MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, JUNE 16, 2020, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Glynda Cavalcanti; Vice Chairman Charlie Frank Matthews; Secretary Darryl Thomas-Bey; Deputy Secretary Frank H. Fee, IV; and Mayor Linda Hudson.

Others present: John K. Tompeck, Director of Utilities; Barbara A. Mika, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; Keith Stephens, Acting Director of W/WW Systems, and Javier Cisneros, Director of Utility Support Services; and Joshua P. Gang, Director of Regulatory Affairs.

The meeting was called to order by Chairman Cavalcanti.

Opening Prayer was by Christelle Myrick of Water Distribution.

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 approve the set agenda.

A motion was made by Mr. Bey, seconded by Mr. Matthews, and unanimously carried to approve the Minutes of the Regular Meeting of May 19, 2020.

Mr. Tompeck said one quick correction the eagle eyes of Mayor Hudson picked up has to do with Consent Item D-4. He said it talks about the annual maintenance plan for the period starting June 35th and it is actually supposed to be June 3rd.

Ms. Cavalcanti asked if June 3rd or June 30th.

Mr. Tompeck said 3rd.

Ms. Cavalcanti said 3 0.

Mr. Tompeck said 3.

Mayor Hudson said we just do not want that month to go on and on.

Ms. Cavalcanti asked if there are any other comments on the consent agenda.

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

1. Approve Post Budgeted Project/Budget Request for Phase I of the KOA developer project.

2. Approve Budget Transfer Request forms totaling $160,000. This is in addition to a previously approved budget transfer for $70,000. This will adjust the distribution pole replacement project by a total of $230,000.

3. POA No. 15-53: Approve additional funding for the purchase of MiFi Communication Services and Equipment from Cellco Partnership dba Verizon Wireless, of Basking Ridge, New Jersey, under the Florida State Contract DMS-10/11-008C, to increase the not-to-exceed amount by $20,000 from $60,000 to $80,000 annually, through January 15, 2022.

4. POA 20-28: Approve the Contract with United Data Technologies, Inc., of Miramar, Florida, in an amount not to exceed $147,413.68 for the FPUA Core Switches with five years of annual maintenance included, under the WSCA-NASPO Cooperative Purchasing Organization Data Communications Products and services 14-19 administered by the State of Utah Master Agreement and State of Florida Alternate Contract Source No. 43220000-WSCA-14-ACS. The annual maintenance plan is for the period of June 3, 2020 and ending five years after the final installation and acceptance by FPUA.

5. Approve Budget Transfer Request and use of Contingency funds in the amount of $170,000.00 to help fund unexpected expenses caused by the COVID-19 pandemic.

6. RFQu 14-53: Approve Specific Authorization No. GT 20-06 with Globaltech, Inc., of Boca Raton, Florida, for services related to the America's Water Infrastructure Act of 2018 in an amount not to exceed $80,060. This Specific Authorization shall commence upon written Notice to Proceed and end upon final completion and written acceptance by FPUA.

7. ITB No. 20-35: Approve award of Bid and Contract for the purchase of up to 57,797 pounds per year of Ortho/Polyphosphate Blended Liquid (Corrosion Inhibitor) from Carus LLC, of Peru, Illinois, in an amount not to exceed $25,777.46 annually. The initial term of this Contract will be from May 4, 2020 and end on May 3, 2022 with two one-year renewal options.

8. Approve Budget Transfer Request for $97,000 from Gas System Expansion for the looping of our gas main on Selvitz Road from Midway Road to Prosperity Drive.

9. Approve Post Budgeted Project/Budget Request for the Independence Academy pole line relocation and site development estimated to cost $108,000.

A Customer Service Comment Card was received from Rebecca Anderson stating her satisfaction with Raul Barrera of Customer Services saying he goes above and beyond to assist the customer, is very knowledgeable, patient, intelligent, and kind.

The Water Distribution Department received a call from Linda O'Quinn who wanted to give kudos to Omar Foote for the service he rendered at 1007 West 1st Street and resolving her water leak issue.

John Tompeck, Director of Utilities, said he wanted to give the Board a quick update on COVID-19. He said FPUA is closely monitoring the number of cases in St. Lucie County. Over the last couple of weeks the number of cases and hospitalizations has increased significantly. We have reinforced our in-house protocols, including strict isolation of control room personnel. We are allowing some in-state travel, but out of state travel is still suspended. We are continuing to stress social distancing and use of masks where social distancing is not possible.

Mr. Tompeck said with a handful of exceptions, all employees have returned to work as of June 8th. He said we have expended approximately 270 hours related to the Families First Coronavirus Response Act. The customer service lobby re-opened on May 20th and new traffic flow through the building has worked well. The number of people using the lobby is off about 80% from visits prior to closing the lobby in March, while drive-thru visits are up 46%. It's too early to predict if this is a long term trend, but we will continue to watch it. We also had a lot more use of the outside Kiosk and electronic payments.

Mr. Tompeck said the latest collection status shows we are running approximately 3% behind the same period from last year which equates to about $1,240,000. He said several weeks ago we were as high as $1.7 million behind in collections so this number seems to have stabilized over the last few weeks and we are not losing any more ground, which is a good thing. As you are aware, we have offered no-interest payment plans for our residential customers for twelve months and six months for our commercial customers. To date, 223 residential customers have approved payment plans, which accounts for about $105,000 and 18 commercial customers have payment plans which amounts to about $34,000.

Mr. Tompeck said FPUA is also offering assistance through Mustard Seed and ALPI. He said these numbers are changing almost by the hour, but so far 36 vouchers for $11,500 have been processed through Mustard Seed and 15 vouchers have been processed through ALPI. The good news is that approximately 80 applications are in process. FPUA put aside a total of $100,000 for this program. We have been actively pushing these programs to help our customers with 56 radio spots on WQCS 88.9 and WFLM 104.5 advertising these programs. In addition, we have pushed these programs on Facebook, FPUA.com, and in bill inserts.

Mr. Tompeck said two weeks ago the Fitch rating service performed a "stress test" on FPUA to determine the financial effects on COVID-19 and if these effects would modify our credit rating.

He said they were primarily focused on consumption and our consumption hasn't really changed. The model they developed for FPUA did not modify our leverage ratio and he is happy to report we passed the stress test and our rating will remain unchanged.

Mr. Tompeck said the last item has to do with the number of customers eligible for disconnection has risen to 1,600. He said the exposure associated with 1,600 disconnections is about $720,000. Of that $720,000, we have cash or bond deposits that cover $660,000 of the total amount and that essentially means that our current exposure is about $60,000, which is not too bad. That number will increase to approximately $274,000 as the balance of deposits are exhausted this month and we are assuming no payments will be made. That number will increase to $323,000 each month after that, assuming that no payments are made. We need to start disconnecting customers to hold these numbers in check. We have looked at what other municipal utilities are doing around the state with the following results: Gainesville will start disconnects on July 17th, Lakeland started disconnects yesterday, Ocala started disconnects today, JEA, which has 24,000 disconnects will start on July 7th, and Lake Worth is tentatively scheduled to start disconnects on July 1st.

Mr. Tompeck said based on the growing exposure from the number of disconnects available, Staff recommends we start disconnections on July 13th. He said this still gives our customers almost a month to work out a payment plan or apply for assistance from Mustard Seed or ALPI. This is open to the floor for discussion on this item if the Board wishes to weigh in.

Mayor Hudson said if we do July 13th, would we start right away telling people that is the deadline.

Mr. Tompeck said as soon as we agree on the date, we will start telling them tomorrow.

Mayor Hudson asked if at some point if they do not deal with it, will there be calls and everything logged in so we can prove we really made a huge effort to reach out to them to work something out or remind them etc.

Mr. Tompeck said yes we will.

Mr. Matthews said he was going to do his comments at the end for the Board, but he will make a comment now on one of them. He said it looks like to him the good sense thing would happen if you have 1,600 persons or customers in danger of getting their lights cut, someone from Customer Service ought to be given the assignment to make phone calls. Also to tell them they need to go to one of those two agencies to get some assistance. At one hand it looks like we are trying to help them and on the other hand we let them get bogged down in deep finances mud.

Mr. Tompeck said we will certainly do our best to contact all the customers and once again go over the options. He said we have advertised both the programs pretty extensively and will certainly make one more attempt to get with them to come on in.

Mr. Matthews said another part of that is we want to not have a savings account at the end of whatever the duration time you have six months or one year. He said we do not want monthly fees or have money in the treasury, it should come to a zero balance. The way you do that is start hopping the movement to encourage customers to go to see them.

Mr. Tompeck said he agrees and does not want this to sound wrong, but one of the ways in incentivizing the people to go to Mustard Seed is to announce we are going to start cutting off customers again, unfortunately.

Mayor Hudson said you could put it in the same announcement.

Mr. Tompeck said absolutely.

Ms. Cavalcanti said don't you also send like a pink slip where you could put on the pink slip that they can see Mustard Seed or ALPI for help.

Mr. Tompeck said he wants to make sure they can work through the logistics, but he understands exactly what you are asking for and we will do whatever we can to once again go back and remind them again and give them some options.

Ms. Cavalcanti said so you do not have to reprint all that because maybe it is generated by the computer, but you could have an insert.

Mayor Hudson asked if the 13th was a Monday.

Mr. Tompeck said yes.

Mayor Hudson asked if he chose a Monday particularly.

Mr. Tompeck said he did choose a Monday.

Mayor Hudson asked if he had a reason for that.

Mr. Tompeck said he did not have a reason for that. He said we talked to our Bond Counsel a little bit and to be honest with you, we are actually and it is not a big deal, but we are actually in violation to our Bond Covenants. They require us to cut after 60 days so we talked to our Bond Counsel about that and they said they understood based on the Emergency Orders that are out there by Governor DeSantis. We are okay in doing it because of those Executive Orders. The next Executive Order expires July 8th or there about.

Mayor Hudson said it is July 8th.

Mr. Tompeck said he mentioned to them we would think about it right after that and it is primarily why he thought of July 13th. He said there was no other deep rationale for doing it.

Mayor Hudson asked if that would be end of day on that day.

Mr. Tompeck said yes, we can make it the end of the day that is fine.

Mayor Hudson said it just means the disconnects would not happen on Friday afternoon.

Mr. Tompeck said no we would not do that.

Mr. Matthews said let's move with another commonsense thought. He said we have a customer with a light bill roughly $265 and we are going to cut that person. He thinks he heard somewhere that they would pay up to $400.

Mr. Tompeck said that are the guidelines we gave Mustard Seed and ALPI up to $400.

Mr. Matthews said all of those that are under the $400, like $250 or whatever will be cut for service first. He said you see they meant well because they are not that deep.

Mr. Tompeck said he agrees.

Mr. Matthews said when you take 1,600 people and group them all in one barrel, but there is a good-hearted person in there that only needs to be helped out one time. He said there is another person that is chronic and always late and those are the ones you probably need to work out a movement of scare. Mr. Matthews said he is disagreeing with ALPI and Mustard Seed having any leftover monies when we have customers in trouble.

Mr. Tompeck said he agrees.

Mr. Matthews said we need to put out some communication and phone calls.

Mr. Tompeck said he agrees with Mr. Matthews and the point is the customers need to be responsible enough to come in and either work out a payment plan or go to Mustard Seed and ALPI.

Mayor Hudson said they have certain eligibility requirements too.

Mr. Tompeck said they do.

Mayor Hudson said whoever goes to them for help needs to meet those requirements, which are not strict. She said you have to be a St. Lucie County resident and some other things.

Mr. Bey asked if there are any other state, local, or federal programs that we may be overlooking and could direct people to. He said the bottom line may be they may need to be disconnected because they cannot pay.

Mr. Tompeck said not that he is aware of, but he can certainly go back and do a little more research and see if there is another avenue available for these folks.

Mr. Bey said when he looked at the numbers and saw there were 1,600 people that could possibly be disconnected and he is really concerned about that. He said the last thing he would like to see personally is 1,600 of our ratepayers disconnected, even 1,000 or 500 any number is too many. By the same token, we are running a business here and have to collect. The sad part about it is some people are going to suffer so if there is any other options or programs that we might be able to find that might be able to assist some of our ratepayers, he would definitely be in favor of doing that research.

Mr. Tompeck said he would look into it and thanked him.

Mr. Matthews said his concern in what the Director said in the bond requirements and asked if the bond requirements are punished by delinquents or punished by those that just do not pay.

Mr. Tompeck said it does not differentiate, just anybody that does not pay for 60 days is supposed to be cut off.

Mayor Hudson said she wanted to tell Darryl that the City had programs for residents and businesses to apply for and they could use it for mortgage payments or utility payments. She said we did have some and there might be a new round of them, but she is not sure because the report was brief last night. The City does have a program and she thinks the County does too so there are local programs.

Ms. Cavalcanti said there are federal programs like the PPP loans and the Idle loans 25% of that can be used for utilities. She said it goes into the businesses pot of money and then it is up to the business to spend it appropriately to be used for salaries and for utilities, payroll taxes also.

Mayor Hudson said it the same with the local, the money goes into the pot and they say they are going to use it for the utilities, but we have no way of knowing in the end if that is what they do. She said although we tell them there is an audit because we are using Federal HUD money, so there is an audit and they promise they are going to do it.

Mr. Bey said in the last couple of years we have had an actual problem trying to entice or get rate payers to be involved in our Weatherization Program. He thinks we may have some funds available and he would be in favor as a way of trying to reduce the number of cut offs. We have these people in the Weatherization Program that have already been qualified, have done all the vetting, so the customers who are in the Weatherization Program who are having a problem,

they might be able to qualify for that money if we decide as a Board we would want to do that. He would be in favor of it.

Ms. Cavalcanti said it would run through Mustard Seed or somebody else that vets them.

Mr. Tompeck said he thinks that would be the easiest way to do it.

Ms. Cavalcanti said we do not have the staff or the qualifications to adhere to.

Mr. Bey said they have already been vetted to be in the Weatherization Program.

Ms. Cavalcanti said once they are in it, she thought they would have been doing it.

Mr. Bey said correct him if he is incorrect, but everyone that is involved in the Weatherization Program has to be vetted and meet a certain criteria in order to be in the program. He said that has been done already.

Mr. Tompeck said that has been done and asked if Mr. Bey was talking specifically for using those funds for WEOP customers that are suffering or in general for anybody that is suffering.

Mr. Bey said for WEOP customers.

Mr. Tompeck said okay and we can certainly look into that. He said for your information, he thinks there is about $90,000 in WEOP money that is available right now, plus or minus.

Mayor Hudson said it would be for people that already have their homes weatherized or been eligible to have their homes weatherized. She said that is a good idea.

Mr. Bey said we need to get rid of the money and get more money for that program going forward.

Mayor Hudson said it could help somebody.

Mr. Bey said we will not want to put that money back if we do not spend it so let's spend the money if we cannot give it away for weatherization, let's give it away for utility.

Mr. Fee asked how much money is still left with Mustard Seed and the other programs.

Mr. Tompeck said it looks like Mustard has about $80,000 of the original $100,000.

Mr. Fee said in the last three months, we have only had about 20% used.

Mr. Tompeck said that program has not been out there quite that long. He said we have a bunch of applications now in process, the money should pick up pretty quickly, he would imagine.

Ms. Cavalcanti said also, if they realize they are about to get disconnected, she would imagine a lot of them will go down there and apply.

Mr. Fee said that is his next follow up question. He said Mr. Tompeck mentioned we are in default in our bond requirements because they are supposed to be cutoff within 60 days, is that correct.

Mr. Tompeck said technical default.

Mr. Fee said yes technical default and they are being flexible right now given the current climate. He asked Mr. Tompeck how flexible does he think our bond lenders will be if instead of cutting them off July 13th, if we go to July 30th.

Mr. Tompeck said he does not think that would be a problem for our bond counsel because you can see obviously everybody else has a similar requirement in their bond covenants and they are doing it. He said that would not be a problem

Mr. Fee said that personally he would prefer they get a formal letter at least 30 days out before they get cutoff, with a follow up at least 10 days out. He said that gives them plenty of notice to respond and there will be something in there that directs them to Mustard Seed or some of the other programs. Perhaps that will give us enough time to see if the Weatherization Program money can be rolled in to help supplement the Mustard Seed money if possible. He said he is just shooting from the hip.

Mr. Bey said good idea.

Mayor Hudson said the 30th is a Thursday.

Ms. Cavalcanti said maybe move it up to the Monday before that so somebody is not getting disconnected over the weekend.

Mayor Hudson said August 3rd.

Ms. Cavalcanti said to move it up.

Mayor Hudson said to July 27th.

Ms. Cavalcanti said yes that is what she is saying.

Mr. Matthews asked if we are going to try and piggyback Attorney Fee. He said one thing he sees is the idea is good and Bey's idea is good. In that letter we just need to simply tell them they are

going to be cutoff; however, here are two suggestions. One suggestion is to please call this number or go see Mustard Seed, please call this number or go see ALPI. Do this within five days of this letter.

Ms. Cavalcanti said for them to get their application processed.

Mayor Hudson said or make arrangements for zero interest loan or make some kind of arrangements.

Mr. Matthews said to put that in the letter.

Mr. Tompeck said we can do that.

Mr. Matthews said now let's do some arithmetic. He said we have roughly $95,000 from weatherization and $80,000 in Mustard Seed public assistance money.

Mr. Tompeck said right and $100,000 between that we put in Mustard Seed and ALPI and we have spent $20,000, so there is $80,000 there. He said we could use the $90,000 for WEOP.

Ms. Cavalcanti said that is $170,000.

Mr. Matthews said we should not have that many persons in danger if we are trying to really push them. He said we have to push them to come get the money, which is the bottom line. Tell them in the letter, they do not have to pay it back so maybe they think there is a trick in the curve somewhere.

Mr. Bey said one thing for sure in August, no one wants to be without electricity so that might be spelled out in the letter as well. He said to tell them August is coming.

Mr. Fee said that should be enough incentive.

Mr. Tompeck said so the Board would like to go with July 27th.

Mayor Hudson said yes to July 27th.

Mr. Matthews asked how we got to July 27th.

Ms. Cavalcanti said Attorney Fee wants a full month notice so that gives time for the letter.

Mayor Hudson said we wanted it on a Monday.

Ms. Cavalcanti said on a Monday so we do not have somebody disconnected on a Thursday night and does not have time to get it reconnected by the weekend in August.

Mr. Tompeck said that is all on the COVID-19 report.

Mr. Bey asked if we need a motion or vote on that.

Mr. Tompeck said he does not believe so, you told me what you want and it will be done.

Mayor Hudson said we have consensus.

Mr. Tompeck said the next item is to request Board authorization for staff to negotiate continuing engineering contracts for Electric and Gas Systems and Larry Lammers will make the presentation.

Larry Lammers, Supervising Engineer for Electric and Gas Systems, said in a few moments, like John just mentioned, we are going to be asking for the Board to authorize staff to enter negotiations with engineering firms we would like to have continuing services contracts with. He said before he gets there, he would like to take a couple of minutes to describe the process we traveled along to get to this point. It started when we identified our existing contracts and terms dated back as far as 1986, so it has been a while since we have had some updated contracts. Not that there is necessarily anything wrong with that, but our goal is to give the best service we possibly can to our customers. In order to do that, it is a good idea to go out into the industry and figure out what kind of skills and qualifications we have not tapped into yet. Mr. Lammers said we did that and in March we received 14 responses from engineering firms and surveyors. He said out of those 14, we put them in a scoring matrix and determined there was potentially 11 that we could at some point in the future use for various projects we might use for engineering services above our either expertise or time that would allow in-house engineering staff to accomplish some of those things. We are basically here to present to you and get your permission to enter into negotiations with those 11 different firms. Before asking for official permission, he would like to say without the help of Nancy Palka and Josh Gang over in our Risk Management Department, it would have been very difficult for the engineering staff alone to navigate all the nuances associated with the Florida State Statutes. Mr. Lammers said with all that being said, Staff would like permission to negotiate the contracts for continuing professional engineering and design-build services related to Electric and Gas Systems with the selected firms.

A motion was made by Mr. Bey, seconded by Mr. Matthews, and unanimously carried to approve RFQu No. 20-10: Authorize staff to negotiate contracts for Continuing Professional Engineering and Design-Build Services related to Electric and Gas Systems with selected firms for a five-year term with unlimited five-year renewal options. Once finalized the agreements will be submitted to the Board for approval and signature.

Mr. Tompeck said the next item is the Quarterly Financial Operating Results for March 2020 for information only and Barbara Mika will make the presentation.

Barbara Mika, Director of Financial Services, said she will be presenting today the financial operating results for the six months ended March 31, 2020. She said March brought a year-to-date increase in our net position after the adjustment for the distribution to the City of $1,320,000. The net position change was $4,458,000, but we make an adjustment for the months of the City Distribution that have not been expensed yet. Our year-to-date operating income is down $1,718,000 and part of that was due to Guaranteed Revenue Charges collected for the capacity reductions in 2019. In addition we had some increase in expenses in 2020 with regard to salaries and wages, employee's insurance, and maintenance service contracts ran a little bit higher for the year-to-date.

Mrs. Mika said the electric operating revenues less the power cost in comparison to the consumption and for 2019 the revenues, less power cost were up 2% or $182,855 from FY 2018. She said the FY 2019 consumption was up from FY 2018 by 3% and FY 2020 the revenues were down to where they were in 2018 by 3% by $292,796 and the consumption was also down 3% for six months to date. The water operating revenues and consumption for 2019 show the operating revenues were up 10% or $780,000 from FY 2018 and the consumption up 6% from FY 2018. FY 2020 revenues and consumption were both up slightly from 2019, revenues for 2020 are up an additional 3% from FY 2019 and consumption up 2% from FY 2019. Wastewater operating revenues and gallons billed for FY 2019 shows the operating revenues decreased 2% or $153,809 from FY 2018. This was due to the capacity reductions that were in the previous year. FY 2019 gallons billed were up slightly by 2% and almost flat compared to FY 2018. FY 2020 operating revenues were down 10% or $699,590 from FY 2019 and gallons billed were up 1% from FY 2019. Natural gas operating revenues less gas cost in comparison to our consumption, for FY 2019 the revenues were up 3% or $42,110 from FY 2018 and FY 2019 consumption remained flat from previous year. FY 2020 gas revenues were up an additional 3% or $42,394 from FY 2019 and FY 2020 consumption was also up 6% or $137,259 from previous year.

Mrs. Mika said the next graph shows our operating income and debt service. She said FPUA's debt service coverage ratio for March 2020 for the twelve months ending March is down slightly for December at 2.66 versus September we were at 2.85. We are still healthy at more than double the 1.25 times ratios required by FPUA's bond covenants. We are well within the days of cash requirement for our Bond Covenants for the days of cash.

Ms. Cavalcanti asked Mr. Tompeck if she and he had discussed one day the cost to run this utility is over $300,000 per day.

Mr. Tompeck said it is closer to $270,000 per day.

Ms. Cavalcanti said that cash can go down very quickly.

Mr. Fee said he is looking at page four of the monthly financial statement. He asked if it is normal or an industry standard right now looking at the operating revenues and operating expenses, it looks like we are floating between a 4% and 5% return based on the expenses. Is that an industry standard for a return monthly.

Ms. Cavalcanti said that is year to date.

Mrs. Mika said the $4 million is year to date.

Mr. Fee asked if that is for this quarter, six months ending.

Ms. Cavalcanti said it is for the six month period, it is not through the quarter, it is for half the year.

Mr. Fee thanked her for the correction. He asked if we stay around 4% or 5% return.

Ms. Cavalcanti said we give it out to the City, it shows under Distribution.

Mr. Fee said that makes sense and he is just trying to get a feel for it.

Ms. Cavalcanti said we turn around and give out $3 million and it is not that we write a check each time, but they accrue it. She said that is the liability essentially so at the end of the day we made $1 million for the 6-month period.

Mr. Fee asked if it is pretty common for us to spend about $0.96 to make $1 for this level of municipality. He said that is a pretty common cost balance.

Mr. Tompeck said he is not sure of the actual ratios, but he thinks that is about right.

Mr. Fee thanked him.

Mr. Tompeck said we are a non-profit.

Mr. Fee said correct and one of his first thoughts is what we do if we can lower the expenses a little bit and still keep the 4% to 6% ratio and still pass on the savings to the customer, if we are able to.

Ms. Cavalcanti said our two big expenses are power costs which we cannot do a lot about that because it comes from FMPA. She said the other big expense is salaries and benefits.

Mr. Tompeck said he thinks you will hear in just a couple of minutes when we talk about the O&M budget, which contains those items. He said we are really looking at a very marginal increase, vertically less than a percent. The other thing worth mentioning is over the last two to

three years we have been embarking on expanding the utility and that costs money. Whether it be expanding FPUAnet or expanding into Fleetwood Acres for the water and wastewater, in order to spend a little bit more of our capital budget which has been requested from us by the City. We have hired additional engineers and people. Those costs have gone up and hopefully it will result in some additional customer growth over the next several years.

Mr. Tompeck said the next item is the bill comparisons for the month of April and Barbara Mika will also make this presentation.

Mrs. Mika said she will be presenting the monthly update on the comparisons of municipal electric rates in the State of Florida and of the local Treasure Coast utility bills for April 2020. She said the first graph is the comparison of residential electric rates for 1,000 kWh of consumption for the month of April for the 13 municipal utilities in the State of Florida, which are members of the All-Requirements Project (ARP) and is displayed and ranked based upon their base bill amount. In this next graph, we can see where FPUA ranks among the 13 ARP participants. Our April rates at $105.84, depicted with the yellow bar, ranks FPUA with the 8th lowest rate of this group. The blue bar represents the FPUA approved $2.00 reduction on the PCA for the month of May. The next graph displayed shows the April comparison of Florida residential electric rates for that same level of consumption and includes all of the municipal utilities in the state. The data for all of the graphs that are being presented has been compiled by Florida Municipal Electric Association (FMEA). FPUA's April bill for this level of consumption, at $105.84, has shifted its standing by two positions since March to the 14th lowest rate in comparison to all 31 municipal utilities in the State of Florida. April brought rate changes for 7 of the 13 ARP participants since March. While there were several large decreases, municipalities are trying to get ahead of the COVID and there will be many more of the other cities that will bring adjustments to their May bills. Fort Pierce's adjustment is not happening until May. The overall impact of these rate adjustments in April on the ARP average was a reduction of $3.81. There were adjustments to the rates for the non-ARP cities as well which impacted the overall municipal average with a reduction of $2.47. FPUA is hovering around the ARP average of $105 for April and the municipal average which is $106 and we are a little bit below that.

Mrs. Mika said the next graph presents a similar comparison of municipal utility bills within the State of Florida for the consumption of 2,500 kWh. She said in this comparison, FPUA's April bill standing at $267.30 was impacted by other municipalities' rate reductions with a shift to the right, since March to the 18th lowest rate among this group. While we still have another month of data to compare we can see the blue line indicating FPUA's approved rate for the PCA reduction which was implemented on May 1st.

Mrs. Mika said the table displayed now is the April comparison of the average residential utility bills on the Treasure Coast. She said there is nothing much to report here, for the third consecutive month there have been no changes to any of the local bills. The comparison includes the bills for electric, water, and wastewater services that a residential customer, with average

consumption, would have experienced if they resided in one of these service territories. These figures include all of the applicable taxes and fees and have been verified by staff to actual or historical bills. The typical bill for a resident of the City of Fort Pierce for these three services, including all of the taxes and fees at $202.95, is lower than a comparable bill for a home in Port St Lucie or St Lucie County. This item has been presented for information only and requires no action. However, if you have any questions Mrs. Mika said she would be happy to address them.

Mr. Tompeck said one other quick comment on this is that he believes it is going to be hard to look at bill comparisons the next couple of months because they are going to be all over the place. He said a lot of the utilities did one month reductions so we have to take that into account the next time we see these numbers.

Mr. Tompeck said the next item is a presentation of the Operations & Maintenance Budgets for approval and Laurie Pepple will present the item.

Laurie Pepple, Finance Assistant Controller, said we are requesting approval of the following FY 2020 Amended Budget and FY 2021 Original Budget. She said this budget is consistent with the O&M draft that was presented on May 15, 2020 at the Budget Workshop. We have updated revenues that were forecasted and also updated the related Distribution to the City of Fort Pierce. The total FY 2021 O&M Budget requested is $113,167,565. It is important to note, following on Mr. Tompeck's comment that is a 0.9% change from the original budget for 2020. Purchases for resale remain the largest expense item in the O&M Budget. Historically, within the last 4-5 years, we have seen this line item as high as 43.7%. The FY 2021 anticipated expense is running at 41.43%. Personnel headcount is anticipated to increase this fiscal year by three and next fiscal year is forecasted for an increase of four. The O&M budgeted salaries and wages includes a general pay increase of 2%, plus up to 1.5% for performance incentives, which will only be paid, if approved by the Board.

Ms. Pepple said the retirement contribution paid to the City of Fort Pierce Retirement and Benefit System will decrease from 17.58% to 16.46% in this proposed 2021 original budget based on computations from the actuary. She said there is also a conservative approach for health care expenses based on historical trends at a 12.6% increase. The Distribution to the City of Fort Pierce for FY 2020, payable in April of 2021, is estimated to be $6,393,844. Total revenue of $109,668,618 is included in this FY 2021 original budget. In our four major systems, projected unit sales and customer billings are up slightly in electric, flat in water and wastewater, and down slightly in natural gas.

Mr. Matthews asked if he understood correctly that there will be three new headcounts and does Ms. Pepple mean employees.

Ms. Pepple said yes the personnel headcount is anticipated to increase this year by three and forecasted for FY 2021 by four.

Mr. Matthews asked if we have a figure on how much that will cost to add on three employees and he guesses it depends on what positions they are.

Ms. Pepple said it does and she cannot answer that question directly right now, but she would be happy to provide it for him.

Mr. Matthews asked if it would include insurance.

Ms. Pepple said absolutely.

Mr. Matthews said okay.

Mayor Hudson said it is on page four of the book.

Mr. Matthews said he looked at it before, but forgot where he looked.

Mayor Hudson said it does not have the dollar amounts.

Mr. Matthews asked if that will start in the FY for the headcount.

Ms. Pepple said projected over this year, the current year we are in would be an increase of three and the next fiscal year will be an increase of four.

Mayor Hudson asked if Ms. Pepple said the health care was 12% increase.

Ms. Pepple said yes, we are basing it on historical trends, not knowing exactly, we were taking a conservative approach on that.

Mayor Hudson said that is substantial and hopes it is less.

Ms. Pepple said we do too.

Mayor Hudson said on page five under personnel services she asked what was included in that beyond salaries.

Ms. Pepple said personnel services includes salaries, wages, and overtime.

Mayor Hudson said the benefits include health and what else.

Ms. Pepple said retirement and taxes like FICA. She said there is a detail of that on page 17 that shows a breakout of that.

Mayor Hudson said this is pretty much what we have already looked at.

Ms. Pepple said absolutely. She said the main change was the reforecasting of the revenues and the City Distribution payment for 2021.

Mayor Hudson said that is for the benefit of anybody that is watching, it is not like we are going to pass on this budget today and this is the first time we have seen it. She said we have been working on this for months and FPUA has been working on it for months.

Mr. Tompeck said there have been no substantial changes since the budget workshop.

A motion was made by Mayor Hudson, seconded by Mr. Matthews, and unanimously carried to approve the Operations & Maintenance Budgets: FY 2021 Original – Revenues $109,668,618 and Expenses $113,167,565; FY 2020 Amended – Revenues $109,764,436 and Expenses $112,187,909.

Mr. Tompeck said the next item is the FPUA's Capital Improvement Plan for FY 2021 and Michele Harris will present the item.

Michele Harris, Finance Assistant Controller, said she will present FPUA's Capital Improvement Plan (CIP) for FY 2021 through FY 2025. She said the projects proposed in the CIP for the next five fiscal years amounts to $87 million. The first year of FPUA's CIP is the Capital Budget for FY 2021. The Capital Budget, in the amount of $22 million includes contingency funding of $500,000. In order to maintain current utility rates, the amount of the proposed CIP has been reduced over $7 million since the Board Workshop on May 15th. The current fiscal year's budget was reduced by $4 million and reductions of an additional $3 million were spread over the next five years. The chart shows the actual amounts spent on capital versus the original budget amounts since FY 2015. You can see how much less we have spent versus the original budget year after year. We are currently on pace to spend about 50% of this year's Capital Budget. The table shown breaks down the FY 2021 Capital Budget by funding source. Revenue from utility rates is projected to fund 74% of the Capital Budget. Contributions from outside sources such as Contribution In Aid and Capital Improvement Charges are expected to fund 18%. FPUA intends to issue debt to fund 6%, leaving the remaining 2% to be funded by contingency funds.

Mrs. Harris said the next table is a listing of the top 10 capital projects in the upcoming year. She said these top 10 represent 37% of the next year's capital budget. Most of these projects were discussed in the workshop so she will just briefly go over them. The conversion from AMR to AMI is in the advanced deployment phase and this phase is expected to be completed in July. The testing and final approval is expected to be this September. The remaining deployment will be scheduled over the next five years. System expansion projects cross over various systems. Gas has identified three areas while water and wastewater has identified two areas. FPUAnet will need to build main feeders and distribution lines to accomplish a SMART and Connected City.

Water Main R&R projects are for the replacement of failing water system components to reduce maintenance costs and improve system reliability. The monitoring well at the MWRF needs to be replaced and this monitors the flow that goes down the deep injection well to make sure it does not migrate upward. Digiorgio Road sanitary has been in our CIP since 2018 and is expected to be completed in FY 2021. This project will expand wastewater services to reach an industrial area and boost economic growth.

Mrs. Harris said FPUA has budgeted to replace six substation transformers beginning with the current year and ending in FY 2025. The first transformer should be installed by the end of this fiscal year. The Lawnwood wellfield generator is needed for back-up power to meet water demands during a power outage. The current generator runs on diesel with an underground storage tank and the new generator will run on natural gas. Staff is requesting three things: The projects listed in FPUA's CIP for FY 2021 - FY 2025, the approval of FPUA's FY 2021 Capital Budget of $22,214,214, and to authorize staff to carry over budgeted funds for partially completed projects which remain from FY 2020 and spend those funds in FY 2021 without additional Board approval. Mrs. Harris said she would be happy to answer any questions the Board may have.

Mr. Matthews asked how many transformers are we going to do total.

Mrs. Harris said six, we are going to do one a year.

A motion was made by Mr. Bey, seconded by Mr. Matthews, and unanimously carried to approve the projects listed in FPUA's Capital Improvement Plan (CIP) for FY 2021 - FY 2025, approve FPUA's FY 2021 Capital Budget of $22,214,214 and authorize staff to carry over budgeted funds for partially completed projects which remain from FY 2020 and spend those funds in FY 2021 without additional Board approval.

Mayor Hudson asked if we have the study yet from St. Lucie County on the Wastewater Treatment Plant.

Mr. Tompeck said yes we do and he thinks we have the complete draft. He said there were some tables that were missing from the original draft. He was asked if it has been brought to the Board to discuss. He is sure Bo Hutchinson talked about it at the budget workshop, but we certainly can make a more detailed presentation if you would like to hear it. We are working with the County on the finalization of the report.

Mr. Matthews said he has three concerns and first of all he paid attention to the memo that was sent to the staff on June 11th in reference to the subject of equal opportunity. He thought it was a very good memo and it sets a good example and was signed by the Director. We should not have any employees who feel uncomfortable or being treated unfair in the work place. It was a good memorandum that gave the steps in that particular memo.

Mr. Matthews said his second concern looking at the news about Florida, if we get another disaster of our health problems in Florida, we should be setting some type of plan of action in case. He said so often we do not do preventative programs fast enough in government and he thinks this is one time because it looks like the numbers keep going up. When we look at television about some counties getting the virus quick and fast and it is not to do with a scare. He thinks with common sense we ought to start looking for some way in case. All the employees are back to work so that is very good.

Mr. Matthews said the last concern he has is something along the line in these disastrous times we have to make finance adjustments and this time we were able to go through some public assistance. He said that ought to be built in as a standard thing from year to year. In the State of Florida we talk about hurricanes and this time we are talking about health issues. From an emergency standpoint we should have a plan of action and he is talking about finance, not anything else.

Mr. Bey said in light of the current state of affairs in our country, John and he were talking last weekend. He wanted to commend John for the lovely letter he wrote to our staff and employees reaffirming FPUA's position on where we stand in regards to racial bias and discrimination of any kind. It seems like it was well received. Mr. Bey said he did a little research and talked to Jacob Williams from FMPA and Jacob Williams and Barbara Quinones put together a statement that is going to be posted on FMPA's website giving FMPA's position on racial discrimination and any kind of bias based on color, sexual orientation, and any of that. Mr. Bey said he would really like to see this Board make a statement with regards to our position as a Board that maybe could be posted on our website. He thinks what John did was very well and was in-house, but he thinks something that is on our website if there is nothing on there already that states that, he would suggest we consider it. He has done some research and found some models that he would be willing to pass on for someone to use as guide to put that together. Part of the problem has been there has been silence for too long and we need to talk about this stuff because it is not going to go away.

Ms. Cavalcanti and Mayor Hudson said that sounded very good.

Mayor Hudson asked if there is a statement on Facebook from this company.

Mr. Tompeck said yes there is and one of the specific things Mr. Bey asked about is he wanted to be sure our customers understood that they were all being treated equally. He said we did put a statement about that on Facebook.

Mayor Hudson said she thought that was excellent and does not know if Mr. Bey has seen that. She said it went to our customers.

Ms. Cavalcanti asked if Mr. Bey is going to talk to someone about putting this together and then we can vote on it later.

Mr. Bey said he has the model and made the suggestion and if the Board thinks they would like to move further on it, he said either we need to put it to a vote or we need to get a consensus.

Ms. Cavalcanti said she would suggest maybe we have somebody inside FPUA draft it for the Board and then we get it and circulate it amongst us. She said we can see what we want to add, subtract, or is it okay and then we can vote on it.

Mr. Matthews said that is a good idea and asked if that is a project our legal team can look at. He said normally when you go to court that is who is always called upon to help us out.

Ms. Cavalcanti asked if we want to have Josh start with it, thank you Josh.

Mr. Tompeck said he agrees if Mr. Bey gives him the model, we can draft up something for the Board to look at.

Mr. Bey said also people like Apple Corporation, all the banks, City Bank, Wells Fargo, NASCAR, the NFL, the NBA, everybody, so we need to keep it going.

There being no further business, the meeting was adjourned.

ATTEST:

Deputy SECRETARY

CHAIRMAN