MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, JANUARY 15, 2019, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Darryl Thomas-Bey; Deputy Secretary Charlie Frank Matthews; and Mayor Linda Hudson.

Excused Absence: Vice Chairman Glynda Cavalcanti and Secretary Daniel DeIulio.

Others present: John K. Tompeck, Director of Utilities; Amy Shevlin, Acting FPUA Attorney; Nina Penick, Director of Financial Services; Paul Jakubczak, Director of Electric & Gas Systems; Mark Kobbe, Acting Director of Water/Wastewater Systems; Tom Fryar, Acting Director of Utility Support Services; and Lois A. Wolfe, Human Resources Manager.

The meeting was called to order by Chairman Bey.

Opening Prayer was by Larry Lammers of Electric and Gas Engineering.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to excuse Dan DeIulio from the meeting.

Chairman Bey asked if there was any items to be removed or added to the agenda.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve the set agenda.

A motion was made by Mr. Matthews, seconded by Mayor Hudson, and unanimously carried to approve the Minutes of the Regular Meeting of December 18, 2018.

A motion was made by Mr. Matthews, seconded by Mayor Hudson, and unanimously carried to approve the Minutes of the Special Meeting of December 19, 2018.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve the Consent Agenda items.

1. Excuse Glynda Cavalcanti from this meeting because she is out of town.

2. Bid No. 18-36A: Approve award of Bid to and Contract for the replacement of 92 Electric Distribution Poles with SPE Utility Contractors FD, L.L.C., of Port Huron, Michigan, in an amount not to exceed $195,399. The contract will commence upon written Notice to Proceed and end upon completion and acceptance by FPUA, contingent on receiving required Certificate(s) of Insurance.

3. Approve Post Budgeted Project/Budget Request for $82,000 from Governmental & Other Required for the rehabilitation of North 17th Street from Orange Avenue to Avenue D.

4. Approve Post Budgeted Project/Budget Request for $55,811 to provide reliability to IRSC.

5. Approve Post Budgeted Project/Budget Request in the amount of $135,000 for pole relocations related to City roadwork on North 17th Street.

6. POA 19-31: Approve the piggyback of Lee County Request for Proposal No. RFP170384ANB and Contract with Evoqua Water Technologies LLC, of Pittsburgh, Pennsylvania, for hydrogen sulfide odor control materials and services in an amount not to exceed $180,000 annually. The Contract will be from January 16, 2019 to January 15, 2021, with three one-year renewal options, contingent on receiving required Certificate(s) of Insurance.

7. POA 17-73: Approve the purchase of Cisco phones, in the amount of $28,983.50, from United Data Technologies, Inc., of Miami, Florida, under the WSCA-NASPO Cooperative Purchasing Organization Data Communications Products and Services Participating Addendum 14-19, administered by the State of Utah, and State of Florida Alternate Contract Source No. 43220000-WSCA-14-ACS.

8. POA 14-68: Approve the purchase of desktop and laptop computers in an amount not to exceed $55,769, from Dell Marketing L.P., of Round Rock, Texas, under Florida State Contract Number 43211500-WSCA-15-ACS and WSCA-NASPO Master Agreement MNWNC-101, for purchases through September 30, 2019.

9. Approve Budget Transfer of $62,000 to the Lawnwood Hospital Upgrade electric reliability project (542).

10. POA 19-38: Approve the Participating Addendum with NASPO ValuePoint and purchase of mobile communication services and equipment from Cellco Partnership dba Verizon Wireless, of Basking Ridge, New Jersey, in an amount not to exceed $33,486 under WSCA-NASPO Wireless Services 2012-2019 administered by the State of Nevada, Master Service Agreement No. 1907, for an initial term from January 16, 2019 through June 30, 2019, contingent on receiving the required Certificate(s) of Insurance. If at the end of the initial term, NASPO extends the contract, staff is also requesting approval of annual renewal options in an amount not to exceed $60,000 annually.

11. POA No. 6090: Approve Contract and sole source purchase of repairs and maintenance of sewer cleaning equipment, with SSES, Inc. dba Southern Sewer Equipment Sales, of Fort Pierce, Florida, in the amount of $41,000 annually, for the period from October 1, 2018 through September 30, 2019, with annual renewal options.

An email was received from Jose Fernandez thanking Samantha Rowland of the Water Reclamation Department for her support and professionalism in assisting him with his project.

An email was received from Enrique Alvarez-Buylla thanking Nikki Tipton of Customer Service for her prompt response in getting his street light fixed on Lebanon Road.

A card was received from Marva Angus, Community Services Coordinator for the Food Pantry at the Seventh Day Adventist Church. She thanked Nancy McConkey of ITS and FPUA employees for their continuous generosity to their needy cause.

Paul Jakubczak, Director of Electric and Gas Systems, presented the FPUA Reliability Update through November 2018. He said this is the 12-month reliability through November 2018 and the December 2018 numbers are in with FMPA and we are hoping to get those shortly. One of the slides will show the yearly comparison for 2018 for the IOUs, the Municipals, and FPUA. We are hoping to get that sometime in March or April by the time the PSC goes through. The first number to look at is SAIFI, which is System Average Interruption Frequency Index and this is the number interruptions a customer can expect to see on our system. This number has trended down recently and all the numbers have trended down. He likes to say it is the measures we are making with our tree trimming and putting out our new technologies, but also we have not had major storms, even though they do not count hurricanes. We have not had a lot of evening and afternoon storms so that is a good thing. Some of the reliability things we have done and talked about in the strategic planning are starting to come true with our reliability numbers. Mr. Jakubczak said as shown on the chart, FPUA is better than the overall average and better than the smaller, the larger, and the extra-large municipal utilities in the state. He said the next number is CAIDI, which is the Customer Average Interruption Duration Index and this will tell you the average duration outage of those affected by that particular outage. Right now, for this 12-month period, we are looking at a little over 43 minutes. This is very good considering we set goals to be under 60 minutes. As a comparison between the rest of the municipalities in the state, FPUA is actually better than all the municipalities, which is attributed to our crews as well as our engineering staff for their designs. The last number we look at is SAIDI, which is the System Average Interruption Duration Index, which takes all the outage hours and divides it by the total number of available hours with all of our customers. About 35 minutes is what all our customers did see across our entire system. The chart displayed shows FPUA is well under the average for the entire state as well as our classification. This is the number he wanted to call

the Board's attention to and hopefully at our next quarterly update, we will be able to provide the 2018 numbers as a comparison across. If you look at a comparison of where we are right now at the end of 2017 and 2018, you will see that we have had improvements with our reliability and customer service to our customer base. As we talked about with our strategic goals, we set goals for the year and in 2018 we brought our SAIFI numbers, which is the average number of outages, to between .5 and 1 outage per customer. As you can see we are at .827 so we are below that average we anticipated. On the CAIDI and SAIDI, which is the average interruption time as well as the average restoration time, FPUA is well below our goal of 60 minutes and are hoping to do that through the 2019 season.

Mayor Hudson said she thinks that is good and she is not sure if those numbers were that good.

Mr. Jakubczak said last year, the 2017 numbers we had a little over one outage per customer on average. He said this year we are at .827 and our CAIDI and SAIDI numbers were in the 50's and this year they are in the 40's and 30's. We are seeing improvement and he likes to take credit for the guys and what they are doing; however, he takes that with the grain of salt because of the storms that roll through and the number of potential outages.

Mayor Hudson said and the squirrels.

Mr. Jakubczak said the squirrels and he has to mention this.

Mr. Tompeck said for him to go ahead and that they are not going to believe this one.

Mr. Jakubczak said a couple of weeks ago there was an outage downtown out of our King Substation and it was caused by a flying headless mullet. He said you are confused, the bird comes in and picks up a fish, decides to eat part of it, gets spooked, drops it down, and causes an outage.

Mayor Hudson said it was cooked.

Mr. Jakubczak said it was cooked when it landed.

Mr. Matthews asked if this includes all of the weather like rain and whatever.

Mr. Jakubczak said yes and the only outages that are not included in any of these numbers is major storms, such as a hurricane. He said those numbers are not included in this yearly tracking. We do track them just to see how we are doing and ways to improve for the next one. These do not carry any of the major storms.

Mr. Bey said good work Paul.

Craig Crawford, Gas Operations Superintendent, presented the Natural Gas Rate Stabilization Fund (RSF) update for January 2019. He said staff has rerun the sensitivity analysis, which now includes November actuals and preliminary data from December. The price of natural gas has spiked over the last two months with prices between $4.85/Dth and $2.90/Dth. The net underground storage withdrawals for the early winter heating season were documented the week ending December 14, 2018, with 141 Bcf of working gas reductions to inventories. That left storage volumes for the lower 48 states about 20 percent lower than the same time last year. Mr. Crawford said based on the current NYMEX pricing projections, noted in black, we need to make an adjustment to the Purchased Gas Adjustment (PGA) in February to bring the RSF back into the operating range. He said if we don't make an adjustment and we have another spike in the market, we will deplete our RSF completely. If the PGA is increased by $0.05/ccf in February, the RSF would enter back into the operating range in May or June, as noted in green on the slide. If pricing continues to trend down, we can decrease the PGA back to -$0.10 per ccf in July or August. Staff recommends approval of an increase to the PGA of $0.05 per ccf from -$0.10 to -$0.05 per ccf, effective February 1, 2019.

Mayor Hudson said for clarification she asked if we set the $200,000 mark as the threshold we wanted it to stay at.

Mr. Crawford said $175,000 up to $225,000 is our operating range.

Mayor Hudson asked if it was set by this Board or how was it set.

Mr. Tompeck said about four or five years ago we came to the Board and talked about the Rate Stabilization Program. He said we reset the operating range several years ago.

Mr. Crawford said it was narrower and we widened it another $25,000.

Mr. Matthews asked if the rate Mr. Crawford is recommending will be included in the total 5-year program. He said if you run the screen back a few slides, you will see the 5-year max and 5-year minimum.

Mr. Crawford said he does not understand the question.

Mr. Tompeck said we do not have any 5-year program.

Mr. Matthews requested he move the screen back a few slides and said at the top of that slide.

Mr. Crawford went back a few slides and said that slide is presented from the EIA and they collect data. He said this is a 5-year comparison of the minimum and maximum of storage. They shoot for a number for storage and they build storage during the summer when there is not much use.

They withdraw during the winter and the first month of the heating season they withdrew a record amount of gas, which scared the market. The market goes up as the storage goes down.

A motion was made by Mr. Matthews, seconded by Mayor Hudson, and unanimously carried to approve an increase to the Purchased Gas Adjustment of $0.05 per ccf from -$0.10 per ccf to -$0.05 per ccf, effective February 1, 2019.

Mr. Crawford presented the CNG Station update, which is for information only. He said we have a total of seven vehicles at this time using the new CNG Station and three more on order. Every vehicle we convert to CNG will produce 20-30% fewer greenhouse gas emissions and 95% fewer tailpipe emissions than any petroleum fueled vehicle. The first month of operation, we used 539 gge's (Gas Gallon Equivalents) of natural gas at a startup cost of $1.46/gge and we saved $512.05 in fuel cost. The next slide shows all the gasoline we purchased in FY 18. If we had made and used CNG for all of our vehicles, it would have been at least $82,098 in savings for the same period of time. The CNG project started in 2013 with a feasibility study to operate a public CNG filling station. During the study it became clear we needed to do a better job of promoting the usage of clean and affordable CNG. In 2018, with the Board's approval last year we budgeted and built a private slow fill CNG station with capabilities to expand. The first picture is the project site design and the next pictures are during construction. The pad has been formed and it shows the wall where the trucks will be parking along. Mr. Crawford said Phase I was completed and operational December 2018 at a cost of $349,517. He said Phase 2 will consist of adding all the components to make it a fast-fill station. We can do this in stages like adding more storage and then adding the priority panel and dispenser. They both can be done at the same time or all three, depending on what the Board would want. The third and final stage would be to add a second compressor for redundancy and throughput of the station and increase the throughput of the station. At this point we would be able to add a filling pump in front of ESC for public use, if we wanted to. Mr. Crawford said if the Board would like to come by and look at the CNG station, staff would be happy to give them a tour.

Mayor Hudson asked if this is the only facility in the area.

Mr. Crawford said Waste Pro has a big facility and he could take the Board over there. He said theirs is 20 times bigger than FPUA's. There is going to eventually be a public station that has inquired again that Mr. Crawford said he had not let Mr. Tompeck know about yet. They want to have it opened by the end of the month. It is Port Consolidated and located on Jenkins Road.

Mr. Tompeck said you may remember the groundbreaking about 50 years ago.

Mayor Hudson said we were much younger.

Mr. Crawford said they have been inquiring again.

Mr. Tompeck said it looks like it is close to being finished for about two years now.

Mr. Matthews asked if the program stated in 2013.

Mr. Crawford said staff started looking at having a CNG Station in 2013 doing feasibility studies, trying to get customers, and went and looked at big customers that have big fleets. He said they commented if we were looking for them to use it, why was FPUA not using it. We then decided to have our own and then started to get other companies to join in and do this. It is really feasible for a company like Waste Pro or St. Lucie County School Board because they would save tons in fuel costs.

Mr. Matthews asked if FPUA is doing any advertising for it.

Mr. Crawford said we do not have a public station now so we do not advertise to fill other vehicles, but we are going to larger companies and giving them examples. He said Gainesville converted their entire bus fleet and built a facility. There are different ways they can do it. FPUA has not seen much interest in moving forward with a bus fleet.

Mr. Tompeck said we have met with the County a couple of times because the school buses are the perfect answer to this and they have not been receptive to that. He said Tallahassee converted all of theirs to CNG and are very happy with it. Our problem back in 2013 was that the only medium rank customers and the best customers are usually the school buses and the waste company and the waste company has already put one in.

Mr. Crawford said staff has approached the City about their waste trucks, but they did not seem to be too interested.

Mr. Bey asked if it is very expensive to convert a vehicle like a school bus so they can be applicable for this.

Mr. Crawford said he does not know the exact difference in school bus costs, but an F150 or F350 is about $7,000 - $10,000 more. He said he does not know about a school bus.

Mr. Tompeck said they are more expensive. He said the nice part of it is the pay back is a little bit longer. For garbage trucks it is about 3 ½ years and a school bus is 5 or 6 years. The school buses last a little bit longer than that. The main problem on normal cars, the pay back is about 7 years and that is problematic because people do not keep their cars 7 years.

Mr. Bey said by installing the other compressor in phase 3 where we are saving $82,000 now, he asked if that savings would increase by adding another compressor.

Mr. Crawford said we would not necessarily save any more money unless we started selling more to the public. He said it would just be mainly for staff, we would not have to add the second compressor that would be an option. To start selling to the public, which we could do it that point by installing a pump outside the ESC gates with a credit card.

Mr. Tompeck said it also depends on the trucks we have in our fleet.

Mr. Crawford said the more vehicles we have, the more we are going to save.

Mr. Bey said it would not be a matter of saving money, it would be a matter of how much we could sell to the public.

Mayor Hudson asked if that is the biggest problem in getting people to convert, is buying the vehicle.

Mr. Crawford said that and places to fill. He said we would be another place to fill.

Barbara Mika, Finance Controller, presented the November 2018 update on the Electric Rate Comparison and the comparison of local utility bills. She said the graph displays the comparison of residential electric rates at 1,000 kWh of consumption for the month of November for the 13 municipal utilities in the State of Florida that are members of the "All-Requirements Project" (ARP). FPUA's position stands out and is shown in yellow. As a member of the All-Requirements Power supply project, FPUA benefits as part of a larger group of cities through lower operating costs, and the ability to plan for future operations with lower risk. In the graph it is easier to see where FPUA ranks among the 13 ARP participants. FPUA has the 5th lowest rate of this group and at $111.84 we are below all three averages shown for the ARP, Municipal Utilities, and the Investor Owned Utilities. The next graph displays the comparison of Florida Residential Electric Rates for the month of November for all of the municipal utilities in the state for the average residential usage of 1,000 kWh. The data for all these graphs has been compiled by Florida Municipal Electric Association (FMEA). FPUA's November bill for this level of consumption, remains the same since last month and our standing has improved by three positions among the other 32 municipal utilities in this graph. Mrs. Mika said a few items on the billing rate changes that have occurred since September, of the 13 ARP participating utilities, seven experienced rate changes with five of those being rate increases. The average change in rate structure was an increase of $.99 which had an impact on the ARP average of $.53 from last month. Among the 20 Non-ARP cities there were five cities that experienced rate changes with an average increase of $3.40. The combined effect of these increases raised the municipal average by $.73 from last month. The graph displayed is a similar comparison of municipal utility bills within the state for the consumption of 2,500kWh. In this comparison, FPUA's November bill at $282.30, is unchanged since last month and our relative position in this graph remains static. FPUA's November bill for the 2,500kWh of consumption remains 12% lower than the average bill for the

Investor Owned Utilities. The table displayed is the November comparison of the local Treasure Coast residential utility bills. Included in this comparison are the average utility bills for electric, water, and wastewater services that a residential customer would have experienced if they resided in each of these service territories. The bill totals in this table include all of the taxes and fees that are applicable in each of these municipalities. Staff has verified the calculation of these average bills to actual bills. Mrs. Mika said since this comparison was last presented, there were no changes to any electric services billed. On the water and wastewater services billed the only changes were with Port St Lucie Utilities with an overall increase of 1.5% and that was inclusive where they had a 7.5% rate change, but they also absorbed into that the 6% surcharge that was on the bill so the net of the bill was an increase of 1.5% from the previous month for the water and wastewater. This item is for information only and requires no action on the Board's part.

Mr. Tompeck said the second column is the unusual case of somebody in the City getting FPL and that was something the Board requested a while back. He said there is a very small number that is skewing the chart and wondering if it can be included in the report in the Board package. We would like to take it off the comparison chart because we are talking in the ballpark of 1,000 to 1,200 customers. It is up to the Board and we will continue to include it in the report, but it unfairly skews the numbers in terms of the cost of utilities inside the County.

Mayor Hudson asked where it will be included in the report to the Board.

Mr. Tompeck asked if she would like to know specifically where in the report. He said we can figure it out, we do not have an exact place to put it. We can leave it on here, but he thinks it unfairly skews the numbers and is a little bit confusing because it is such a small number of customers.

Mayor Hudson asked why they could not put electric services provided for 1,200 customers.

Mr. Tompeck said we could do it that way too.

Mayor Hudson said or put it in there quarterly. She said she would like to see it once in a while because she will forget about it.

Mr. Matthews asked if after this month Vero Beach will come off.

Mrs. Mika said we would like to keep Vero included and their bill will actually be an FPL rate.

Mayor Hudson said the comparison can be shown, but it will not be a Vero rate.

Mr. Tompeck said we closed on the Vero Beach Asset Purchase Agreement on December 21 and thanked the Board for their patience during the week of December 17 when we had the special

meeting and a lot of last minute details we had to work through. As discussed that $2.4 million will be used as the seed money for AMI.

Mr. Tompeck said we have started the individual meetings with the City Commissioners and Board Members to discuss water/wastewater regionalization. The last two meetings are scheduled for next week. We have made some progress on updating the 2004 Interlocal Agreement and will keep the Board posted as they continue to work through those issues.

Mr. Tompeck said he sent out a note on Strategic Planning this year, which will essentially be an update from last year's comprehensive meeting. He asked the Board to let him know what they think. The session will be scheduled for March.

Mr. Tompeck said the City of Fort Pierce was awarded $1.9 million from Florida Job Growth Grant for the infrastructure work in the DiGiorgio Road area. We are currently reviewing the grant documents and it is very comprehensive with about 35 to 37 pages of contract plus the scope of work attachments. He has not received the finalized version yet from DEO, but the executed contract between the City and DEO must be completed by the beginning of March. That is 80 days from when Mr. Mimms signed the acknowledgement letter. Mr. Tompeck said we may need an interlocal agreement between FPUA and the City about how we are going to handle that. He said the way he reads it, the City will also have to put together a resolution, which is an attachment to the contract. We have some work to do before we sign on the dotted line. It falls in the category that there is no such thing as free money.

Mayor Hudson said compliance is going to take a lot of time.

Mr. Tompeck said the last item is Eric Winterstein and he met with the Landlord Association last week to discuss WEOP and how they can benefit from the energy conservation changes to their property. He said they made sure they understood they are not eligible for any funds, but did discuss how energy efficiency can help them as landlords in terms of the value of their property, keeping their appliances to last longer, and that type of thing. We also left some business cards and agreed that anytime they want us come and do some kind of energy auditor assessment of their property, they would be glad to do that for free.

Mayor Hudson said the Manatee Observation and Education Center has won the Best Tourist Attraction on the Treasure Coast named by the Indian River Magazine. She said that is a very good thing and we should all be proud of. The Jobs Growth Grant is a great thing too, even though compliance is going to take a lot of time and a lot of paper work. Mayor Hudson said she was at the Landlord Association and said Mr. Tompeck and Mr. Winterstein did a really good job. She said the landlords asked how they could get in on this deal and they were told it is for homeowners. As Mr. Tompeck said, we were trying to convey to the landlords that this is

something they should be doing for their tenants also. It may have fallen on deaf ears, but we tried.

Mr. Tompeck said they explained if they convince their tenants to change the filters, the air conditioner may last longer and if they set back their thermostat, the air conditioner may last longer, if they change the filter in the dryer, the dryer may last longer. He said if they do not have to continue to replace appliances that would be a savings they might be interested in.

Mayor Hudson said that is right and she thinks it was worth the effort.

Mr. Bey said in most cases doesn't the landlord supply the air conditioning unit and washers and dryers. He said it makes sense that it would be to their advantage.

Mayor Hudson said the tenants will save energy and theoretically will make them happy.

Mr. Matthews said that is really one of the big problems in the northwest section. He said the landlords need to do something to work faithfully to improve their property so that tenants will be happy. It needs to be a team effort together.

Mr. Bey asked how the City plans to do as far as like inspections and Code Enforcement and that sort of thing.

Mayor Hudson said she is sure Eric works very closely with the City if there are any inspections that are needed or permits that are needed. She said she really does not know how the City plays into it.

Mr. Tompeck said that is exactly right.

Mayor Hudson said the City does the income eligibility.

Mr. Tompeck said yes, the original processing of the application.

Mr. Bey said what he meant and does not think the Mayor understood his comment. He said he meant does the City Code Enforcement work with the landlords to make sure that the things they need to be doing are being done.

Mayor Hudson said her understanding is it is complaint driven. She said unless there is a complaint, they probably aren't. The Code Enforcement has been before the landlords before too and talked about working with them. Our Code Enforcement wants compliance, we do not want liens or fines, so we work with people to try to get them up to speed. Mayor Hudson said the Building Department plays into it if a rental unit is unsafe or in really bad shape, then the Building Department will go in and say something. That is only in extreme situations.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN