric utility rate and the power cost adjustment and he does not have a quick answer for it. He said anybody that has spent the time, been a part of this Board, and been a part of the Utility Authority knows the answer is not in something you can say in just a few minutes. It is a complex answer and takes an entire commitment. Mr. Perona said he has been very critical sometimes of the past Commission, but one thing the past Commission has done very well and that is to appoint this Board. He said he has worked with this Board and the staff and it is amazing that we have this type of talent right here for our Utility Authority. He is here to tell the Board that whatever happens to him in the near future, his commitment is to be a part of the solution process, to help the Board in any way to find answers to the electric utility rate issues in Fort Pierce. Mr. Perona said he welcomes the Board to come to the Commission and to call him and involve him in the solution process. He said that is what it is going to take from the City of Fort Pierce, not only the Commission, but it's staff and the people thereof so we can understand the problem and become a part of that process. That is the only way we are going to get this done. The Board knows that, he knows that, and that is the message we need to get out to the people. Mr. Perona said he is thankful he is able to speak to this Board and hopefully in another hour and half he will be in this chamber to be sworn in to be a City Commissioner of Fort Pierce.

A motion was made by Mr. Drummond, seconded by Mayor Benton, and unanimously carried to approve the items listed on the Consent Agenda:

1. Approve the Minutes of the Regular Meeting of August 17, 2010.
2. Approve a budget transfer in the amount of \$80,000 from Accounts 523 and 535 to Account 518 to facilitate expenses related to additional new commercial work.
3. Approve Post Budget transfer of \$34,550.00 from Water/Wastewater/Engineering to the Water Reclamation Department and to purchase one spare Deep Injection Well Pump, from Tom Evans Environmental, Inc. of Lakeland, Florida in the amount of \$34,550.00.

A letter was received from David Flynt, Executive Director of the Harvest Food & Outreach Center thanking FPUA for the \$250 donation and for interceding on behalf of the children in their Summer Read & Feed Program.

A note was received from The Mustard Seed thanking FPUA customers for the amount of \$247.88 and Electric T & D in the amount of \$50.00 contributed through Project Care.

Tom Richards, Director of Electric and Gas Systems said he would give a brief summary of their meeting with officials of Florida Power & Light (FPL) on August 25, 2010. He said they met at FPL's Juno Beach office at the request of the Mayor. Mr. Richards said he accompanied the Mayor and the City Manager to that meeting. He said FPL was represented by several people, but the chief spokesperson for them was Mr. Sam Forrest, Vice President of Energy Marketing and Trading. To summarize the meeting, FPL said they had power to sell to anybody including FPUA, but we needed to deal with our contract with FMPA. They did not want to get in between us and that issue. Mr. Richards said that is the summary of our discussion and the other alternative offer was for us to consider selling our entire electric system, but again we would have to deal with FMPA and all our other obligations as well. He said it was a cordial meeting that took about an hour and there are no further meetings scheduled.

Mayor Benton said that we are waiting for some information that Mr. Richards is going to bring back to FPL as far as the buyout and the numbers.

Mr. Richards said he does have some information coming from FMPA and our staff always looks at alternatives.

Mayor Benton said when Mr. Richards gets that information he would like FPL to take a look at it. He said there was some other discussion and they had discussed that it would not be appropriate to make that public at this time because of FPL's relationship

and other legal agreements with FMPA. They are limited to what they can say and they did more listening.

Mr. Drummond said he is confused and asked Mr. Richards if they indicated they would be able to sell wholesale, but whatever relationship we have with FMPA we would have to deal with. He said the Mayor is saying we are going to get some additional buyout information from FMPA, but even then that would be something for us to deal with as far as FPL is concerned.

Mr. Richards said that staff is at the Board's disposal.

Mr. Recor said it is his understanding that our task was to evaluate and put a cost to the options to an FMPA buyout. FPL, while they indicated they would evaluate the numbers, they were very cautious because they too have a relationship with FMPA. They want to be very careful in how far along they advise us, but what is needed is the actual evaluation of the alternatives to verify the costs. Mr. Recor said there have been lots of numbers put out there, but we have not seen it quantified. He said FPL is interested and are willing to talk wholesale and retail. As Mr. Richards said, they did a lot of listening, but they are willing to talk to us.

Valerie Schulte, Supervising Engineer for W/WW Engineering presented the Interlocal Agreement between Fort Pierce Utilities Authority (FPUA), St. Lucie County (SLC), and Treasure Coast Education Research and Development Authority (TCERDA) for the utility improvements in Rock Road between Okeechobee Road and Orange Avenue. She said they have been working with TCERDA to work out the details to provide the backbone system for utilities out there. Mrs. Schulte said they are very gung-ho with this project and after going back and forth with the County, FPUA has finally come up with an agreement that everyone is on board with. She said it basically states the County is going to front the money for the construction of the water main and the sewer force main that will bring the backbone system to that area. FPUA will provide the surveying and design for it. Later in the next fiscal year FPUA will be looking at going to construction and utilizing our unit price contractor who we developed the bids from. Mrs. Schulte said after the Board approves this Interlocal agreement it will go to the County and the TCERDA Board for approval.

Mr. Summerhays asked if we have two items to approve here.

Mrs. Schulte said the Interlocal Agreement she just presented, if approved, will be an attachment to the next agenda item which is an Interlocal Agreement that deals with the annexation issues and it states that FPUA will be the utility provider.

A motion was made by Mrs. Cully, seconded by Mayor Benton, and unanimously carried to approve the Interlocal Agreement between Fort Pierce Utilities Authority, St. Lucie County, and Treasure Coast Education Research and Development Authority for the utility improvements in Rock Road between Okeechobee Road and Orange Avenue.

A motion was made by Mrs. Cully, seconded by Mr. Drummond, and unanimously carried to approve the Interlocal Agreement between Fort Pierce Utilities Authority, City of Fort Pierce, St. Lucie County, and Treasure Coast Education Research and Development Authority for availability of water and wastewater service.

Nina Hurtubise, Finance Director, presented the rate comparisons for the month of July 2010. She said this is a comparison of residential electric rates compiled by the Florida Municipal Electric Association and the graph displayed shows the municipal electric bills in the State of Florida for usage of 1,000 kWh. Fort Pierce Utilities Authority's relative position as compared to the other municipal electric utilities is the 7th highest. It is one position better than it was last month. Ms. Hurtubise said it is important to note that a decrease in the FPUA bill would put us below the ARP average. She said since June, six utilities have increased their bill and nine have decreased their bill. Winter Park decreased their 1,000 kWh bill by \$11.42 between June and July. The 2,500 kWh comparison displays FPUA as 7th, which is one position higher from last month. The next table displayed is the comparison of electric, water, and wastewater rates for the local utilities of Fort Pierce, Port St. Lucie, St. Lucie County, and Vero Beach. The changes that are shown for the month of July are changes implemented by St. Lucie County utilities on July 1st. Ms. Hurtubise said what this did to the St. Lucie County utilities' bill was it had the effect of reducing the 6,000 gallon water bill, but it increased the 6,000 gallon wastewater bill. It netted out to \$6.56 per month decrease for that particular area of the county. What St. Lucie County had done was levelize their rates throughout the entire county so in different areas of the county, there may have been increases and then they had decreases depending on where the rates were in the first place. Another thing that is shown is it increased the wastewater rates relative to the water rates more in alignment with the other utilities. Ms. Hurtubise said she wanted to make a correction to a comment she made at the last meeting. She made a comment that the reason that the electric portion of the St. Lucie County utilities bill was less than Port St. Lucie's is because they are both served by FPL and there was not a franchise fee charged in St. Lucie County. That was a miss-statement on her part and she meant to say utility tax. Utility tax is charged inside the city and not in the County. FPL does charge and pay a St. Lucie County franchise fee. They charge it to the customers and pay it to St. Lucie County, but there is no utility tax because it is outside the city. There was a correction made to the Vero Beach wastewater rates. They had been understated by \$3.96. This is an information only item and no action is required of the Board.

Mr. Summerhays said that he is happy to see that it is moving closer to the average.

Bo Hutchinson, Environmental Engineer for W/WW Engineering presented the agenda item for termination of the Water and Wastewater Supply Agreement with KB Home Treasure Coast, LLC (KB Home), release the Faithful Performance Bond for offsite construction, deduct all fees owed to FPUA, and refund the remainder of the Capital Improvement Charges to KB Home. He said that back in March 2006, FPUA and KB Home Treasure Coast entered into a Supply Agreement to serve their development with water and wastewater service and also to construct a section of our 24-inch master-

planned force main. As typical with agreements such as this, the developer will fund an equivalent fair share of whatever utility improvements required to serve their development and FPUA would fund any of the over sizing. Mr. Hutchinson said in this particular case, a 6-inch force main was required by the developer and FPUA would fund the over sizing to a 24-inch force main. He said also in this case, the developer was tasked with obtaining easements to construct the 24-inch force main. The developer put up a bond to ensure they met the obligations of the agreement. Unfortunately, the housing market turned south and the project of the 24-inch force main was never completed. At this time KB Home Treasure Coast has requested to pay their obligations in the terms of the agreement, terminate the agreement, and have their bond released. There is a breakdown of the fees and the refund amount is on the memo for the Board's review. Mr. Hutchinson said staff believes this is a fair termination of the agreement and recommends approval.

A motion was made by Mr. Drummond, seconded by Mr. Perri, and unanimously carried to approve the termination of the Water and Wastewater Supply Agreement with KB Home Treasure Coast, LLC (KB Home), release the Faithful Performance Bond for offsite construction, deduct all fees owed to FPUA, and refund the remainder of the Capital Improvement Charges to KB Home.

Mr. Thiess said he attended a couple of meetings this morning and one was the Economic Development Council meeting in St. Lucie West and the other was in these chambers at 2:00. He said the essence of the meetings was the announcement of the Memorandum of Understanding between St. Lucie County and General Electric (GE) for pursuing a wide scope of conservation and green energy initiatives. FPUA has been involved in those discussions, has attended two meetings with GE and has another one set up next week. There is a lot of potential for things to happen in the community with residential, business, commercial, and institutional, as far as conservation and green initiatives. What is probably going to affect the utility the most is a good opportunity to take a look at the advanced metering infrastructure. The meetings we are currently having with GE are focusing on getting back to the AMI, SmartGrid, and perhaps the wireless broadband initiative. FPUA took a good run at that last year and hit a brick wall at the end of the road and put it back on hold. We are optimistic that they can bring something to the table that helps the grant situation because that is what stopped us last time. FPUA did not get the grants. The Oak Ridge folks are teaming up on the energy projects here in the County and they have a lot of experience with the grants and are well connected in that area. FPUA is looking forward to more discussions to see if we can get back on the SmartGrid and AMI initiative.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN