MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, DECEMBER 15, 2020, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Charlie Frank Matthews; Vice Chairman Frank H. Fee, IV; Secretary Glynda Cavalcanti; Deputy Secretary; Kristina Gibbons; and Mayor Linda Hudson.

Others present: Mr. Tompeck K. Tompeck, Director of Utilities; Mrs. Mika A. Mika, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; and Bo Hutchinson, Director of Water/Wastewater Systems; Javier Cisneros, Director of Utility Support Services; Joshua P. Gang, Director of Regulatory Affairs; and Rupert N. Koblegard III, FPUA Attorney.

The meeting was called to order by Chairman Charlie Frank Matthews.

Opening Prayer was by Jason Mittler of FPUAnet.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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 December 1, 2020.

A motion was made by Ms. Cavalcanti, seconded by Mrs. Gibbons, and unanimously carried to approve the Consent Agenda.

1. POA 14-46: Approve the single source purchase of Motorola Radios, which includes five years of maintenance, from Electronic Maintenance & Communications, Inc. of Sebring, Florida in an amount not to exceed $139,500.20.

2. POA 15-15: Approve 1) the purchase of Check Point Firewall appliances from Compuquip Technologies, LLC dba Compuquip Cybersecurity, of Doral, Florida, in accordance with GSA Contract No. GS-35F-0511T, in an amount not to exceed $100,285.41, which includes $19,517.56 for the first year of maintenance support, with annual renewal options which allow for price escalations not to exceed 10 percent over the previous year's maintenance charge; and 2) Addendum 1 to the Vendor’s General Service Terms and Conditions.

3. Approve Post Budgeted Project/Budget Request for the HSRC Feeder Relocation south of King Substation in the amount of $150,018.

Ms. Sabota read the following letter of appreciation into the record:

An email was received from Carmen Turull thanking Felicia Davis of Customer Service for helping him transfer his lights to a new unit.

Mr. Tompeck said the first item is an update on electric disconnects and COVID-19 relief efforts and Javier Cisneros will make the presentation.

Mr. Cisneros, Director of Utility Support Services said Good afternoon Mr. Chair and Members of the Board. As Mr. Tompeck mentioned I'm here to provide a December 15, 2020 update on electric disconnects.

I'd like to start off with the efforts that we have made to date. As you may recall most of this is a refresher for the Board, but the numbers have changed and I think that's important for the board to see.

Starting with waved late fees and penalty fees. We waived late fees and penalty fees since March and we will do that through December 31st. To date, we waived $615,499.00 which is a great relief for our customers. We will also be waiving the reconnect fee of $35.00 for any customer that does get disconnected and to get reconnected there is a $35.00 fee. We will also be waiving that through the month of December.

As you may recall, we had a $2.00 per thousand kilowatt adjustment from April through October and that was directly focused on relief related to the COVID pandemic for our customers. I will provide a little bit more detail on the next item.

The FPUA COVID-19 relief fund of $200,000, to date we've approved $151,401 for payment to our customers' accounts and that number is actually a little bit higher as of 2:00pm and I will go into more detail in just a second. Cares Act coordination as you may recall, are individual applicants who made an application to the Cares Act through St. Lucie County received their payment on November 13th. That was the last distribution of individual assistance that relates to residential customers. Those customers will now be eligible for disconnect if they don't make the payments from the Cares Act funding that they received. We will not be disconnecting commercial accounts until after December 31st and we are waiting on confirmation that those applicants (business commercial accounts) have received distribution of the funding through the Cares Act. They have to distribute the money on or before December 31st, because that's a requirement of the Cares Act. As you may recall, the automatic payment we did in August, we're still hovering around the 72% - 74% success rate. What that means is those customers are paying their payment plan which is fantastic. It was a good relief to our customers. At the last Board

Meeting, we were at $1.4 million or just under $1.5 million and the customers have paid, we've reduced that down to $1.3 million.

We've had 122 make a good-faith payment. As you may recall, it's either 25% of your bill for commercial accounts or 25% of your bill up to $100 for residential accounts. Actually, we've received an anonymous donation of $5,000 specifically for senior citizens last week to cover any senior citizen over the age of 65 that was on the cut list. We applied $100 gift payment to those accounts so we were able to help over 50 customers through that anonymous donation. I want to take a quick step back as I missed one of the Cares Act items I wanted to mention. The applicant receives the funding from the county when they get approved to the individual assistance program. They had some different type of funding and the county actually paid FPUA directly. We got notice of this last Friday and we received payment late yesterday. That was an additional 23 accounts for just under $16,000. Of those 23 accounts, 13 accounts actually have a credit because those customers actually made payments in addition to the amount they applied for on the application. Some additional good news.

Saturday hours as you may recall, we opened our drive through and the call center from 8:00 to 12:00. Of the three Saturday's that we've been open we've had 33 customers come to the drive-through for payment, and of those 41 calls we had 10 payments. Not a lot of activity from those three Saturday's. This weekend it will not be available because of some system upgrades we have to perform. Additionally, we're not cutting the week of Christmas so the timing works out really well. Therefore, we don't have to have it open for this weekend. We will not be disconnecting the week of Christmas, so starting Friday we won't disconnect any customers next week. As a recap, we are only doing three days this week and we will go into more detail on the last slide.

FPUA COVID-19 sponsorship is $200,000 that we've dedicated to help our customers. We dedicated $100,000 to Mustard Seed. Of that $100,000 we have 235 vouchers that have been approved for just over $78,000, 21 vouchers pending for just over $7,100. Of the $50,000 we dedicated to ALPI, we have 101 vouchers issued for just over $29,000 in funding, with two vouchers pending for $663.

As you may recall, we ended up taking $50,000 of the $100,000 and used it for the FPUA Hardship Affidavit Program. As of last Friday, we've issued 166 of those affidavits for $43,000. As of today, at 2:00pm, we've exhausted all of the $50,000. So, we've used up all of the $50,000. Really happy to make that announcement today.

This is really what I'd like to spend time with the board just so we can provide some background on where we were on November 17th when the board approved us to resume disconnects. What I'd like to do is focus on the orange column here; December 1st, 2nd, and 3rd. That was our first day of cuts, December 2nd.

On the original list that we derived from the 11-17-20 board meeting, we had 263 customers who were eligible for disconnect in the first week of December. What you see in parenthesis there is the number from a year ago the same week. I know Mrs. Gibbons and Mr. Fee have both asked for that information and we're providing that for you today. Hopefully, it provides some additional clarity on how we're progressing on the disconnects. The next line item is the actual number of cuts we had the first week of December. We had 92 cuts and if you compare that to a year ago, the same week we had 105 cuts. We're less than we were a year ago with the actual number of cuts. If you look at the number of reconnects that we had the same week. We either reconnected the same day or the following day we had 55 out of the 92 customers were reconnected. The difference is 37. At 7 business days we disconnect all of the meters, and at that point we process the account for a write off and we're well past the 7-day mark and moving into the 30-day time frame for notifying the customer. Tentatively, right now we're going to write off 37 accounts for over just over $33,000. So the number is actually higher. It actually removes the deposit on file for those accounts. Before I go to the last row, I would like to go to the green column and review the numbers from the last week. Again, we were originally at 362 cuts as of November 17th. The number from a year ago was 280 eligible cuts. You will see that last week we had actually 74 cuts. A year ago for the same week we're at 142. Less than half or almost a little bit more than half. So far we reconnected 52 and the likelihood the difference will be the write offs and we'll be able to verify that at the next board meeting because we'll have enough time through our processes to go through the write off process. We'll provide additional information for the week of 15, 16 and 17 which is obviously this week. You will notice there's a big gap between the 17th and 29th because we're not disconnecting the week of Christmas.

We'll move to the last row here. I think this is really important. So what does this number (540) mean? It means that we had 540 people who were eligible for cuts. Not at risk of cuts, but eligible for cuts. They paid from November 23rd (the week we started doing door hangers) to the Monday before we started cutting. So, that's 540 customers who paid and cancelled their service order for disconnect. That's a pretty big number. The week of and the following day and through Friday, December 1st through December 4th we had 519 customers who received a notice who paid to cancel their service order.

If you move to the next week, the green column paid before cut. We had 575 customers who paid who had a service order cancelled. The premise here is really not the number of eligible cuts that we really focus on, I think it's really the number of actual cuts and which is pretty indicative of the average that we see on a normal basis. It's less than what we've seen in the past. The last thing I will mention is you'll see that we've received $2.9 million of payments. That's for that first week of December. That's the highest we've received since March. It obviously correlates to resuming of disconnects.

And before I finish up here, I want to mention that I know that everybody has been really stressed. I want to thank the customer service group. They've been through quite a bit of stress.

They've handled it well. I'm proud of the way they handled it. We have a great team and I wanted to mention that to board. Happy to answer any questions you may have.

Mrs. Gibbons asked have you guys had feedback from customers? Have there been any irate customers or anyone upset?

Mr. Cisneros said there have been some calls that customers have been upset. But you know Mr. Tompeck or I haven't received any calls that were extreme of any sort. I don't believe any of the board has to date. So we really haven't received anything that requires immediate attention.

Mr. Tompeck said I think we've got the best outcome possible here. I don't see how we could have had a better outcome than what we have now.

Mr. Matthews said I want to thank you and all the members of the customer service department. One thing I've noticed is that they didn't discuss, holler and scream too much like in the past. We did something right. I have three questions I would like to clear from my understanding.

1. First out how much money is set aside for the Cares Act for our customers? Do you have a figure on that?

Mr. Cisneros said no sir. I'd have to ask the county. I don't know off the top of my head.

2. My second question involving the drive-in. Have we sent out any notices that will say we're now open on Saturday's?

Mr. Cisneros said yes sir we did issue a public release. Then the city distributed that information. We've done that through social media and press releases. They are pretty active with providing that information out to the public.

3. In the word "pending". Is that because they don't have the paperwork or pending because you are trying to see whether they are eligible?

Mr. Cisneros said I think you're referring to the Mustard Seed in ALPI pending? They are going through their application process to verify any information that's on their application. So as soon as they are able to verify whatever is on the list they will move from pending to approved. I'd like to mention something about Mustard Seed and ALPI. When you apply for Mustard Seed and ALPI, you're not just applying for the FPUA COVID sponsorship. When you apply through their program, they're looking at several different programs that the customer may be eligible for. So I still want to encourage our customers that need assistance to go to Mustard Seed and ALPI because; even though there may not be any funding for a specific program, there's funding in other programs that they may be eligible for.

Mr. Matthews asked the amount of money you quoted, $5,000 anonymous gift or whatever, would that go to any senior citizen that has a hardship regardless of the COVID or not?

Mr. Cisneros said if a senior citizen had made a hardship payment or any other assistance they would have come off the cut list. We went to whoever was on the cut list who was a senior citizen at the time of the donation. It's definitely a moving target. You know, someone who can make a small payment comes off the list. I believe it was last Tuesday when it was given to us. Whoever was on the list on Tuesday, that's who we applied it to. We actually had to look at a list of more than 50 because some folks had paid by the time we got the check.

Mayor Hudson asked are these just residential customers?

Mr. Cisneros said yes, just residential.

Mayor Hudson asked for commercial customers, do we have any kind of program for them?

Mr. Cisneros said the programs we have for the commercial customers are the good faith payment program and the Cares Act funding that they could receive. As soon as we get to December 31st and they are able to distribute to whoever is on the list (the list is pretty long) not all folks will be approved for assistance. That way we can be fair to everybody who's applied. As we mentioned, we wanted to wait. Anyone who was on the list we were not going to cut until they were approved or denied.

Mayor Hudson said I guess my question is, have you cut commercial customers?

Mr. Cisneros said no we have not.

Mr. Tompeck said the next item is an update on the October WRF River Discharge. You may remember we previous gave you an overview on this subject, but Mike Martin is here to provide the details and some potential corrective action.

Mike Martin, Water Reclamation Operations Supervisor, said he was here to give a quick briefing about the river discharge we experienced back in October at the wastewater plant. I'm going to go over why it happened, how it happened and what we've done since to try to mitigate that risk. First a little bit of background. The Island Water Reclamation Facility is currently permitted to treat and dispose of up to 10 million gallons a day. Our normal daily flows are anywhere between 4.5 and 5 million gallons. This is just what the population of Ft. Pierce sends us on a normal daily basis. Our deep injection well itself, this is our main disposal method, is permitted for 15 million gallons a day, but our 4,200 horsepower deep injection well pumps can push up to 16.2 million gallons in case of high flow emergencies, tropical storms and so on. So in October of 2020, we received about 13 inches total of rainfall throughout the entire month. Most of that fell on the

first day of October. We got about 7 inches just that day. It caused a huge spike in our flows. We saw flow rates go from 5 million all the way to 17.2 million in a matter of about 36 hours. So a lot of flow in a very short period of time overwhelmed the plant pretty fast. During the height of the storm I saw flow rates up to 20 million gallons which is a number I've not seen in ten years as operator. Because of this rain, the system was surcharged for weeks. We didn't see normal flows well until November. It took a long time for everything to start to drain out.

To give you an idea of some of the pre-storm protocols we do at the plant; first off we drain all nonessential process tanks. We expect these surges and flows to count, so we drain any tanks we do not require for the treatment process to keep them open to fill later on to divert flow and slowdown the actual affluent flow. Also, we go into 24-hour shifts with operations staff, down from 12-hour shifts as normal. We want to make sure someone is there in the middle of the night to respond in case something goes wrong or calls someone in, if needed. The idea behind operations during a storm like this is they keep an eye on the wet well itself. That's the final chamber where all of the treated affluent is pulled from our deep well pumps and goes down into the injection well. Once that wet well level hits 8-8.5 feet we're still well below the discharge but, we know we're losing ground and it's time to start opening those empty tanks. So we open those empty tanks one by one. The idea there is that the entire velocity of the plant flow goes into filling those tanks instead of out the back of the plant. So it basically buys us some time. Each tank fills in about 2-3 hours. The area takes about 3-4 hours. We usually have 2-3 tanks available to us or about 9 to 10 hours of time to make preparations for the next call. If the plant is wide open and all tanks are flowing again, if we're still losing ground, operations usually mixes a batch of what is called sodium bisulfite. This is a chemical that's added to the discharged water only. What that does is strips the residual chlorine out of the treated waste water so that we don't put chlorinated water into the Indian River.

Overflow chambers fill at 9ft. If we continue to lose ground these are basically our final warning that river discharge is imminent and the actual outfall does not begin until the well level I mentioned hits 10.3 ft. So the whole point would be to keep it under that 10.3 threshold. So after 3 days of holding fairly steady there was a little choreography dance of water and level flow. Unfortunately, an additional storm Saturday night pushed us over the edge and we started discharging Sunday morning on October 4th. The discharge lasted about 8 hours and we lost 500,000 gallons that day. The next morning a lighter surge pushed an additional 170,000 gallons into the river. Once again that sodium bisulfite was being pumped the entire time we were taking hourly readings and ensuring a zero residual. These outfall figures are now calculated which is a big upgrade. All prior totals, whenever we had discharges in the past, were always estimated. So now we had a new rear baffle system installed during our last integrity test giving us accurate flow numbers. This will make it much better for regulatory agency reporting and for our public press releases.

Over the next week the plant slowly recovered. The well levels finally caught up on Monday night at 6:30pm, October 5th and we had no more discharges after that point. It's important to note,

that all discharged effluent was fully highly diluted with rainwater and fully treated both biologically and chemically. Disinfected for pathogen removal and then dechlorinated before it went into the river, just to make an extra point to that. So the response was swift. As soon as the discharge began I reached out to the state emergency warning point hotline as is protocol. I started a case with them. I also called the local DEP district office and the St. Lucie Department of Health. We coordinated with pretreatment and set up multiple river site sampling. We picked four locations, point of entry across the river, upstream and downstream site and we sampled those waters daily looking for elevated levels of fecal coliform bacteria and enterococci bacteria. I say elevated because I was informed by a representative of the Department of Health that there are always trace levels of those bacteria's in the Indian River. We just wanted to make sure our discharge didn't add to that problem.

I kept DEP and the St. Lucie Department of Health updated throughout that entire week of our sampling results and flow numbers. We received favorable results from samples and were instructed by the DEP to discontinue sampling after six days. Once again the following week's flows came back to normal. We were able to drain those nonessential process tanks again and keep them empty just in case we experience further surges throughout the month of October. The collection system itself remained sensitive to any rainfall for weeks after the storm only really becoming normal again in late November. Every time we got a storm out west you would see a spike at the plant and it was very touch and go there throughout the entire month.

The following weeks our IWRF mechanics at the plant got to work tuning up the deep injection wells pumps themselves. We figure we could optimize them and squeeze a little more flow out of them. They worked to adjust the impeller heights and clean the pickup screens on those pumps. From before and after our testing we picked up an additional 500,000 gallons of flow which is very notable. We're also considering creative solutions to utilize some decommissioned digester tanks that have been out of service at the plant for 20-plus years. These tanks would provide an additional 900,000 gallons of diversion flow and would kind of be a final silver bullet effort to keep that well level below 10.3 feet. We were actually able to test the temporary pumping set up in advance of Tropical Storm Ada just to make sure we had it ready to go. We got good results from that temporary test and permanent solutions are in the works.

I mentioned October 2020 rainfall total earlier, it's about 13 inches for the entire month. Compare that to 2019 where we only received about 2.5 inches. So 6 times more rain this year is just another example of 2020 being a challenging year to say the least.

The ground infiltration is the main culprit behind the sensitivity of our plant to rainfall due to mostly aging collection system. We still have some infrastructure in parts of Ft. Pierce that are 80-plus years old. Some old clay and iron pipe that are slowly but surely being worked on, repaired and rehabilitated.

Wastewater Engineering and Collection spend a combined $500,000 a year towards this goal. It's an ongoing project and they are making good progress. We anticipate approval of a $3.7 million grant from the Florida Department of Economic Opportunity. This would be used directly toward those infrastructure upgrades as well.

I want to make a quick note that no equipment failures, power losses or mistakes of any kind caused this particular discharge. This was simply an overwhelming amount of flow that overflowed the plants design capacity. As many of you know, we were upgraded last year with the three megawatt generator on site and 20,000 gallons of fuel giving us about 6 to 7 days autonomous run time. This is wonderful because it allows for a viable headquarters for the entire Wastewater Department to work in the recovery phase of a storm. It allows for uninterrupted wastewater treatment and most importantly keep the deep injection well pumps flowing and the effluent going down the well where it belongs instead of into the river. You can actually see in the picture there Mrs. Gibbons in front of the generator just to give you an idea of the scope and scale. It's a massive piece of machinery. Just a reminder it will be moving with us to the new plant whenever that day comes. It's a movable generator which is great. It's important to say this again, all discharge water was highly diluted by rain, fully treated both biologically and chemically and dechlorinated before it went into the river. This was not raw sewage by any means. I want to take a moment to thank the entire Water Reclamation staff both during and after the storm. Everybody worked wonderfully and I really appreciate their efforts.

That's it for my presentation. I will be happy to answer any questions you may have.

Ms. Cavalcanti asked if we had the new plant, would the capacity be so much more that in the event of hurricane, for example, or 14 inches of rain in 24 hours, that it would not be overwhelmed. Because where would the water go on that?

Mr. Martin said that's a good question. That's why they built these things on the river years ago. In the future, I would assume that the design plans could accommodate retention ponds or retention ditches since the area we're talking about has a lot of real estate available to us. That could be an option, but that's a question for strategic plan. I'm not too sure because the collection systems still have infiltration. So I see where you're going with that. We run the risk of going over. We can design the wells to handle more capacity and I think that would be part of the strategic plan for the new plant once the plans are finalized.

Mr. Tompeck said of course the new plant is going to be out at the Treasure Coast Energy Center and there's two deep injection wells there as opposed to one well.

Mayor Hudson said that's important information and asked if DEP does any kind of punitive measures with us for this?

Mr. Martin said in the past, from what I understand, when a storm or act of God causes a situation like this they usually mitigate any consequences or fines. I have not heard anything from DEP since the events regarding that. I'm not sure if Mr. Hutchinson has heard anything from the DEP. I have heard nothing from any representatives regarding a fine or consent order of any kind. We technically did violate our permit by discharging not during the mechanical integrity test. During these types of events, they usually mitigate that because of the sheer nature of it. Lots of other utilities encountered the same problem.

Laurie Pepple, Finance Assistant Controller said this order authorization is regarding bank fees related to electronic payments process for both the utility and MOEC. The initial maximum on this POA was $310,000 annually. It's important to note and to explain when a customer is paying electronically, we don't pass the fees directly to the customer. Each year FPUA has incurred fees within the threshold of this maximum. As we all know 2020 has been far from ordinary. This contract renewal began in February on the 21st of 2020 and it goes through February 20th of 2021. As 2020 and the pandemic have evolved since March, we have seen a steady increase in customers using electronic payments to pay their utility bills. We have two vendors that run through this POA and one of them we've seen a gradual increase, but they have for the past several months been in excess of 50% increase related to this service. We are seeing a significant increase of overall electronic payments being received. With that particular vendor, we have already surpassed last year's total expense which was, as of October 8, months into the contract. With the ongoing impact of the pandemic we're not expecting payments or these trends to change soon. We're requesting the initial maximum of $310,000 to be increased to a combined total of $500,000.

Mayor Hudson said Mr. Chairman, this is due primarily because more people are paying online and electronically, so there's more service being provided.

Mrs. Gibbons asked what are our fees currently at with these? Is it like the fee for this company…..what is the rate per transaction? Do we know all of that?

Mrs. Pepple said we would be happy to prepare you a schedule for that. We have seen substantial increases in the monthly electronic payments that have been received and when you look on an annual basis it is competitive. I would be happy to provide a schedule for you.

Mr. Matthews said we request through connections with the other department to bring us a schedule on that for the next meeting.

Mr. Fee asked so this is a third party vendor that charges the UA for accepting electronic payments and for processing them?

Mrs. Pepple said Paymentech and Invoice Cloud they both run through Chase.

Mr. Fee asked so the customer goes to FPUA to initiate a payment?

Mrs. Pepple said yes.

Mr. Matthews asked so Chase is doing this?

Mrs. Pepple said I believe Paymentech and Invoice Cloud process through Chase, yes.

Mrs. Gibbons said, it's just merchant service.

Mrs. Pepple said absolutely. With the higher volume, it's just in my past experience, anytime you have the higher volume, your rates go down per transaction.

A motion was made by Mayor Hudson, seconded by Mr. Fee, and unanimously carried to approve POA 17-82: Additional funding for Utility and MOEC Electronic Payment Processing interchange fees with Paymentech, LLC of Plano, Texas and Invoice Cloud, Inc. of Braintree, Massachusetts to increase the not-to-exceed amount from $310,000 to $500,000 annually.

Jason Mittler, FPAUnet Communications Manager, said today I will present or talk to you about the first amendment to our unit price contract with Precision Contracting Services.

On January 16th, 2018 the board approved the contract with PCS to extend, repair and maintain FPUA's communication infrastructure which serves both FPUA and FPUAnet and communication customers with a not to exceed amount of $152,000. FPUAnet has significant plans in upgrading and expanding its network over the next two years with three major projects totaling over $1 million per year. These major projects include system expansion, group services and system reliability. Therefore, staff is requesting approval to increase the amount not to exceed from $152,000 to $500,000. Any questions?

A motion was made by Ms. Cavalcanti, seconded by Mrs. Gibbons, and unanimously carried to approve POA 18-12: Amendment No. 1 to the Communications Infrastructure Unit Price Contract with Precision Contracting Services, Inc., of Jupiter, Florida, to increase the not to exceed contract amount by $348,000 from $152,000 to $500,000 annually, contingent on receiving required Certificate(s) of Insurance.

Michele Harris, Finance Assistant Controller, presented the Bill Comparisons for the Month of October 2020. I am presenting to you today the monthly update on the comparison of Florida Municipal Electric Rates published by FMEA (Florida Municipal Electric Rates), and of the Local Treasure Coast utility bills for October.

This first graph shows the comparison of Residential Electric Rates for 1,000 kWh of consumption for the month of October for the 13 municipal utilities, which are all members of the "All-Requirements Project". They are displayed and ranked based upon their base bill amount. Our October rates at $105.84, shown with the yellow bar, ranks FPUA with the 3rd lowest rate in this group.

This graph displays the October comparison, but the same level of consumption but includes all of the municipal utilities in the state.

FPUA's October bill at $105.84 ranks FPUA with the 10th lowest rate in comparison to the other 31 municipal utilities. The blue bar represents the November approved adjustment to the PCA.

Effective October 1st, FPUA increased the PCA $2 and 16 of the other 31 municipal utilities implemented rate changes. The overall impact of these rate adjustments resulted in a small decrease of $0.25 for the ARP average and an increase of $0.24 for the Municipal average.

This graph presents a similar comparison for the consumption of 2,500 kWh. FPUA's October bill, at $267.30, ranks us the 13th lowest rate among this group. FPUA's rates for both 1,000 kWh and 2,500 kWh falls below all three averages (ARP, Municipal and IOU).

This table is the October comparison of the average residential utility bills on the Treasure Coast. FPUAs utility bill for all three services provided, inside city limits, is shown in the first column (blue). All other bills in this table have electric services provided by FP&L and water and wastewater services by the locality's provider. The comparison includes the bills for the average consumption of electric, water and wastewater services for residential customers. These totals include all of the taxes and fees and have been verified by staff to actual or historical bills. The only change to this table since September is the electric for FPUA—which increased due to the PCA.

This item has been presented for your information only and requires no action. However, if you have any questions I would be happy to address them.

Mrs. Mika, Director of Financial Services, I am here today to provide you information about the status of the October power cost adjustment and the updated projections through October of 2021.

FPUA recovers the cost of our purchased power through customer billings. Power costs recovered that are in excess of the $79.52 base power cost are accumulated and are credited back to the customer through the PCA adjustment. A negative PCA appears as a credit on the customer's bill.

The cost to purchase power from FMPA for the month of October was billed to FPUA at the rate of $59.54 for 1,000kWh, this was a decrease of $4.16 as compared to the billing for September. In October, FPUA experienced an over-recovery of power costs from the customer of $559,177 making the cumulative over-recovery as of October 31, just under $3.4 million.

This chart tracks cumulative monthly balance of the PCA over-recovery in relation to the approved Power Cost Adjustment levels back to October of 2018 and projects forward for twelve months.

The PCA is represented by the dark blue line along the bottom, and with the approved increases from October and November, the PCA level is currently -$8. Today's proposal would lower the PCA level by $2, bringing the PCA to a negative $10 effective January 1st.

On the top of this chart, the blue bars represent the actual monthly amount of the over-recovery while the orange bars depict what the over-recovery would be if our projections are correct. These projections have been prepared by Raftelis Financial Consultants, which are based on data forecasts that are prepared by Florida Municipal Power Agency. Since the September forecast, FMPA's estimate of the cost of purchased power for the upcoming 12 months has decreased by 3.0 %.

This graph takes a look at the updated long-range projection of the PCA trending through September 2022. The projected Power Cost Adjustment including the recommended $2 decrease appears to maintain a firm over-recovery safely through the end of this fiscal year. I realize that there may be concerns as we approach the summer months, but with projections maintaining through the end of calendar year, we will have ample room to consider adjustments in the upcoming months.

I have included another graph here looking at a much shorter timeframe, past the summer months, into October. This shows you a comparison of that previous projection with the power costs recovery with the recommended $2 decrease (red) compared to the projection if we were to make no adjustment today. Both scenarios have favorable curves through the summer months even improving into September and October.

Staff will continue to evaluate the monthly updated projections from FMPA and report to the Board. This item provides you with the most updated information and analyses. Based upon these assessments it is the recommendation of staff that the PCA be reduced by $2 effective January 1, 2021.

Ms. Cavalcanti asked, why not keep it where it is where it is right now and then in June put it at negative $4?

Mrs. Mika said if it's the pleasure of the Board we can do $2.00 now or do nothing now, or $1.00.

Ms. Cavalcanti asked when do we feel this the most?

Mr. Tompeck said when Mrs. Mika and I talked about this late last week, it was kind of a toss-up the way we looked at it. We were thinking that we were still in the pandemic situation. So we thought that $2 might help some of our customers over the next several months as opposed to waiting to lower it in the May/June time frame. That's really at the discretion of the board. That's our logic.

Mr. Matthews said normally they get hurt in the summer months anyway for the cash flow.

Mr. Tompeck said yes. They are based on volume, based on usage. They will pay more.

Mr. Fee said he is with Ms. Cavalcanti, leave it flat and then reevaluate in the summer time when the usage goes up. It probably would be more of an impact to the underlying consumer.

Ms. Cavalcanti said if we went up another $500,000 and we got up to $6 million dollars and I know that's outside our range, but then we get plenty of bang for our buck in the summer when people are using 1800 to 2500 kilowatts easily. Just my opinion.

Mrs. Mika said there's not too much difference in what the trend is, but it's whatever the board wishes.

Mr. Matthews said my question probably has to deal with the maker here. When might you think we ought to make this active?

Ms. Cavalcanti said in May. Let's vote for it to go down in June. Usually June, July, August and September are horrible months. If we have a nice big build up and we know we are going to be dropping it into the summer, and yes I realize people use more kilowatts so they are going to eat it up quicker that big overpayment. As far as I'm concerned, in the summer we lower, in the winter we up it starting in October or November when you know air conditioners are going down in use. That's my opinion.

Mr. Tompeck said we're okay with that, if that's how the board would like it. We have no problem in implementing it that way. The only thing, just so you know, once again this is all based on projections. The reason we're here with the $2 decrease after we just raised it a few dollars a few months ago, was because the price of gas which had shot up to over $3 has now backed off down to $2.50 or $2.40.

Ms. Cavalcanti said I realize that, but I can't tell you how many years I've sat in here and heard there's been an extremely cold winter in the northeast; therefore, the price of natural gas has

shot up. Therefore, we have to raise the PCA. When is that May, April or June and so we in Ft. Pierce are ruined for it. So that's my reasoning.

Mr. Matthews said for clarity, I think we need to make the motion specializing where we want to start.

Ms. Cavalcanti said I will make a motion not to approve this.

Mr. Fee said I'll second.

Mr. Matthews said I have a question on it. Are we going to be prepared later to make the motion to activate a starting month?

Ms. Cavalcanti said I think we need to reevaluate that, but with the hope it's in June as the starting month to lower it. That's the point of this.

Mrs. Mika said we'll review each month. You will get new projections in another four weeks.

Mr. Matthews said perhaps the motion needs to be approved or not to approve.

Ms. Cavalcanti said I'm saying yes to not approve.

Mayor Hudson said for clarity we have to evaluate our over recovery every month.

Ms. Cavalcanti said $5 million is where they'd like it to be at the max. What I'm saying is build it up. Spit it out in the summer.

Mayor Hudson said beyond $5 million we need to have a discussion about that.

Mr. Matthews said we need to do it every month. That way we don't have a problem.

Mayor Hudson said for my benefit, because when I became Mayor one of things I said I don't want is to charge the rate payer not $1 more than we have to. I understand the philosophy, I agree with it. I think it's a hard philosophy to market and sell.

Ms. Cavalcanti said talk to me in August.

Mayor Hudson said it's going to be like trust us until June, July and August kind of thing. I just kind of wanted to have that out there. I don't want to have an embarrassment of riches myself.

Mr. Matthews said it's clear.

A motion was made by Mrs. Gibbons, seconded by Mr. Fee, and unanimously carried to not approve a decrease to the Power Cost Adjustment of $2 per 1,000kWh, from -$8 to -$10 per 1,000kWh, effective January 1, 2021.

Ms. Mika presented the Rate Resolutions. I am presenting, for your approval, rate adjustments for Water, Wastewater, and Natural Gas. The adjustment resolutions that are being recommended today are based upon the Florida Public Service Commission's Index which is FPUA's adopted annual index provision. The index rate published for 2020 is 1.79%. We are recommending this implementation effective January 1, 2021.

Mr. Matthews said we will discuss the bullet and then we'll come back to public.

Mr. Tompeck said if it pleasures the board Ms. Mika has more information to give before you open the public hearing.

Ms. Mika said we followed all the proper guidelines set by Florida Statute in notifying customers of these resolutions and today's public hearing. We have addressed all required and several additional means of notification. In November, this notice of public hearing was included as a bill insert on every bill mailed to customers. Customers that don't receive a bill in the mail will go online to make their payment and see the notice when they address their November bill. This was also posted on FPUA web site. On Saturday, November 28th a display ad was placed in the St. Lucie Tribune. On Sunday, November 29th an ad was placed in the legal section of the Tribune. We announced the notice on Facebook, all leading up to today's hearing.

FPUA has evaluated rates through all systems through the rate study with the purpose of making each system self-sufficient. The focus of the studies was on customer sales and revenues that were sufficient to cover the operating expense; debt service, payments, the distribution to the city and the capital needs. The revenue sufficiency analysis implemented with the fiscal year 2021 budget year identified that water and natural gas systems were not sustainably operating. Revenue projections were based upon prior years' experience with no significant assumed growth in the current budget year. The major sufficiency analysis focuses on the base rate and its ability to cover the major annual expenditures for each system. Last year in fiscal year 2020 similar resolutions were implemented for water and for natural gas at an index rate of 2.36%. The board picture of the rate sufficiency analysis was that current rates were estimated to fund only 40% of the rate funded capital that was budgeted for fiscal year 2021.

The five-year capital improvement plan is just over $87 million, with about 78% or $68 million expected to be funded from rates over that five-year period. That amounts to an average of $13.6 million in rate funded projects per year for the five years. The funds for these pay as you go projects, come from rates or they reduce our unrestricted cash. Those proposed projections include the 40% funding for those capital projects in the CIP. Also included in the CIP are future

debt funded expansion projects for AMI, which touches on the electric and water systems for $3.2 million, and some of the waste/wastewater customer base expansion projects for $3.6 million.

This chart of the five-year CIP, the Capital Improvement Plan, shows the projected funding for the capital plan by system. It is expected that over the next five years electric revenues will need to fund $22.8 million of the capital. Water will need $17.5 million. This is all rate funded. Wastewater will need $14.3 million. FPUAnet will need $7 million and natural gas rate funded will be $4.4 million in the current capital plan, the CIP. Based upon the updated rate sufficiency analysis the existing rates are not adequate to meet the total budget of revenue requirements for the system. This analysis was prepared by Raftelis Financial Consultants. It evaluates the system's ability to meet projected operating and capital needs limiting the fiscal year 2021 increases for water and natural gas to 1.79% the PSC index.

In addition, to rate the adjustments that are deemed necessary for water and gas systems is an index adjustment for wastewater. You don't see an adjustment here on wastewater, but I will give you a little bit of history.

Back in fiscal years 2011, 2013 and 2014 we did some restructuring of our rates to keep the bills in balance. This involved reducing electric rates and incrementing water, wastewater and gas so the bill wasn't affected, each system would balance their revenues. Since then our wastewater system has been able to cover the required operating expenditures.

Why then would we consider an increase for wastewater rate? After contemplating the strategic plan for the MWRF and the financial needs, management decided to include the Wastewater System in the FY 2021 rate adjustments. The future impact of the MWRF and the increased rates that will be required to carry the costs associated with the relocation of the IWRF simply cannot be done in one, two or even three steps. These costs need to be implemented gradually. So at this time the index for wastewater is being recommended to allow the adjustments to be phased in over time.

This model also addresses the need to maintain our days of cash and remain in compliance with our bond covenants and GFOA recommended best practices.

Water/Wastewater Rate Comparison - This chart is a comparison of the current 2020 water and wastewater rates for FPUA and our neighboring utilities. FPUA, even with the proposed increases for water and wastewater, are in the median range for rates. The data was extracted from the "2020 Florida Water and Wastewater Rate Survey" which was conducted by Raftelis Financial Consultants. The survey included 5 Water Management Districts throughout the State of Florida and over 200 water/wastewater utilities. We just took a look at the ones in our proximity. It's still in the median with our rates even with this increase proposed today.

Why do we need to increases rates? FPUA needs to maintain the integrity of our operating systems and the high quality and reliable services that we provide to our customers through our renewals and replacements in our infrastructure. We need to keep up with inflation. The cost of materials is constantly on the rise. If costs are going up and revenues do not change our cash reserves will diminish. We need to expand our services where we can. Build where we can so that we can expand our customer base to generate more revenues. FPUA must also maintain adequate cash reserves to cover our operating and capital needs in compliance with the City Charter and our Bond resolutions in order to maintain a sustainable utility system.

How much will a typical bill be? The typical bill for a customer that has all of our services will increase by $2.14, including the applicable utility and gross receipts taxes.

- With no change to Electric, $0.0
- Water and Wastewater combined increase, $1.63
- Gas, $0.51

That's using 6,000 gallons of water and 13ccf's of gas. So the total impact on the average bill will be $2.14.

FPUA's rates are not sufficient to meet the current financial needs of the specific utility systems. We are asking the Board to consider the individual adoption of the proposed rate increases, which are based upon the 2020 PSC index of 1.79%, with an effective date of January 1, 2021

We will continue to be fiscally responsible for the Utility system operations and conduct a review our utility rates annually. Do you have any questions or concerns?

Mayor Hudson said I have a question. It's my understanding that neighboring cities like Port St. Lucie increase their rates every year automatically.

Mr. Tompeck said that's correct. In most cases that's more than the index and we are talking here about 3 or 4%.

Mayor Hudson said so it's Port St. Lucie, I don't know if Stuart or Vero or whatever. They do it almost as an automatic. That's my understanding. So our debt ratio is pretty good though right, pretty healthy.

Mrs. Mika said yes, 2.75 and I think we have our information on our days of cash.

Mayor Hudson said that's for all utilities with that; correct? The debt ratio? That's everything? Its water, wastewater.

Mrs. Mika said yes, it's everything.

Mr. Matthews asked if there are any more board concerns? At this time we will move to the public. We declare this public hearing on these items of rate increase any member of the public have any concerns come forward. If not we're going to close the public hearing. Now we will take each one of the items a, b and c motion to approve resolution.

Jill Sabota, Executive Assistant to the Director of Utilities, read the title of Resolution No. UA 2020-10 into the record as follows: "Resolution No. UA 2020-10, a Resolution amending, superseding, and rescinding the schedule of rates and charges for water services furnished by Fort Pierce Utilities Authority, Fort Pierce, Florida, in Resolution No. U.A. 2019-03, in accordance with the charter of the City of Fort Pierce, Florida, Article XII; providing for a 1.79% increase in the customer and volume charges; and providing for an effective date hereof.

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to adopt Resolution No. UA 2020-10, which provides for a 1.79% increase in Water customer and volume charges. These rate changes will become effective January 1, 2021.

Jill Sabota, Executive Assistant to the Director of Utilities, read the title of Resolution No. UA 2020-11 into the record as follows: "Resolution No. UA 2020-11, a Resolution amending, superseding, and rescinding the schedule of rates and charges for wastewater services furnished by Fort Pierce Utilities Authority, Fort Pierce, Florida, in Resolution No. U.A. 2018-08, in accordance with the charter of the City of Fort Pierce, Florida, Article XII; providing for a 1.79% increase in the customer and usage charges; and providing for an effective date hereof.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to adopt Resolution No. UA 2020-11, which provides for a 1.79% increase in Wastewater customer and usage charges. These rate changes will become effective January 1, 2021.

Jill Sabota, Executive Assistant to the Director of Utilities, read the title of Resolution No. UA 2020-12 into the record as follows: "Resolution No. UA 2020-12, a Resolution amending, superseding, and rescinding the schedule of rates and charges for natural gas services furnished by Fort Pierce Utilities Authority, Fort Pierce, Florida, in Resolution No. U.A. 2019-04, in accordance with the charter of the City of Fort Pierce, Florida, Article XII; providing for a 1.79% increase in the customer and commodity charges based on the 2020 Florida Public Service Commission Annual Price Index, and providing for an effective date hereof.

A motion was made by Mrs. Gibbons, seconded by Mr. Fee, and unanimously carried to adopt Resolution No. UA 2020-12, which provides for a 1.79% increase in Natural Gas customer and commodity charges. These rate changes will become effective January 1, 2021.

Mr. Tompeck said he has a couple of items - the presentation on debt refinancing which was originally scheduled for today will be given at the 1/5/21 Board Meeting. We weren't able to get the bond counsel and financial advisor freed up until then.

Staff is finalizing the presentation for the joint City/FPUA Board/County meeting on January 7th on the WRF relocation. The purpose of this meeting will be to review the steps at FPUA and the County has taken to relocate the WRF and to get consensus on the path forward. It's a very important meeting. We're in the process of finalizing that presentation and what I plan on doing is to get with each of the board members individually and give you some background so you will have a little bit of preparation prior to the January 7th meeting. I'm also meeting with the city commissioners as well just to give them some background so they understand what's going to happen at the meeting.

Last item today is its Florinda's last meeting as she's retiring in a couple of weeks. I want to take this opportunity to thank her for her 16+ years of dedicated service to FPUA and the FPUA Board. She will be missed.

In the audience today is Jill Sabota, actually she's next to Florinda. She's going to take Florinda's place. She started yesterday and we're hopeful she won't leave this meeting screaming in terror.

That's all I have, Mr. Chairman.

Ms. Cavalcanti said congratulations to Florinda and also to Jill Sabota.

Mayor Hudson said I would like to wish you well Florinda and have a nice retirement. Don't worry about a thing here.

Mr. Matthews said I have two concerns. I made my notes so I wouldn't forget. Have you been able to try to look at working on the schedule for the essentials and the front line workers for taking the vaccination? Have you given that any thought?

Mr. Tompeck said actually I haven't. It's probably something we need to consider. I'm not sure, I don't think anyone is quite sure how the vaccine will be distributed and when it will be available. You know we're also trying to think about when and if we want to reopen the customer lobby. We're looking at a couple of options there which would be more contactless in the future. Once we get some information on the vaccine we'll certainly put together the plans for that.

Mr. Matthews said the next one, it's a question or concern. Prepare two or three-minute update on the north 17th Street project.

Mr. Tompeck said yes sure.

Mr. Matthews asked could you tell the board what time January's meeting is?

Mr. Tompeck said I think it's the second meeting January. I think it's the 19th. That meeting has to start an hour earlier because the City Commission is after us because they are postponed from Martin Luther King Day, I think it is. We have the same situation the second meeting in February for Presidents' Day. That meeting will start at 3:00. You will see that it will be on the agenda. The second meeting in January and February both start at 3:00.

There being no further business, the meeting was adjourned.

ATTEST:

SECRETARY

CHAIRMAN