MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, September 4, 2018, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Daniel DeIulio; Deputy Secretary Glynda Cavalcanti; Mayor Linda Hudson; and Nick Mimms, Ex-Officio Member/City Manager.

Excused: Vice Chairman Darryl Thomas-Bey and Secretary Michael A. Perri, Jr.

Others present: John K. Tompeck, Director of Utilities; Amy Shevlin, Acting FPUA Attorney; Nina Penick, Director of Financial Services; Paul Jakubczak, Director of Electric & Gas Systems; and Bo Hutchinson, Director of Water/Wastewater Systems.

The meeting was called to order by Chairman Daniel DeIulio.

Opening Prayer was by Richard Mutterback of Water/Wastewater Engineering.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to excuse Mike Perri from this meeting.

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

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve the Minutes of the Regular Meeting of August 21, 2018.

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

1. Excuse Board Member Darryl Bey from this meeting, he is on vacation.

2. POA No. 18-63: Approve Budget Transfer Requests totaling $107,900, approve the piggyback of the City Jacksonville Beach Request for Qualifications (RFQ) No. 08-1415 and Contract with Burns & McDonnell Engineering Company, Inc., of Kansas City, Missouri, in an amount not to exceed $107,900, for physical security assessment, planning, system design, and security management services, for the period from September 5, 2018 through December 31, 2018, contingent on receiving required Certificate(s) of Insurance.

3. Approve budget transfer of $90,000 to the Lawnwood Hospital Upgrade electric reliability project (542).

4. Approve the transfer of FY 2018 capital funds in the amount of $190,000 from Wastewater Engineering to Wastewater Collection for additional Wastewater Mainlining.

5. Authorize the Director of Utilities to sign Non-Disclosure Agreements related to Plans, Intentions, and Interests.

6. POA 6034: Approve: a) Contract extension for Continuing Contract for Professional Engineering Services with McNabb Hydrogeologic Consulting, Inc. of Jupiter, Florida, for the period from September 20, 2018 to March 19, 2019 and b) Specific Authorization MHC No. 18-01 with McNabb, of Jupiter, Florida, in the amount of $26,430 for the Water Treatment Plant Injection Well System Operating Permit Renewal, for the period from August 22, 2018 to March 19, 2019.

7. POA 14-08: Approve participating in the Florida Municipal Power Agency (FMPA) Joint Purchase Project Invitation to Bid No. 2013-114, Award Extension BX #2018-114, and Contract with Seacor Painting, Inc., of Campbell, Ohio, for Transformer Painting & Inspection Services in an amount not to exceed $60,000 annually. The initial term of this contract shall be from October 1, 2018 to June 30, 2019, with four one-year renewal options which allow for annual unit price escalations not to exceed the Engineering News Record (ENR) Construction Cost Index.

8. POA No. 18-68: Approve Post Budgeted Project/Budget Request in the amount of $35,000, and sole source purchase of ground storage tank mixer systems, in the amount of $29,373, from Hudson Pump & Equipment, of Greensboro, North Carolina.

Mr. Tompeck said there are three items under New Business today, the first item is the replacement program for customer rental lights and Larry Lammers will make the presentation.

Larry Lammers, Supervising Engineer of Electric & Gas Engineering, gave a presentation on the customer rental and Light Emitting Diode (LED) lighting fixtures. He said starting fiscal year 2109, Fort Pierce Utilities Authority is going to replace all existing customer rental lights with LED. As it exists right now, all customer rental lights are High Intensity Discharge (HID) and these fixtures have a lamp life of about three to five years. There are two main types under that category, one is Metal Halide and it is characterized by crisp white light and the other is High Pressure Sodium, which is the yellowish light from outdoor lights. In contrast, LED lights have about a 20-year life span and they come in a wide range of colors. Mr. Lammers said FPUA is choosing to move forward with LEDs because they are up to 80% more efficient and they have a much longer lifespan, which in turn reduces the labor associated with maintenance. He said additionally LED fixtures are becoming more expensive because they are not as popular as they once were, so the

economy of scale is not there like it used to be. The graph displayed indicates the total ownership cost of each type of fixture. The orange line represents the total ownership cost for LEDs and the blue line represents the total ownership cost for the old style of fixtures or the HIDs. Initially the LED fixtures are a little bit more expensive than the old style of fixtures, but over time because the LEDs use less energy, the slope of the orange line is less pronounced than the slope of the blue line. LEDs are a lot more cost efficient and on top of the fact they use less energy, you will notice right after the 3-year mark the jump on the graph for the blue line indicates the point in time where we have to go visit the fixture to replace the bulb. Over the 10-year life span of the fixture, LEDs are a lot more cost effective than the old types. Mr. Lammers said the next graph represents the projections the Department of Energy had for market share for outdoor light types. He said the green line represents their projection for market share for LEDs and the dash gray line represents the projections for market share for HPS. They developed this graph in 2013 and shown is just after the year 2020, they predicted the LEDs would have just about 100% market share for outdoor lighting fixtures. Now that we are in year 2018, Mr. Lammers said this aggressive projection of how LEDs would take care of the market was probably even not as aggressive as it has actually turned out to be. In addition to being more efficient and requiring less maintenance, LEDs have also improved lighting quality over the old style of light types. On the pictures displayed, on the left hand side is a parking lot that is illuminated with high pressure sodium lamps and then after they changed out all of those fixtures with LEDs that is the result as shown on the right had side. It has a lot better color rendering index, which is a metric that lighting engineers use to describe how well it represents the true colors of objects. It has a lot of hot spots so when your eye is trying to focus in on something, if you see something really bright then you are not going to be able to distinguish other items that are not quite as well lit. With the old style of fixtures they had a lot of really bright spots so you were not able to see other parts of the parking lot as well. With LEDs it has a lot higher uniformity ratio so you are able to see the whole parking lot equally as opposed to just only being able to see the bright spots. Mr. Lammers said the implementation plan currently in place is that all new rental lights are going to be LED and we plan to replace existing fixtures on a 5-year replacement cycle. He said the LED rental light rates, which were approved by the Board and subsequently by the City Commission show the HPS rates are reduced by 20%. The customers are going to see a 20% reduction in their rental light rate costs. The table displayed shows the number of fixtures FPUA currently rent to customers, there are just under 5,000 rental light fixtures in our system now. The projected cost to replace all those fixtures with LED is just under $2 million and if those costs are broken up over five years and we put a 10% contingency because we may experience an increase in cost of materials or replacements may take a little bit longer than we projected, then we have a yearly cost of about $430,000/year to replace all existing lights. The next table indicates revenues and expenditures associated with our lighting program. For FY 2017, we had approximately $1.2 million in revenue and once we account for all the expenses associated with the lighting program, there is a net position change of a little over $500,000. After FPUA replaces all the fixtures, the revenue is going to go down because we are offering better rates to the customers. Because of the decrease in labor and material and energy, FPUA will actually see a net position change that is more beneficial to the Utility Authority than we have been experiencing. Mr. Lammers said in summary, FPUA has lowered rental light rates by 20% and plan to do a 5-year change out. The

impact to our customers and to FPUA is better service to our customers and light quality, and less interruptions to services because the lamps do not fail as often. There will be a lower costs to our customers. It does require capital investment, but overall it will result in a positive financial impact to FPUA.

Mayor Hudson asked if the financial investment is already in the budget.

Mr. Lammers said it is.

Mayor Hudson asked if the lighting is better and would he say it would reduce crime or at least increase a better chance of being able to feel safer.

Mr. Lammers said absolutely. He said the better they will be able to see, the more easier it is to identify what is going on around you and gives you an overall sense of safety because you have more information.

Nina Penick, Director of Financial Services presented the item for gas purchases for resale from Florida Gas Utility. She said she does not have a presentation and there is really not that much to talk about. The Board was provided in their packets a table of FPUA's history as well as what has been projected in the budgets for FY 18 and FY 19. We do have to take into consideration both of those budgets are going to be a little higher than we actually expect or hope to spend in the upcoming year. In the event prices take off as they have in years past, we do need to be able to pay our bills. The first item is our natural gas purchases for resale, budgeted in FY 18 and in the amended as well was $2.1 million and $2,247,450 for FY 19 budget, $0.48/ccf in FY 18 and $0.50/ccf in FY 19. Mrs. Penick said, coincidentally that is the amount included in the base rate for the purchased gas adjustment (PGA). She is always talking the PCA on the electric side, but that just happens to be the amount that is considered in the base rate. Realistically, we expect to have a negative PGA for the most of the year, but we did budget for the $0.50. Staff is asking for approval to allow us to make those purchases of natural gas from Florida Gas Utility of Gainesville, Florida, in an amount not to exceed $2,247,450 for FY 2019.

Mayor Hudson asked if that is the amount in the budget.

Mrs. Penick said that is the amount in the budget.

<u>A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve Natural Gas Purchases for Resale from Florida Gas Utility of Gainesville, Florida, in an amount not to exceed $2,247,450 for FY 2019.</u>

Mrs. Penick presented the item for approval of the electric purchases for resale from Florida Municipal Power Agency. She said FY 18 we have budgeted $48 million and we actually

decreased that budget in FY 19, dropped it to $47 million. These are all just estimates, but we did have some higher prices in FY 18 and we do expect to purchase 580,000 megawatt hours over the course of the year. The $48 million calculates to a unit price of $82.76 for a megawatt hour and in FY 19 that works out to $81.03. As she states every month with regard to the PCA it is $79.52 that is built into the base rate on the electric side. We are estimating a slightly higher cost above what is built in, but historically the prior four years it has not been. We are at a good place now in terms of natural gas prices and therefore the price of electric purchases for resale. FPUA does pay in two different components, the All Requirements Project as well as the St. Lucie Project, which is the nuclear power we purchase from FPL that totals the $47 million for FY 19. Staff is requesting approval for the electric purchases for resale from Florida Municipal Power Agency of Orlando, Florida, in an amount not to exceed $47,000,000 for FY 19.

Mayor Hudson asked if the $48 million is close to what is actual this year.

Mrs. Penick said it will be less than that and we do still expect it will be less. She said we have to have a cushion.

Mayor Hudson asked if we know how much less.

Mrs. Penick said not off hand, but she will make sure that information is available in two weeks at the next Board Meeting.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve Electric Purchases for Resale from Florida Municipal Power Agency of Orlando, Florida, in an amount not to exceed $47,000,000 for FY 2019.

Mr. Tompeck said he would like to add one other comment that the other reason it could go over is if we sell more gas or more electricity.

Mayor Hudson said it could be a good thing.

Mr. Tompeck said he has three quick items tonight. He said an update on the FPL/Vero Beach sale, Florida Industrial Power Users who had intervened in advance of the October 9 through October 10 PSC Hearing has dropped their protest. We really thought they were the critical intervenor in the process so there are still three other active intervenors, civic group and two Vero Beach residents. FPL is now hoping for a November closing if no further appeals come out of the PSC hearings and that would be nice because that is when we will get the $2.4 million for the sale.

Mr. Tompeck said last week he sent the Board Members a draft letter of water/wastewater issues and that letter was sent out final today to the County. He said we are trying to get the County to sit down with us and work out an amendment for the Bulk Water Agreement.

Mr. Tompeck said on the agenda tonight at the City Commission meeting is the replacement for Mike Perri on the FPUA Board. He said applications have been received from Pearl Davis, Jacquelynne Lewis, and Charlie Frank Matthews, so we will see how that goes.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN