MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, MAY 21, 2019, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Darryl Thomas-Bey; Vice Chairman Glynda Cavalcanti; Secretary Daniel DeIulio; Deputy Secretary Charlie Frank Matthews; Mayor Linda Hudson; and Nick Mimms Ex-Officio Member/City Manager.

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard III, FPUA Attorney; Nina B. Penick, Director of Financial Services; Bo Hutchinson, Director of Water/Wastewater Systems; Paul A. Jakubczak, Director of Electric & Gas Systems; and Javier Cisneros, Director of Utility Support Services.

The meeting was called to order by Chairman Bey.

Opening Prayer was by Carol Wilson of Human Resources.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

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A motion was made by Ms. Cavalcanti, seconded by Mr. Matthews, and unanimously carried to approve the Minutes of the Regular Meeting of May 7, 2019.

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

1. Approve Post Budgeted Project/Budget Request for Fort Pierce Marina (5 Avenue A) in the amount of $33,000.

2. Approve Post Budgeted Project/Budget Request for the Treasure Coast International Airport Maintenance Hangar in the amount of $44,653.

3. Approve Budget Transfer Request for Tall Pines in the amount of $140,000.

4. Approve POA No. 13-76: Additional funding for the quality choice purchase of utility bill invoices and envelopes from Pitney Bowes, Inc., of Shelton, Connecticut, to increase the not-to-exceed amount from $35,000 to $45,000 annually.

5. Approve Post Budgeted Project/Budget Request in the amount of $43,440 to purchase a Mobile Work Order Management Solution to streamline office and field communication and documentation.

6. Approve Post Budgeted Project/Budget Request in the amount of $39,760 to purchase a Cash Balancing Machine to replace existing end of life machine equipment.

7. Approve Post Budgeted Project/Budget Request in the amount of $135,000 to add 36,942 SCF storage to FPUA's existing CNG station.

8. Approve Post Budgeted Project in the amount of $45,500 for the procurement of a workflow forms package software to replace the existing system.

9. Approve ITB 19-35: The purchase of Cisco switches and transceivers from United Data Technologies, Inc., of Miramar, Florida, in an amount not to exceed $35,013.

10. Approve POA No. 13-72: The Post Budgeted Project/Budget Request for the 7th Street - 10th Street to Wendell Sanitary Sewer Replacement, in the amount of $200,000, and the Purchase Order to the City of Fort Pierce in an amount not to exceed $188,916.75.

11. Approve POA No. 16-60: Budget Transfer Requests totaling $30,000 and the Agreement with Public Resources Management Group, Inc., of Maitland, Florida, in an amount not to exceed $75,850 to prepare an Electric System Cost of Service Rate Study.

12. Approve Post Budgeted Project/Budget Request for the Mainland Water Reclamation Facility Relocation Study in the amount of $50,000 to cover FPUA's portion of the study to evaluate the costs associated with the South Hutchinson Island Water Reclamation Facility Decommissioning and the construction of a New Mainland Water Reclamation Facility.

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Lois Wolfe, HR Manager, introduced Ralph Parilla, FPUA's Rate Consultant. She said this is an information only proposed Compensation Plan for FY 2020. Mr. Parilla has over 30 years of experience in Human Resources with a specialty on compensation surveys and organization development management training. He worked early in his career for Motorola and Gould, which has over 6,000 employees. He was Director of Human Resources as well as Director of Compensation and Benefits both in the United States and abroad. Most recently he has a consulting service where he does compensation plans and management training programs and taught for over 30 years at FAU in compensation and human resource management programs. Mrs. Wolfe said earlier in Mr. Parilla's career he was appointed by the Florida Governor to oversee the State Job Training Programs in conjunction with the Federal Job Training Partnership Act. Most notably in his spare time he was a founding board member of the Adam Walsh Center and ended up as Chairman of that Board and then it merged into the National Center for Missing

and Exploited Children and continued to serve as the Chair of that Board. FPUA was very lucky to get Ralph to come in and help us with our compensation surveys. He first came to FPUA in the fall of 2016 and this is the second survey he is completing for us. Ralph will now explain the findings of his study.

Ralph Parilla of Plantation, Florida presented the FY 2020 Employee Compensation Plan. He said he will give a little background before getting started in the findings. To understand the nature of compensation structures is probably not a bad idea. We have grades and there are a number of salary grades in a compensation structure with each grade having a minimum and a maximum. As an example, if the minimum was $10/hour and the maximum was $20/hour, the midpoint would be $15/hour, it is just a mathematical halfway point between the minimum and the maximum. Q1 and Q3 are halfway points between the minimum and midpoints so Q1 on that same example would be $12.50, which is halfway between the minimum and the midpoint. The Q3 is halfway between the midpoint and the maximum so it would be $17.50. This is how the structure is created and the quartiles and the midpoint are just mathematical mileposts in the grade structure. The way grades are assigned to a job is Mr. Parilla goes out and does research to finds out the average salary for a particular job in the community. Then he puts that job in a grade where the average for that job is closest to the midpoint control system. The midpoint of the grade is essentially equal to the average salary for that position in the labor market. When he looks at a grade structure, ideally if somebody is fully proficient, fully experienced, and been on the job a good number of years, they should wind up being at or around the midpoint of the salary grade, assuming they should be making the average of what everybody in the labor market is making. Mr. Parilla said the theory behind what they are looking at in terms of the salary structure, FPUA has about 130 separate jobs within the Authority so we wind up taking a look at a number of different jobs. He said they went out and took a look at a number of municipalities and other utility authorities. The survey population he looked at is the same group he looked at when the study was done in 2016. He likes to do that so they are comparing apples to apples and not mix the organizations in the study too drastically. There was one difference where he could not get any information out of one of the organizations they looked at in 2016 and substituted Stuart in their place. Out of the 15 organizations displayed on the slide, 14 of them are exactly the same organizations looking at back in 2016. They take a look at what their structures look like and what they found was the range minimums were 4.3% lower compared to the minimum salary ranges in all of those other organizations. FPUA's maximums were dead on the market so they were right where they needed to be. Most municipal organizations including this one raise ranges on or about October 1, the new fiscal year which is typical. It winds up being the date that new salary ranges go into effect and he is anticipating that is going to happen this October 1st. The numbers he is seeing and the projections look like the ranges are going to be up by 2% to 3% that is what they anticipate to see happening going forward. The recommendations he is making are to raise FPUA's ranges by 2% to keep up with the market and make sure you do not lose ground with the market place. There are 14 positions that we saw in the study where the job needed to be upgraded by one grade. For example some jobs move faster than others in the labor market and right now IT is a good example of that. What we find is while other positions in the labor market are getting an average salary increase of something in the neighborhood of

3.2% to 4%, what we are finding is IT jobs are going up much faster than that because of supply and demand issues. Right now IT salaries are going up at a rate of about 7% per year and that is basically what it is and it all has to do with supply and demand. There are 14 positions we found that needed to be upgraded by one grade and three positions that were found that needed to be downgraded by one grade so that is being recommended as well. We are also recommending a 2% COLA across the Board adjustment for all the employees and in the past you have taken a look at the 2% and adjusted it a little bit. For an example, people that were higher in the range might have gotten less than 2% because they were already over the community average for that particular position. We are recommending you do what you have done in the past, which is to basically start with a 2% across the board adjustment and modify it a little bit when necessary. We are also looking for an additional 2% for merit increases or lump sum incentives that were done last year. We would take a look at where somebody is in the salary range and use that plus their performance as the criteria to determine whether they should get an increase to their salary or a lump sum incentive. We had the managers provide their input last year as to how much each person should get and that is exactly what we anticipate doing this year. It is the same kind of process we went through last year. During the study we took a look at where people fell in their salary ranges and found 81% of the employees working in the organization are below the midpoint of the grade. The reason for this is the past practice of giving across the board COLA adjustments and then giving everybody the exact same amount in a COLA increase. If the range went up 2.5% everybody got a 2.5% increase, but they never moved forward into the range and that creates compression problems. The compression problems are the biggest thing we have to contend with and so by granting some salary increase, the people who are low in the range and have been with the organization for a while and have good performance, we are going to try and alleviate all those compression issues over time. We cannot do it all at once, it is not something that is practical or realistic. Over a several year period, what we want to do is try to get the salaries up so we wind up being closer to the midpoint from those grades. The average length of service of the organization is over 10 years and when you look at it a lot more people should be a lot closer to the midpoint of their salary range and that is what we are trying to accomplish is move some people further into the range than they currently are today. The last recommendation we had and this a situation that had gone out in the past is probationary period increases for promoted employees. It is kind of ironic that you find someone worthy of a promotion and then put them on a probationary period. At the end of the probationary period they would be eligible for up to 5% increase. That was only for the non-exempt or hourly employees, exempt employees were not eligible for that. We are recommending doing away with that practice and not issuing a probationary status after someone gets promoted and eliminating that 5% raise after they pass their probationary period. We are looking at giving a more realistic promotional increases and put them where they ought to be and not have to worry about the 5% probationary thing. Those are essentially the recommendations we are making to the organization and Mr. Parilla said he would be happy to answer any questions.

Mayor Hudson said maybe Mr. Tompeck has to answer this, do you find when somebody is promoted do they always pass the 6-month probationary period. She asked if he has found any that have not been able to handle it.

Mr. Tompeck said rarely, he cannot think of an example right off the top of his head. He said because of the compression issues Mr. Parilla mentioned, what happens in a lot of cases is when we go to give them the 5% increase because of people in the same job they have been there a little bit longer, they come up bouncing against their salaries so they wind up with the probationary increase being sometimes 2%, 3%, or 4%. One of the things we talked about is we may still want to do this for somebody that comes fresh out of the high school with no experience and comes in at the very bottom of the bracket. It might make sense to continue to do that, but not for people that come in experienced. If you think about it, you bring in somebody that is not at the bottom of the bracket, give them a couple bucks more, and give them the 5%, then they are bouncing up against the people that have been there 2 or 3 years. That continues to be what we call a parity issue in our organization and it is difficult to solve.

Mr. DeIulio said you are speaking about averages in general when you are coming up with these numbers and then you made a note there are three key positions where you are making a suggestion maybe the average or rates be dropped a little bit. He said you are speaking of averages and Mr. DeIulio said he is assuming an average employee for that position. What if an employee we have is a way above average employee for that position.

Mr. Parilla said we have a real issue because in the past we have had no real mechanism of rewarding that top of the line employee and giving them an above average increase. He said a merit system allows you to do that and gives you more latitude where somebody might get up to a 5% bump if they are really a superstar and we want to be sure and keep the superstars.

Mr. DeIulio said then we would still have the flexibility to do that with this plan.

Mr. Parilla said very much so.

Mr. Matthews said he has a lot deeper concern and has been involved in some of the movements he sees in the workforce where there is the buddy-buddy system. He said it gets basically from the beginning out of hand. For probation the average job is about three months and asked Mr. Parilla what he considers average for the Utility Authority.

Mr. Parilla said he is a big fan of the longest possible probationary period. He said Palm Beach County, he is not talking promotional probation periods, but initial probationary periods. Palm Beach County has a 1-year probationary period and they are still able to get benefits during that 1-year period, but they are on probation for one year. Mr. Parilla said he has always thought people can fake it for 90 days and all of a sudden they get confirmed in the job and you have not seen bad yet, it is coming. He said it tends to be an issue where people backslide once they have been confirmed on the job so he is a big fan of a longer probationary period. When you talk about probationary periods for promotional employees as John mentioned, if they are that good to be considered for a promotion, the failure rate is virtually negligible. You can always put them back in the old job if you have to, but to base a policy on that exceptional one in 1,000 situation

does not seem to make a whole lot of sense. You should try to base the policy on what the norm is rather than what the exception is.

Mr. Matthews said his other concern on the other flip side is when we put people in a position we call acting, sometimes they get locked in to be permanent without stopping it somewhere along the line. He asked if you take that salary back or say it is my fault for letting them stay.

Mr. Parilla said if they are in an acting capacity, an example would be if an employee had to go off on family medical leave act for 12 weeks and I needed someone to fill in for that role for that 12-week period. He said they would be in an acting capacity and they should get some increase for that period of time when they are holding that position, but when the incumbent comes back after their leave, they would lose that increase, so it is a temporary amount of money for that period of time they are filling in. That would be the normal way of doing that.

Mr. Tompeck said that is FPUA's policy.

Mr. Matthews said in some companies they consider a different way in getting people raises and he calls it more old fashion here for the Utility Authority because you talk about performance. He is also looking at persons who have great experience, went on to get a better education, and persons who are on their own. Those people are being discriminated against compared to the system that we use now.

Mr. Parilla said he would agree with that because what happens is as people grow in a job, in the past there has been no way of rewarding that growth. He said that is what this new system is going to allow us to do over time.

Mr. Matthews asked if the new system was in 2018.

Mr. Tompeck said yes it was done this past year for the first time.

Mr. Matthews asked if you are going to do it every two years.

Mr. Parilla said the study would be done, he is assuming, there is a study done every two years where we go back and take a look at the same organizations, benchmark where your ranges are, and the key element is to make sure your ranges are on the market. It was presented on Friday at the budget meeting that you have a workforce where you could have a whole lot of people retiring in the next few year. If that is the case, you have got to be sure you are competitive in that labor market. The biggest issues are keeping the ranges current with what the market is doing and secondly alleviating that compression issue because that is going to hurt you in the long haul if we do not do that.

Mr. Matthews said he is concerned where if a department wants to hire somebody and brings them in for a salary greater than the top person in that department, to him that kills the morale in the workplace.

Mr. Parilla said people have to see a future, they have to see growth, they have to see the ability to grown in the job if they are going to be satisfied and engaged in their job. He said the more we can do that by recognizing that growth and achievement, the better off we are going to be.

Mr. Matthews said in some large companies like in large cities, if you work for IBM or somewhere like that, just because of what you got, you will start a little higher pay scale. He said you also have some cities, because that same company locates in that city, the cost of living increases.

Mr. Parilla said that is why he took a look at other organizations in the central Florida area, but we did not look at organizations in the Panhandle because their salaries there are considerable lower. He said we are not going to look at Miami or Broward County because the salaries there are somewhat higher. We try to take a look at the organization's that are comparable in terms of cost of living and in terms of geographical areas.

Mr. Matthews said another danger zone he asked if we have a protection for those that are in the drop. He said if 20% go in the drop and then you have 25% getting ready to leave because they just got their time in and he asked if that would be a crisis within the work program.

Mr. Parilla said he would agree with that and it is a good description of it.

Mr. Matthews said that somewhere along the line we should be trying to protect movements. He said on the top of one page he saw there were 17 pay scales.

Mr. Parilla said yes there are 17 grades.

Mr. Matthews said he has a problem with that because he was in the meeting the other day where it was said someone has been here 40 some years and did not hit the top so something went wrong there.

Mr. Parilla said FPUA has one employee that has 44 ½ years in the same job and she is just a little bit over the midpoint of the grade. He would think if somebody had been doing the same job for 44 years, it is a good possibility they should be at the max of their grade. The problem has been the past and what we are trying to do is alleviate that by changing the system and allowing people to get increases that move them through the salary range.

Mr. Matthews said he is concerned about the employees being treated right, he does not care about the name or position. His concern about exempt person and the non-exempt, some are considered in the program and some are not and he asked if there is a reason.

Mr. Parilla said exempt and non-exempt has to do with the federal law, the Fair Labor Standards Act. He said it is determined as to who gets time and ½ for overtime and who does not get time and ½ for overtime. It is the nature of the job that does it and not the person doing it.

Mr. Tompeck said just to add to one of your concerns is we have done quite a bit of looking at succession planning so we are as prepared as we can be for potential retirements. He said we have some very good folks that are lined up behind existing managers and existing directors so we are not going to be caught short.

Mr. Matthews asked if there has been some consideration of cross training.

Mr. Tompeck said we do a certain amount of cross training and it depends on the level and the actual job function. He said where we can, we certainly do a lot of cross training.

Mrs. Wolfe said she would like to clarify that it is two different things. She said the 5% promotional probation increase that is exclusive to the non-exempt employees, those are just with probationary periods. The exempt and the non-exempt are eligible for the incentive program.

Mr. Bey asked if it is necessary that we do these types of assessments every two years to prevent the compression and other types of problems we are having.

Mr. Parilla said he does because FPUA has an unemployment rate that is the lowest it has been in 20 years. He just saw an article from the Society of Human Resources Management saying this is the toughest labor market we have seen in 50 years. Making sure you are competitive in the labor market right now is critical and he said his business is booming. He is profiting from good times, but it is one of those situations where everybody is worried about keeping current with the labor market and making sure they do not lag behind because they cannot afford to. The other thing is that especially millennial employees will jump ship a lot quicker than some of the more senior folks like the baby boomers and some of the other generations. The millennials are much more mobile and in order to keep them, you have got to make sure you are paying appropriately and growing them. That is a critical issue and a cultural difference with some of the folks that are out there in the labor force.

Mr. Matthews said with 17 brackets can one of the employees get there and not get any more money.

Mr. Parilla said we have not had that problem yet, but nobody has been tapped out. He said what we normally do when somebody reaches the maximum of the salary grade, if they would have qualified for a 3% raise, they then get a 3% incentive. They would get the same amount of money, but it is not going to be an increase in salary, it would be in terms of a lump sum incentive.

Mayor Hudson said whenever we consider the employee compensation plans and study, she would like to know a period in time before what our turnover rate is and which grade. Because they are on the board, they do not have any idea about a lot of the employees, they only deal with a few. She does not know who has left the company and has no information about the turnover rate. Mayor Hudson said she would like some type of report in time so they can get it maybe once a year so they have a feel for what is happening.

Mr. Tompeck said he does not have that exact number, but our turnover rate is extraordinarily low.

Mrs. Wolfe said that is reported in the budget in the performance measures each year. She said they do report vacancy rates and turnover rates.

Mayor Hudson asked where in the budget.

Mrs. Wolfe said yes, each of the departments submit.

Mayor Hudson asked Mrs. Wolfe to point it out to her when the budget comes out.

Mrs. Wolfe said sure.

Mayor Hudson said it would be nice when we are talking about this, we are talking about retention and talking about recruiting, we need to know where we are and what is happening right now within our own company. She does not know how many people are in the drop and has heard we have a lot of people that are eligible for retirement and is assuming that is happening throughout the country. It is happening in a lot of organizations, we are not the only ones with that particular issue.

Mrs. Wolfe said she thinks she is correct that the largest segment of the working population are baby boomers right now.

Mr. Parilla said it used to be the largest segment was baby boomers, they were just recently replaced by millennials. He said there are 10,000 baby boomers leaving the workforce every day and we are seeing a massive turnover of talent in organizations across the country. It is a huge issue and succession planning right now is one of the biggest issues all organizations are facing because there is a talent pool that are reaching retirement age and are leaving. That can be catastrophic if you lose company culture and lose all that knowledge.

Mayor Hudson asked if the majority of the people that have left FPUA are retiring.

Mrs. Wolfe said yes, more of the majority of those exiting are drop retirees. She said we do not have a lot of people exiting the organization otherwise because we have been really focused on right-fit hiring and making sure we are doing a really good job with those we are inviting into the

FPUA family. Another statistic she wanted to share because it was mind boggling. She went to the St. Lucie Human Resource Association Conference on Friday and the statistic presented is that every day 3.5 million people are leaving jobs in the United States. She said because the market and the availability of jobs and the freedom of people to move.

Mayor Hudson asked to move from another job.

Mrs. Wolfe said to move from one job to another. She said 3.5 million every day so we want to be positioned to make sure we retain the talent we have worked so hard to bring along within the organization and to attract new talent. We have a lot of special skills in the organization.

Mr. Tompeck said he thinks that is a key point, the special skills, whether it be a NERC operator or plant operator, we have to be competitive there to keep those people. He is more worried, over the last 1 ½ years we have done a real good job of filling our positions will all the right people. Now he is most concerned about being able to keep them.

Mr. Bey asked what FPUA's relationship is with Mr. Parilla, does he automatically come in every two years or does someone come in and do this. He asked if it is like it is time for us to do this, how is the relationship.

Mrs. Wolfe said we reached out and got proposals back in 2015-2016 and found Mr. Parilla when she went to an FMPA-HR Roundtable, she found out that Ocala had Mr. Parilla on retainer. She said that is how she reached out to him and got a proposal from him. What we do now is have him on retainer on a monthly basis so if we are creating a new position or have questions when the Department of Labor comes out with their new guidelines for the exempt status. Any question such as that would go to Ralph to give us a response, which is truly an objective recommendation based on survey data. Our plan because he came in 2016 and did this similar type of broad compensation study that it is good practice to do every two years. In between that, if there are massive changes in any of the particular jobs like mentioned, IT, Engineering, those are some of the jobs she worries about trying to fill. They can end up open for quite some time. From Lois' perspective, she is really happy to have someone with Ralph's experience because it has been both in the private, but as well in the public sector. He is familiar with the utility industry so having him there for questions and recommendations and doing these surveys is invaluable to us. It is something we can really rely upon and we are not shooting at a dart board or picking numbers out of thin air. We are looking at what this position is paying in the like industries in the like geographic areas serving similar number of customers. That is what makes a compensation study a very valid study.

Mr. Matthews said he has a question on age and a question on discrimination. He said the one on age, to work for the UA your retirement is 25 years you can go.

Mrs. Wolfe said that is correct, regardless of age with 25 years of service.

Mr. Matthews asked what the real age of the person is when they have to leave.

Mrs. Wolfe said nobody has to leave at a particular age.

Mr. Matthews asked at 72 or 71 or 73, do you have to go anywhere.

Mrs. Wolfe said no and we have at least one if not more employees who are in that capacity. She said another focus of hers right now because of the fact we have so many baby boomers who are very skilled and nearing the end of their career, she invites them to the organization. In fact it was one of the incentives for changing the vesting on the Retirement Plan because it really discriminated against that older worker. Someone who is 60 years old and are coming in and we are telling them you have to contribute to this defined benefit plan, but in order to reap the benefits you have to be here for 10 years.

Mr. Matthews said his other question is on discrimination. He said if a female asked for the same job as a male, will they get the same consideration.

Mrs. Wolfe said absolutely as long as they have the skills.

Mr. Matthews asked if there has ever been a situation where there was an argument about that.

Mrs. Wolfe said she did not understand the question.

Mr. Matthews asked if there has ever been a challenge about that since she has been in Human Resources.

Mrs. Wolfe asked about a new hire.

Mr. Matthews said no, in any job as being an operator.

Mrs. Wolfe said we had a claim several years ago that was a disagreement about a selection for a position, but that is the only one that comes to mind. She said all applicants are evaluated based on qualifications, they go through a screening process when we receive their applications, Carol Wilson goes through all of the applications. Sometimes it is in the 100's for some of our positions so they are all screened for qualifications and given equal opportunity to interview with selections made by the Department Head.

Mr. Parilla said there is a trend now where a lot of states and cities are passing legislation that you cannot ask for previous salary history on an application or during a job interview. He said the logic being is that perpetuates discrimination against women. If one of them had been paid historically less than men and we are basing salaries on what their current salary is, that just perpetuates the discrimination. To alleviate that, there is a trend now to eliminate the question of how much you are currently making from job applications. The employer is the one who knows

what the job is worth and should be able to determine based the applicant's experience and education how much should be paid in that job, it should not be based on what they were making in their previous job.

Mrs. Wolfe said we have been proactive on that and have already taken that question off our applications. She said they can voluntarily tell us what they are making in the position they are in now or past positions, but they do not have to answer it and we do not base it on that. Whatever position they are coming into, we are looking at the range that position is assigned and then if there is no experience whatsoever, they would come in at the minimum. We can go beyond the minimum for experience, but also looking at where others in that department in that same job title are at with their salary to maintain a parity with that position so we are not bringing in someone new over someone who has already been here several years.

Ms. Cavalcanti said last time Mr. Parilla was here, he said he had excluded the benefits.

Mr. Parilla said they did take a look at the benefits the last time.

Ms. Cavalcanti said they were in a separate study.

Mr. Parilla said yes it was a separate study.

Ms. Cavalcanti said she is going to ask the same question she asked the last time. She said when you look at this and see the salary ranges, you have excluded benefits.

Mr. Parilla said yes, this is strictly a salary study.

Ms. Cavalcanti said FPUA gets a 3% multiplier on retirement and would guess our health insurance and most of the other places are excluded in your comparison. She said we cannot seem to ever get an overall look at all these different places of salary plus benefits at the same time.

Mr. Parilla said he has gone through that several times and everybody calculates benefits differently. He said to get an apples to apples comparison is really hard, it is just that way.

Ms. Cavalcanti said bringing that back to the whole discussion on the millennials, would it not be advantageous to get off the defined benefit plan for, she is not talking about current employees, she is saying moving forward. She said millennials have a better amount of money coming in to them in their paychecks, but with a 403B plan instead of the defined benefit plan, which is work here long enough and you will get 75% of your pay at retirement.

Mr. Parilla said one of the recruiting strategies here has been, as Lois mentioned, to go after those folks that are moving into this community, seeing it as a potential retirement area and are experienced. He said the current retirement program serves as a real incentive to go after those

kinds of employees. Mr. Parilla said he thinks you wind up doing something for the millennials, then you lose ground with the other category you are going after. He said either way, you are going to wind up making some people happy and some people unhappy.

Ms. Cavalcanti said when you look at us compared to St. Lucie County or Martin County, they have a multiplier of 1.67with the State Florida Retirement System and we are 3%, which is double. She said that is a big chuck.

Mr. Parilla said that is a lot of money.

Mayor Hudson said we vest earlier, theirs is 8 years, she thinks.

Ms. Cavalcanti said unfortunately when we talk about pay grades and we are below the average that does not include the benefit packages, which then pushes FPUA way up and pushes up rates.

Mr. Parilla said as with a lot organizations, you are going to find some are as good or if not better than FPUA, some are less than FPUA, and some are about where FPUA is. He said as a rule, FPUA is higher than most of the municipalities in the study, which is a fair statement. When you attract millennials, the issue comes down to money. They have got college loans to pay off and the cost of housing especially here in Florida is particularly daunting for a lot of them getting started, so the money has to be right.

Mrs. Wolfe said it is a real challenge when you are talking to candidates because if they are the longer career, the 10-year person or older applicant, the talk about benefits captures their attention. They are all about the benefits in recognizing good benefits. With those entering the workforce now and your millennials and Gen X do not want to even hear about benefits. They are really not concerned and not thinking in the retirement mode. We certainly try to get them there and use the discussion about our benefit package to educate them and to help and share to educate them about what that adds to their compensation.

Ms. Cavalcanti said in addition to the turnover rate, can you get for us a list of the last 3 years of new hires and those that would be in millennial generation, X group, and those that would be in the boomer age groups.

Mrs. Wolfe said sure that would be easy enough to do.

Mayor Hudson said she thinks it would be easy to get the benefit information because all you have to do is go look at their website. She said it says what the pension is, the multiplier, and the vesting, that is basic when you apply for a job at any of these organizations.

Ms. Cavalcanti said she will quote Mr. Parilla from the last time, he said the benefits here are golden and that was your quote. She said she is not trying to take away anything from anybody currently working here, but she thinks we have got to make some plans to attract people with

more cash and less benefits. She hopes Nick is hearing this because she knows this is not only an FPUA issue, it is a City issue.

Mayor Hudson said it is a City issue and a Police Department issue, we have the same exact thing.

Mr. Tompeck said his recollection a couple of years ago, Mr. Parilla put together a chart that showed the benefits with the cities.

Mr. Parilla said yes.

Mr. Tompeck said it might be good to rejuvenate that chart and send it to everybody. He said yes our benefits are very good, but they were not the best.

Mr. Parilla said they were not the best.

Mr. Tompeck said they were not the best and they were not much different than some of the others. He said it would be important for the Board to see that.

Mrs. Wolfe said she has gathered and worked on a lot of those surveys in the past years too and the hardest one of all is the health plans. She said as you know, the City at last she knew had five plans with all different options and that is what she found across some of the other organizations. Some of the specific benefits are hard to make that apples to apples comparison.

Mayor Hudson said it is really important to know what the employee pays and what the employee pays for family coverage. She said that is hard to compare, but you can get an idea of that.

Mrs. Wolfe said it is influenced heavily though by things like deductibles and co-insurance and that is where all those variables come in and it makes it a little bit tough.

Mr. Mimms said the members of FPUA, Board, and Mrs. Wolfe have done an excellent job. He said from his perspective and viewing what the City of Fort Pierce is having to deal with, that low turnover rate the City is definitely jealous of that. What FPUA has here is a great pool of wonderful employees and thinks you all should be proud of the fact that you have retained these excellent employees. For instance, with the City of Fort Pierce and the Police Department, they are usually attracting candidates that are right out of the academy, these are lack for a better word, are babies, very young people. The City's salaries are somewhat competitive after you look at all the deductions of our retirement plan, the State Retirement Plan, the health insurance plans, and the dependent care premium, it becomes not competitive and we actually lose very high quality employees due to our current structure. Mr. Mimms said, like Mrs. Wolfe said, if he is 52 years old and looking for a great place to retire, he is coming to Fort Pierce. He said FPUA or the City of Fort Pierce because he can work here with some of the best benefits in the state. If he is 24 or 25 and a cutting edge professional, it is going to be a tough sell and that is being

completely honest. FPUA Board, you guys have a great pool of employees and should be proud of what you have and proud of this consultant and what your HR Director is doing here today.

Mr. Bey said sitting here and listening to all of this, it seems to be a paradigm shift in the market place of employees. He said we are starting to get a younger workforce where the emphasis is not so much on retirement as it is trying to make some money.

Ms. Cavalcanti said right, you get money in your pocket.

Mr. Bey said our challenge is because at some point our workforce is going to shift once we get all of us old people out and that is not going to be very long. He thinks our challenge is going to be to come up with a plan that is flexible enough to meet every group.

Mr. Parilla said again the compression issues are going to hurt you because by offering more money to those millennials and you calculate a different benefit structure, you would wind up hiring millennials at more money than existing employees are making and that is going to create a whole other set of problems.

Ms. Cavalcanti said let's say we do that and it is going to be on the City because we are on their deal. She said let's say we do that, do you think the person that has been here 20 years is going to leave when they have a multiplier at 3% per year and now they are going to get 60% of their highest salary.

Mr. Parilla said they may leave earlier because if they are eligible to retire that may just set them off and say I am out of here.

Ms. Cavalcanti said she cannot believe that.

Mr. Parilla said it depends on health insurance.

Ms. Cavalcanti said if they are 65 they may leave, but other than that she cannot imagine.

Mr. Parilla said they could be on a spouse's plan and switch over and so they may be able to do that.

Ms. Cavalcanti said still that is not going to be paid and even here the spouse's plan is not what we get as employees.

Mr. Mimms said if there is a change in the retirement plan, then you could then jeopardize your defined benefit plan as you have it today. He said we have one of the strongest plans in the State of Florida and that is because everybody in the organization and at UA is part of the plan.

Ms. Cavalcanti said but you can convert.

Mr. Mimms said absolutely you can divert, but there would be a financial liability to the organizations that are responsible for those payouts so you have to be careful with that.

Mayor Hudson said it is also strong because the taxpayer and the rate payer make up the difference.

Mr. Mimms said yes.

Mr. DeIulio said this is a study on our compensation plan and asked if Mr. Parilla has done studies where you get in detail on benefits and be able to quantify different scenarios with regards to benefits.

Mr. Parilla said he is not the world's greatest benefit guy, he is more of a salary guy, but he has done it. He does not do it that often.

Mr. Matthews said Mr. Parilla travels all around the State of Florida and asked if he has ever been in the situation where he would say FPUA in Fort Pierce has a good program, have a little discussion or are you not allowed to do that.

Mr. Parilla said he tries not to do that because no good comes of it.

Mayor Hudson said FPL is our biggest competitor in terms of taking people away and asked if that is correct.

Mr. Tompeck said in certain areas, yes. He said we pegged our linemen's salaries, pegged some of our plant operator salaries, and we pegged some of our NERC operator salaries to be a little bit less than what FPL pays. He said with the other benefits there they are at a par.

Mayor Hudson said in the past, Directors have told her that FPL not only has better salaries, but better benefits. She said she does not believe that.

Mr. Tompeck said he does not believe they have better benefits, but their salaries are better and there is no question about that.

Mr. Parilla said he would agree with that, he does not think their benefits are at par.

Ms. Cavalcanti said their benefits are the 401k.

Mr. Parilla said it is a good benefit program compared to other private sector organizations, but he thinks when you take a look at the combination of salary and benefits, their salaries are higher, but FPUA's benefits are somewhat better.

Mayor Hudson and Ms. Cavalcanti agreed.

Mr. Parilla thanked the Board for the opportunity and said it was good to see everyone again.

Mr. Tompeck said he would like to add one comment in general and that is these are recommendations that are in the compensation study and we are going to be looking at all of them. He said we do not necessarily have to implement every single recommendation here.

Mayor Hudson said it states this will come back to us in September.

Mr. Tompeck said if it affects the budget, it will be before September if it is in the budget. He said the item we talked about last Friday, we knew we were going to adopt the 2% COLA and the 2% incentive so we did put that into the budget. The rest of the items he does not think are budget items per say.

Mayor Hudson said then this will come back to us at a different time.

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David Green, FPUAnet Communications Manager, presented the City Expansion and Security Project. He said he would like to propose a project for City Expansion and Security to expand FPUA's fiber and wireless network. Our goal is to enhance City connectivity needs with high speed and reliability. Working specifically with Fort Pierce Police Department (FPPD), FPUA has already made a significant effort to enhance their headquarters connectivity with positive results in greater access speed to information. FPUA will continue to partner with FPPD on expansion with a multi-year service agreement to further enhance connectivity and security. Mr. Green said replacing existing providers and cellular devices such as these we use out in the field, will expand the FPUA network and bring needed connectivity to insure users are able to access information. He said using cellular devices is challenging at best and he spent many nights out in the field where he had to return to the office to get information and return to the field to complete a task. He is asking the Board to approve this request for $220,000, $100,000 in FY 2019 and $120,000 in FY 2020 for this project. It aligns with FPUA's strategic plan to expand fiber within the community. This project works in conjunction incredibly with FPUA's Smart City initiative to attract business and create jobs enhancing the quality of life.

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve Post Budgeted Project/Budget Request in the total amount of $220,000 for the City Connectivity and Security project for FY 2019 ($100,000) and FY 2020 ($120,000).

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Mr. Tompeck said the next three projects are projects that are contained currently in blanket budget items, we are pulling them out of the blanket, establishing the project, and the reason we are doing that is so we can carry them over to the next budget year.

James Carnes, Supervising Engineer for Water/Wastewater Engineering, presented the post budgeted project request for the North 17th Street. He said The City of Fort Pierce is presently in the bidding process for the North 17th Street project from Orange Avenue to Avenue D. In an effort to streamline the construction process, engineering has provided design and technical specifications to be included in the bid documents for consideration by all parties. Funding is presently available in the Water/Wastewater Engineering Capital Budget under Project No. 634319608 & No. 835219808. The Post Budgeted Request in the amount of $650,000 ($300,000 for water and $350,000 for wastewater) is anticipated to fund the permitting, inspection, and construction of this project. Since it is unknown, at this time, whom will be performing these services, staff will be bringing it back to the Board for approval once the contractor is known.

Ms. Cavalcanti asked if this will include getting 17th Street from Orange Avenue to Avenue D paved.

Mr. Carnes said this is a joint project, which considers the reconstruction of the entire limits of construction.

Ms. Cavalcanti said that is great.

Mayor Hudson said they are working with the City.

Ms. Cavalcanti said yes that is why she was asking.

Mr. Mimms said from the City's perspective he does see an amount for water and wastewater, but with all reconstruction projects, we do require that the overhead utility lines are dropped underground. He asked if there is an allowance for that.

Mr. Carnes said he will have to put that comment or request to Larry Lammers who is the Supervising Engineer for the Electric Department and would be able to help you with that.

Larry Lammers, Supervising Engineer in Electric & Gas Engineering, said yes they do plan to underground all the utilities there for that stretch of right-of-way.

Mr. Mimms asked if that is coming back at a subsequent meeting to be budgeted.

Mr. Lammers said we already had it budgeted for this year and it does not look like the project is going to be ready for electric work this fiscal year. He said it is in the budget for next fiscal year.

Mayor Hudson said that is wonderful, good team work.

A motion was made by Ms. Cavalcanti, seconded by Mr. Matthews, and unanimously carried to approve Post Budgeted Project/Budget Request in the amount of $650,000 ($300,000 for water and $350,000 for wastewater) for the cost to replace water and wastewater infrastructure

associated with the City of Fort Pierce North 17th Street – Orange Avenue to Avenue D Reconstruction Project.

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Richard Mutterback, Water/Wastewater Environmental Engineer, presented the Edwards Road Water/Wastewater Expansion Project. He said as part of FPUA's 5-year Capital Improvement Plant, Water/Wastewater Engineering has budgeted $725,000 annually to customer based expansion projects. The expansion projects will include installation of water and wastewater mains, fire hydrants, and services to bring municipal water and wastewater to existing homeowners in FPUA's service area. For FY 2019, staff has identified the neighborhood located in the southeast corner of the South 25th Street and Edwards Road for this project. This neighborhood consists of 83 single family homes that are currently serviced by private wells and septic systems. A budget transfer of $535,000 into this project is being requested and the total construction cost of this project is expected to be approximately $500,000 with and additional $35,000 to fund staff costs, permitting, engineering, and inspections. Funds are available on the existing purchase order for the unit price contractor, which can be transferred to this project. The use of FPUA's Unit Price Contractor, Blue Goose Construction LLC, is the most cost effective and efficient method to construct the improvements. This post budget transfer is in alignment with the strategic plan and expansion will provide water and wastewater to a new customer base resulting in an increase in revenue.

Ms. Cavalcanti said she has a question on the neighborhood nearby. She asked if the neighborhood of Greenwood is served by FPUA.

Mayor Hudson said it is off Sunrise Boulevard right near Edwards Road.

Ms. Cavalcanti said she thought they were in the County.

Mayor Hudson said some of them are in the County, but she does not know if they are served by the County Utilities or FPUA.

Mr. Mutterback said this particular area is County as well, it is not the City.

Ms. Cavalcanti said right, then we would have annexation possibly and that is her question on Greenwood.

Mr. Tompeck said that is why this particular area was chosen because it was contiguous to the City. He said he does not know about Greenwood and asked Bo or James.

Ms. Cavalcanti said Greenwood is just north across Edwards Road. She said she recalls it is all County.

Mayor Hudson said she thought some was County and some was City.

Ms. Cavalcanti said she thinks the whole neighborhood is County and asked if FPUA serves them with water.

Bo said yes we do.

Ms. Cavalcanti just wondered why they are not City residents.

Mr. Mimms asked if we have annexation agreements.

Ms. Cavalcanti said she would assume we do, but some of them are excluded like Orange Blossom. She said there were a couple neighborhoods a long time ago that were excluded.

Mr. Mimms said we need to get those agreements.

Mayor Hudson asked how this works, do they know then they have the option to hook up. She asked how they know that service is going to be available to them.

Mr. Mutterback said during the construction process, once it is completed, in the past he thinks letters are sent out to each individual. He said this is a very small neighborhood and they will know it is going on.

Ms. Cavalcanti asked if they have the option to hook up or do they have to.

Mr. Mutterback said there is actually some gray areas in the State Statutes when it comes to that. He said especially on the wastewater side, but basically the intention is as they need to connect when their septic fails.

Mayor Hudson said when the septic fails, they have to do it.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve Post Budgeted Project/Budget Request in the amount of $535,000 for the Edwards Road Water/Wastewater Expansion Project.

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Mr. Carnes presented the North 8th Street Water Main Project. He said water/wastewater's budgets are about $1,000,000 a year to replace water mains throughout our service territory to reach their useful life. The projects we are requesting funding for here are the last two projects on this year's budget. They are included from North 8th Street from Orange Avenue to Avenue E, and Avenue E from North 7th Street to North 10th Street forming a T in that area. Money is presently available under Project No. 617 to be transferred per Post Budgeted Project/Budget Request in the amount of $550,000. This will fund the design, permitting inspection, and

construction of the project. FPUA's Unit Price Contractor has funds available on the existing purchase order, which can be transferred to this Project.

Mr. Matthews said he has the same question Mr. Mimms asked a while ago about all the lines of electric being underground.

Mr. Carnes said this is not a joint City and FPUA project, this is strictly rehab and rehabilitation project. He said we will be going through and just replacing the water and sewer utilities, water now and sewer later. There is no co-operative with respect to drainage, streets, or sidewalks on this one.

Mayor Hudson said if you tear it up, you put it back.

Mr. Carnes said absolutely, we follow the City standards, if we bother the asphalt, we have to fix it.

A motion was made by Mr. Matthews, seconded by Mr. DeIulio, and unanimously carried to approve Post Budgeted Project/Budget Request in the amount of $550,000 to fund the costs of replacing the water main along North 8th Street (Orange Avenue to Avenue E) and Avenue E (North 7th Street to 10th Street).

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Nina Penick, Director of Financial Services, presented the status report on Electric Power Cost Adjustment for the month of April 2019. She said this is information about April's power cost and updated projections through April 2020. As you are aware, the Power Cost Adjustment or PCA, is the mechanism by which FPUA recovers power costs that are in excess of the $79.52 base power cost, which is included in the base rate. The cost of power purchased from Florida Municipal Power Agency (FMPA) for the month of April was billed to FPUA at the rate of $79.62 for 1,000kWh. This is an increase of $0.49 as compared to March. The under-recovery for the month of April totaled $751,459 and this is the fourth month of under-recovery as has been expected. The cumulative over-recovery as of the end of April was about $3.5 million. This trend is expected to continue into future months. Mrs. Penick said in the next chart, the dark blue line depicts the PCA and the bars depict the balance of the PCA over recovery. She said the light blue bars represent actual amounts, while the orange bars depict what the over-recovery would be if the projections are correct. We are continuing to see the over-recovery deplete in at least the next four months based on projections. These projections are prepared by Public Resources Management Group, which in turn are based on projections prepared by Florida Municipal Power Agency. Since March's forecast, FMPA's estimate of the price of purchased power for the upcoming 12 months has decreased by 1.3%. Due to the cumulative over-recovery from FPUA's customers, no change to the power cost adjustment is recommended at this time. This item is for information only and requires no action on the Board's part.

Mayor Hudson asked if we are currently at -$5.

Mrs. Penick said we are currently at -$5 and has been for quite some time, since October.

Mayor Hudson said unusual in our lifetime.

Mrs. Penick said we are very glad to see it is staying in a normal range and have not had any huge spikes. She said we did have one month of spike, but we held tight and rode through that. We have not had any surprises, any long term surprises.

Mr. Bey asked if there are any forecast of the weather being crazy this year.

Mrs. Penick said we become concerned with the weather in the winter time so that is a little ways off and she is not ready to predict the winter weather.

Mr. Tompeck said the most important development associated with this is FMPA has recently entered into four different gas pre-pay agreements. He said that will knock down the cost of a dekatherm of gas by $0.30 to $0.40. When you use as much gas as FMPA is using at Cane Island and Treasure Coast Energy Center, you are looking at saving approximately $1 million a month. That will help to keep the rates as low as possible.

Mr. Bey thanked John and Nina.

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Mr. Tompeck said the FPUA/City Commission joint strategic planning session will be held on June 28th at 8:30 a.m. at IRSC. The meeting should take approximately three hours. John will be giving an FPUA status update at the June 10th City Commission Conference Agenda meeting. He was told it does not have to be at a regular meeting, it can be at a conference agenda since we are not deciding anything.

Mr. Tompeck said for planning purposes, FMPA has requested our desired level of participation in the next solar project. He said for the first solar project, we signed up for three megawatts (MW). For the next project we have pegged our level of participation at ten MW. The good news is the 2nd project will be priced more favorably than the first project at $35/MW hour. Once the project is further developed, we will bring back the actual participation documents to the Board for approval.

This morning the County Commission approved the amended Water/Wastewater Interlocal Agreement. He said the amended agreement goes into effect on June 1st. Mr. Tompeck thanked the Board for the questions and comments staff received at the budget workshop last Friday.

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Mayor Hudson thanked the FPUA staff for getting that County agreement. She said she knows they worked long and hard, good job.

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Mr. Matthews said he has two situations and said the project we approved for North 7th Street. He said it is going to be an exciting project and said some citizens have started asking him questions.

Mr. Matthews said he was approached last week by surprise about Paradise Park sewage hookup. He said it caught him off guard because he thought all the houses were ready to be sold and they seem ready to be hooked up and pay for it. He asked it to be looked into.

Mr. Tompeck said Paradise Park is part of the MSBU up there and we are in the process of working that right now for just water.

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There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN