MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, FEBRUARY 16TH, 2021, 2:00 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: John K. Tompeck, Director of Utilities; Barbara A. Mika, Director of Financial Services; Paul A. Jakubczak, Director of Electric & Gas Systems; Bo Hutchinson, Director of Water/Wastewater Systems; Javier Cisneros, Director of Utility Support Services; Joshua P. Gang, Director of Regulatory Affairs, Rupert N. Koblegard, III, FPUA Attorney.

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

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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Mr. Matthews said Madam Secretary would you tell us what's next for the agenda.

Ms. Sabota said Barbara Mika to present the Government Finance Officer Association's Certificate of Achievement for Excellence in Financial Reporting Award.

Ms. Mika said the GFOA recognizes governments that have gone beyond the minimum requirements of generally accepted accounting principles. FPUA's CAFR has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating the "spirit of transparency and full disclosure" which clearly communicates its financial results and motivates potential user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. Attaining this award represents a significant accomplishment by a government and its management. I would like to acknowledge the accounting staff as well as management for their efforts and contributions to the compilation of this document.

FPUA is one of almost 300 Florida governmental agencies to receive this award for their 2019 CAFR. We have received this award every year since 1995, which makes this our 25th consecutive year for this recognition.

Mr. Matthews said on behalf of the Board we thank you and our staff and at this time and give you a hand.

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

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A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve the Minutes of the Regular Meeting of February 2, 2021.

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Mr. Matthews said the next item on the agenda we call on the public hearing. If there is any member who wishes to speak you have three minutes to come up to be recognized for those three minutes. As I see there are none, the public hearing is closed.

Mr. Matthews said the next item the Chair recognizes the Consent Agenda approval.

Mayor Hudson said Mr. Chairman I have a question about #2. The grant writer, the contract is going to stay the same for $251,000 on an annual basis and then it's going to be billable hours, whose going to monitor and control those and let us know when it's happening over and above.

Mr. Tompeck said Bo Hutchinson's responsible.

Mayor Hudson said so will we know at some point when it's going to be significant?

Mr. Tompeck said yes.

Mayor Hudson said what would you consider significant?

Mr. Tompeck said it depends on level of success.

Mayor Hudson said why she's done a great job for you.

Mr. Tompeck said I'm not sure, but do you have a hard number Bo that you think would be appropriate?

Mr. Hutchinson said the majority of those fees are if the grant is actually awarded and it will be based on the amount of the grant.

Mayor Hudson said so the billable hours don't go into play until she's working on a specific grant?

Mr. Hutchinson said that is correct. The item that got us this the last time around is the way the contract was structured. It was basically set up as a lump sum per particular item. When we get in there and she starts having to modify the grant for different agencies it became a lot more time consuming.

Mayor Hudson said there was a lot more work than she anticipated. The payoff was pretty good!

Mr. Hutchinson said absolutely.

Mayor Hudson said I just want to make sure somebody's monitoring that.

Mr. Hutchinson said absolutely, yes ma'am.

Mayor Hudson said thank you.

Mr. Matthews said, Bo I have a question. Are they giving her a space for her to work here somewhere on the island?

Mr. Hutchinson said she works at her own office. She travels here for meetings on occasion. Not so many lately though. She's also been here for our meetings with the DEP, and some of our field trips to explain the process to them so that they know what their money is going for. It's been very helpful.

Mr. Matthews said ok thank you.

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

1. POA 21-30: Approve the Contract with Parkson Corporation, of Fort Lauderdale, Florida, for the IWRF Barscreen Filter Rebuild, in an amount not to exceed $86,423.00. This Contract will commence upon written Notice to Proceed and end upon final completion of the work and acceptance by FPUA, contingent on receiving required Certificate(s) of Insurance.
2. POA 19-66: Approve Amendment No. 1 to the Grant Writing and Administration Services Contract with Cape Canaveral Scientific Inc. (CCSI), of Melbourne Beach, Florida, to expand the scope of work to include additional services that are provided by CCSI.

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

I have an email from Matt Hines saying "he had an excellent experience today (1-26 21) with your customer service representative, Wendy, with my new utilities account. She was very thorough, courteous and professional and I was very impressed. Thank you Wendy for going over and beyond. It's greatly appreciated. Thanks in advance. Best Regards, Matt Hines."

Secondly, the United States Census 2021 thanks Fort Pierce Utilities as an invaluable member of the 2020 Census Community Partnership and Engagement Program. We appreciate the efforts

you made in making the Partnership Program a success and helping achieve a successful 2020 Census.

Lastly, it's a letter from Mustard Seed Ministries. To Jann Widmayer "On behalf of the staff of Mustard Seed Ministries thank you for your faithful monthly support of this organization. Especially now during the Covid-19 outbreak, your donation is helping us continue to serve those in crisis in St. Lucie County. It may be assistance with food, medication, clothing, rent, mortgage, furniture, utilities or another one of our 17 services.

Please know that your consistent donations make it possible for St. Lucie County families to sustain as well as persist in finding ways to improve their living situations. It's amazing to think that we served 62,349 people in 2019 -- and that number has grown tremendously this year. It should make you feel good that you have contributed to the well-being of others in our community. We very much appreciate your loyalty and commitment. Over the years, you have become a major supporter of Mustard Seed.

We couldn't do what we do without your ongoing support of our donors, it's a group effort that benefits those in need. Stay in touch by visiting our website, through e-mails, social media or regular correspondence. Feel free to call. Please use this document as a tax receipt. Sincerely Greg Smith Executive Director Mustard Seed Ministries."
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Mr. Matthews said the Chair and the Board does not recognize any old business at this time. For new business Mr. Tompeck can you please bring us on?

Mr. Tompeck said the first item this afternoon is a request for approval for a Unit Price Contract for electric overhead transmission services. Eric Meyer will make the presentation.

Mr. Meyer's said thank you Mr. Tompeck, Chairman Matthews and members of the board. FPUA is required to perform inspections on our electric power poles for structural integrity as regulated by the Public Service Commission, but also internally to ensure the resiliency of our electric power grid for our customers. Staff has assessed that more than 100 in-service power poles owned by FPUA are in need of immediate replacement and in addition to replacements being performed by FPUA in-house crews, contract help is needed in order to accelerate the progress of these pole replacements to ensure storm hardening deadlines are met. In the past, these pole replacements were sent out to bid for a contractor to complete on a lump sum basis. Staff is recommending the approval of piggybacking JEA's unit price contract with SPE Utility Contractors FD, LLC in order to supplement our pole replacement program. This unit price contract will allow FPUA to utilize contract crews for additional poles being identified on a continuous basis for replacement, and FPUA will also be able to utilize crews under this unit price contract for additional overhead tasks like secondary wire replacement and if necessary, be utilized for emergency situations such as storm restoration. I will be happy to take any questions you may have.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve POA 21-16: Approve the piggybacking of JEA Invitation for Bid No. JCS-069-19 and Contract with SPE Utility Contractors FD, L.L.C., of Port Huron, Michigan, for Electrical Overhead Distribution/Transmission Unit Price Contract in an amount not to exceed $700,000 annually. The initial term of the contract will be from February 17, 2021 to January 31, 2022, with four one-year renewal options, contingent on receiving the required Certificates of Insurance.

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Mr. Tompeck said the next item requests approval of two post budgeted project requests and two FDOT utilities work agreements for the Florida Turnpike bridge, Glades Rd. improvement project. Eric Meyer will also make that presentation.

Mr. Meyer said thank you Mr. Tompeck, Chairman Matthews and members of the board. FPUA's existing 8-inch gas main and 6-inch force main in the area of the proposed Florida Turnpike bridge construction over Glades Cutoff Rd. is in direct conflict with the planned FDOT improvements and must be relocated to allow for the construction of the new bridge pier protection wall among other improvements. Both the 8-inch gas main and 6-inch force main are located in the Florida East Coast Railway right-of-way as opposed to the FDOT's right-of-way and therefore, are eligible for reimbursement by the FDOT because of their request to relocate them. FPUA is required to sign an FDOT Utility Work Agreement to receive this reimbursement. The estimated cost to relocate the 8-inch gas main and 6-inch force main is $200,463.90 and $67,706.15, respectively. FDOT agrees with the amounts and the terms of compensation are described in the provided Utility Work Agreements. FPUA staff was not informed of this during the creation of budgets for fiscal year 2021, therefore two new Post Budgeted Projects are needed between the Gas and Water/Wastewater Engineering Departments to complete the work. FPUA will be utilizing contingency funds for the 8-inch gas main relocation, and the 6-inch force main will be funded through developer contribution in aid. Staff is looking to start both projects in the month of March well in advance of the FDOT contractor mobilizing in June. Staff is recommending the approval of both Post Budgeted Projects and budget transfers along with the FDOT Utility Work Agreements. I will be happy to answer any questions you may have.

Mrs. Gibbons said I have a question. I was reading through this and one of the things that struck me was the repayment when is that supposed to happen?

Mr. Meyer said I believe it probably will be when the work is going to be started. I don't have the exact details on that. I can get that information for you.

Mrs. Gibbons said okay. I was worried like the end of completion of the project in 2026. Kind of silly if we put it out there and had to wait that long without trying to get any interest or anything back on it.

Mr. Meyer said absolutely I will get that information for you.

Mr. Matthews said is this the first time you had a situation like this?

Mr. Meyer said in my career here, yes sir this is the first time I've encountered this type of project.

Mr. Tompeck said it's not unusual overall. We've had these kinds of projects before. This isn't the first. I know you're relatively new, but we've had other FDOT projects where we've been reimbursed for the cost.

Mr. Matthews said I'm trying to piggyback on Mrs. Gibbons how long it would take to get finance reimbursed.

Mr. Tompeck said once we have done our work they will come down and do the inspections. Once they consider it complete they will pay us.

Mayor Hudson said Mr. Chairman, there's no reimbursement as you go along. It's reimbursed at the end of the process.

Mr. Tompeck said I believe so yes.

Mrs. Gibbons said just to make sure, that sounds like it will be June?

Mr. Meyer said yes ma'am.

Mayor Hudson said we have to trust they will be here.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve the Post Budgeted Project and Budget Transfer Request in the amount of $200,000, and (b) the associated Florida Department of Transportation (FDOT) Utility Work Agreement to relocate FPUA's 8" gas main, and (2)(a) the Post Budgeted Project and Budget Transfer Request in the amount of $68,000, and (b) the associated FDOT Utility Work Agreement to relocate FPUA's 6" force main, for the Florida Turnpike Bridge/Glades Cutoff Road Improvements project.

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Mr. Tompeck said the next item is a follow up to Mr. Meyer's items that we request approval of the contract amendment for our unit price gas contractor to do this work. Fred Gaddis will make the presentation.

Mr. Gaddis said thank you Mr. Tompeck, Chairman, and members of the board. I am here tonight to ask you for an amendment #2 to our gas unit price contract with Primoris Distribution Services, Inc. The contract was amended to $550,000 at the February 2nd board meeting, we will need an additional $200,000 which will bring their contract total up to $750,000. This increase is for Glades Cut-Off and the Turnpike. Our gas main is currently in an FEC easement, and the state

wants to do bridge improvements to the Turnpike. They need us to relocate our 8" steel gas line to the north out of the FEC easement. The state will be reimbursing us for the relocation because we are in the FEC easement. Staff recommends approval of this contract amendment #2 with Primoris Distribution Service, Inc. of Dade City, Florida from $550.000 to $750.000 to cover the additional cost associated with this project. If you have any questions, I would be happy to answer them for you.

Mr. Matthews said board members any questions?

Mrs. Gibbons said yes I have the same question. When is this supposed to be completed?

Mr. Gaddis said it will take our contractor approximately three weeks from start to finish. We will be going in after the sewer is done with their work.

Mrs. Gibbons said okay. So we're looking at April?

Mr. Gaddis said April, beginning of May.

Mrs. Gibbons said so we're probably getting paid back in the same cycle as to when it's completed

Mr. Gaddis said it's my understanding when you are dealing with DOT is that once we're complete they will be reimbursing us.

Mrs. Gibbons said okay.

A motion was made by Mrs. Gibbons, seconded by Ms. Cavalcanti, and unanimously carried to approve the POA 18-51: Approve Amendment No. 2 to the Gas Operations Unit Price Contract for the Installation of Gas Underground Utilities with Primoris Distribution Services, Inc. of Dade City, Florida, to increase the not-to-exceed contract amount by $200,000, from $550,000 to $750,000 annually, contingent upon receipt of the required Certificates of Insurance.

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Mr. Tompeck said the next item are the bill comparisons for the month of December 2020. Michelle Harris will make the presentation.

Ms. Harris said thank you Mr. Tompeck, Chairman and board members. I'm presenting to you today the monthly update on the comparisons of Florida municipal electric rates published by FMEA and other local Treasure Coast utility bills for December.

This first graph shows the comparison of residential electric rates for 1,000 kilowatt hours of consumption for the 13 municipal utilities which are members of the all requirements project. They are displayed and ranked based upon their base bill amount. Our December rates at $108.84

shown with the yellow bar, brings FPUA with the sixth lowest in this group. This graph displays the comparison for the same level of consumption for 1,000 kilowatt hours, but includes all the municipal utilities in the state. FPUA's bill at $108.84 ranks FPUA in the middle when compared to the other 31 municipal utilities.

In December while FPUA maintained our rates for another month, 11 of the 31 municipal utilities implemented rate changes. The overall impact of these rate adjustments resulted in a decrease of a $1.08 for the ARP average and a decrease of $0.79 cents for the municipal average.

FPUA's rates for 1,000 kilowatt hours falls below all three averages (ARP, municipal, IOU). This graph presents a similar comparison, but for 2500 kilowatt hours of consumption. FPUA's bill at $274.80 puts us in the middle of this group as well. Our rates for 2500 kilowatt hours fall below the ARP and the IOU average but just slightly above the municipal average.

This table displayed as the December comparison of the average residential utility bills on the Treasure Coast. FPUA's utility bill for all three services provided inside city limits is shown in the first column in blue. All other bills in this table have electric services shown by FP&L and water/wastewater services by the localities provider. The comparison includes the bills for the average consumption of electric, water and wastewater services. These totals include all taxes and fees and have been verified by staff to actual historical bills. There's been no changes to any bills since the November comparison was presented.

This next table was at the request of Ms. Cavalcanti at the last board meeting. This comparison of the residential utility bills, but using 750 kilowatt hours of consumption just for electric. FPUA's residential rates are tiered where the rates are developed whether you're under 750 kilowatt hours of consumption or over and FPL is 1,000 kilowatt. Our average residential consumption for December was about 750 kilowatt hours.

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

Mr. Matthews said board members, do you have in questions on this item? Okay. Thank you ma'am.

Mr. Tompeck said Mr. Chairman the next item is a presentation on the plan for relocating the water reclamation facility off the island to the mainland. I'm sure you know most of the players, but let me introduce our presenters today. With us is Howard Tipton the St. Lucie County Administrator, Mark Satterlee the Deputy County Administrator, George Landry is Director of Public Utilities and our own Bo Hutchinson our Director of Water/Wastewater Systems.

I think we will start with some general remarks from Howard about the timing and the opportunity we have in front of us.

Mr. Tipton said thank you and good afternoon. Mr. Chair and members of the board, Mayor Hudson. It's nice to be out and actually see people. It's also nice to not be talking about vaccines or the virus or anything else. We're talking about the future here. Before I get started I just want to thank John and Bo. I wanted to thank George and Mark and our consultants. It's a team effort and this team is bringing to you today a vision of what can be. It's not guaranteed by any stretch of the imagination. This is a first of many steps in the process, but I think it's a vision that's worth consideration and certainly worth the time that we have today. So, I thank you for this chance to share this with you.

So to that point, what we are discussing today is about an opportunity to collaborate that comes along once in a couple of generations because when you talk about utility plants, they are things that you build for decades and decades. So when we see an opportunity to come together, it's not something that happens often, but perhaps once in a couple of generations. The county utilities district, which is led by Mr. Landry, needs to consolidate our smaller plants on the mainland into one modern wastewater treatment plant. We've been developing plans for a site on Taylor Dairy Road immediately west of the airport. We've got the resources necessary to move it forward. If we move forward with that we will be there for decades to come. But, what if rather than build a separate plant the district and the UA come together to build a plant and that's why this first slide talks about the timing of this idea. It's not a new idea to move the existing UA plant off South Hutchinson. It's been discussed for decades as I understand it.

It's the first thing I notice when I first visited this community seven years ago. There's an opportunity. What's different is the idea of collaborating to build a joint plant and in doing so creating the scale and the economics that make this an attractive proposition for our governing board's consideration. So when we talk about timing, we know that we have a plant on the Indian River lagoon and that's not ideal. We know that weather patterns are shifting and there's more frequent and intense storms. Waters are rising and we have to look to the Keys and Miami to see what the future holds regarding blue sky flooding. Category five hurricane Dorian is a cautionary tale for Florida. If it had not paused over the northern Bahamas, but rather over the Treasure Coast as it was forecasted to do the devastation would have been complete including this wastewater infrastructure.

If a partnership could be achieved, it would need to check a number of important boxes and I believe the proposal before you does that. A joint plant needs to be able to be expanded to meet future growth needs. It needs to be a better business decision than either the UA or the district going its own way. Is the district the partner that the UA has been waiting for? So that the impacts to rate payers are reasonable and our discussions with staff, I believe that it might be. If one plant can meet the needs of both utilities, we eliminate the duplication of multiple facilities and deep injection wells. Looking at both capacity and operational costs, a new modern plant with the latest technology offers the chance for the best service at the lowest cost. As we look for grants to help reduce the cost of a joint project, in a governmental collaboration, checks important boxes for the granting agencies and our legislative delegation partners.

Lastly, we know that with each passing year the cost of building a new infrastructure only gets more expensive. The old adage that time is money is true when applied to this type of infrastructure. We all should have interest in the redevelopment of this site to a more fitting potential for its waterfront location. All of that can happen if this plant is relocated. At some point, whether there's a partnership with the district or not, UA will relocate the plant. We understand that. It seems to the professional staff involved on both sides, that if a joint prospect is possible, and it meets the economic and operational needs of both entities, that collaboration could lead to more grant funding. It helps protect the Indian River lagoon and leads to the redevelopment of strategic waterfront property. As a project it should receive our highest levels of consideration.

Today is about timing and exploring whether or not we should come together now. It's a once in every two generation opportunity and the question for this governing board and our governing boards is an idea that the time has finally come. From my background, because many of you don't know me, I had the pleasure of operating some very large utilities. In Orange County, where I was deputy county administrator, I had roughly 80mgd operations underneath me. In Brevard County, where I was the manager, we had 30mgd operation. I come with a large utility background. I've been involved with expansions before. This collaboration is a unique opportunity. So I thank you for allowing me to kick this off and I'm going to turn it over back to John and I will step out of the way.

Mr. Tompeck said thank you Howard. I want to echo Howard's comments on the opportunity in front of us. He talked about the environmental issues. You know I don't like to get to a point where I have to explain to the Board why we are discharging water into the lagoon. Even if it's clean water, I don't want to be discussing that in the future. We also have a terrific opportunity in terms of financing. I think we all recognize that the rates are at historic lows and this would be a good time to work on this project and start to finance it. I mean for those of you who have been around for many years, we can all remember when the county and FPUA routinely argued about service territories, water rates and impact fees. Those problems came to a head back in 2004 when the original interlocal agreement was signed. That approval identified service boundaries, water/wastewater rates and impact fees.

Even back in 2004, the original interlocal contained language requiring the parties to plan and construct a future mainland wastewater plant as partners based on sharing the cost on an allocated capacity basis. You will hear more about that in the next few minutes. After a lot of years and continued evolution of the original 2004 interlocal, county and FPUA staff started constructive meetings in 2018 and 2019 which ultimately led to an amended interlocal on April 2019.

The main areas of change were tariffs and the methods of calculating capital improvement charges. In addition to the changes, we agreed on a joint study on where to relocate the island WRF. The county and FPUA jointly funded the study which was recently completed and

recommended the site adjacent to the Treasure Coast Energy Center off of Selvitz Road. One of the positive outcomes from the revised interlocal and the completion of the study was a level of cooperation between the county and FPUA staff. The meetings were positive, productive, no animosity, and no hostility. The group was their looking for solutions. We want to capture this cooperation moving forward.

Our goals today I think are relatively simple. We want to educate you and update you on the proposed plan. We have already discussed a little bit why the timing is right to move ahead. We will talk briefly about the economic opportunity for the reutilization of the causeway. You're also going to hear the details on the cost of the new plant and the way we think it can be funded. The last topic will be the governance of the new plant and the creation of an entity to manage the new facility. Our hope for outcome of this meeting is a general consensus from the board that you feel we are heading in the right direction. We recognize we're throwing a lot of information your way this afternoon and some of the topics are fairly complex. We know you would like to hear more details and we will be scheduling workshops as we move through the process.

It should be noted, that specific areas of the plan such as rates and governance will require ongoing approval from the board. One other quick note, we recognize there are other concerns associated with relocating the plant. Those concerns need to be addressed, however, I would like to concentrate on the plan today and limit the discussion and questions to the actual presentation. We know there's other issues that are going to come up associated with moving the plant. We want to talk about moving the plant today, not some of those associated issues. They will get resolved in the future I'm sure.

With that brief introduction, I would like to go ahead and have Mark Satterlee move on to the next section on the reutilization of the Causeway area.

Mr. Satterlee said good afternoon Mr. Chairman, members of the FPUA board, it's a pleasure to be here today Madam Mayor.

As Howard said and John have said, Bo and George have really struck a good partnership. They work well together. I've worked for St. Lucie County going on 15 years. I've known Bo from Nature's Way gym and so it's nice to get a chance to work with him. So I think you know, as I worked for the county, we've been talking about the opportunity that exists out on South Hutchinson Island and every discussion, every visioning session, always began and ended with the wastewater plant being moved. So I think that each one of those visioning sessions have always envisioned a mixed use of development of public access to the water, a hotel, retail, more boating, and lots of residential. That's really as far as it has got. It's always been just a vision. In addition to the detailed economic analysis of the wastewater treatment plant that we had done, we also commissioned an economic and market analysis for the site if the plant were gone. So that study is in your packet. I will not bore you with the details of economic studies cause anybody that's taken economics knows that it's a sleepy subject. With the plant gone and the City of Ft.

Pierce going out for RFP on redeveloping the site, the impact analysis shows that given the land use, zoning, and type of development that's in the area, that it wouldn't be unreasonable to expect several hundreds of residential units. Several tens of thousands of square feet of retail and then in the pictures that we've shown you we don't know what it will look like. The market will determine that. I think that what Red Tail Hawk is presented and what the other visions have shown obviously this mixed use of fairly intense uses taking advantage of the waterfront. Certainly Harbor Isle next door is indicative of what could go there. That's 900 units. We think it would be a beautiful spot. I think everybody knows it will be a beautiful spot. The opportunities are large.

This economic analysis projects a four to five time return on investment. A $130 to $150 million that would be spent to relocate the plant. They even projected within three years we could recoup our initial investment. Even if it's not so rosy. What if it's only 2-to-1, it's a great return on investment. You know, sometimes economic analyses are a little too optimistic. I think they were fairly conservative. I think the opportunity is great and so every visioning for this has looked at the plant being gone. I think we have a great opportunity. The City of Ft. Pierce will lead the charge on that.

That's really it. If you have any questions, I'd be happy to answer them, but the report is in your packet. It's quite detailed. Thank you.

Mr. Matthews said board members?

Mayor Hudson said I have one question. Mr. Tompeck it's not in our packet. I think it was for the joint meeting.

Mr. Tompeck said I'll make sure you get copies of it.

Mr. Satterlee said yes it is in the joint meeting packet. Good catch.

Mr. Hutchinson said all right it's my turn. I will talk about the sleepy subject of finances to start with. We'll start out with the costs. We'll talk about some of the potential income streams that we can have for the new plant location that will offset some of those debt service costs. First off the estimated cost of the plant in today's dollars is around $131.5 million. When we extrapolate that forward to 2027 and add in some capitalized interest we end up with a big round $156 million. That's an outside number. That's a very high altitude estimate. There hasn't been any value engineering done on that, but I threw in all the numbers. Those are the most conservative estimates that we can give you because then we can only win; right? The initial cost share proposed is a 70-30 split. That gives FPUA 5.6 million gallons per day of treatment capacity and $109 million and St. Lucie county 2.4 million per day of capacity at $47 million. A point I would like to make on this, and Mr. Tipton touched on this as well, is that there's an economies of scale that comes in at the size of the plant and we are able to construct and operate an 8 mgd plant

more efficiently at a lower cost than FPUA could, in this example, make a 6 mgd plant or St. Lucie County could do a 2.5 mgd plant. In my mind anyway, the economics are there for the partnership and I believe we have an obligation to find the lowest cost solution for both of our service territories. They are all our residents.

On to the cost offsets. First and foremost, the reuse water that would be produced at the plant we can sell to Florida Municipal Power Association power plant which is right next door. We estimate that to be about $1.1 million dollars per year. That's based on comparable facility in doing exactly what we're proposing to do here and then those numbers are applied to the amount of cooling water that our plant would need.

The leachate disposal, I believe that the board knows that we dispose of some of St. Lucie County's leachate right now. As part of the new plant we would put in subliminal pretreatment. Between that and the fact that we would have another five million gallons of flow going down it would dilute the leachate enough to allow us to provide that as reliable service to the landfall. That's an estimate around $600,000. Our industrial pretreatment program earns around $80,000 per year. Septage hauling is around $40,000. That's another market that we could potentially expand to more in the future as well.

The last one I really like, because I'm an engineer, I like efficiency. Our combined treatment cost for St. Lucie County mainland facilities and our FPUA facilities is around $1,750 per million gallons per day. It's estimated that the new plant, the new highly efficient plant, at a little over $1,400 per million gallons per day. That's about a $600,000 in O&M of savings right off the bat. If you aggregate of all these together that's about a $2.4 million offset right there. The other item that's not on this list is the outside irrigation water sales. Again, everything we're trying to show you here is the most conservative estimate. It will require additional infrastructure to be able to provide that service, but we certainly will in the future. We just don't have any estimates on it so we're leaving it off the board for now.

Moving on to our debt service strategies. First off we have to look at the timing we are proposing. This year it's our goal to create the joint operational board and get the interlocal agreements in front of the FPUA board, the city commission, and also the St. Lucie County commission. One of our goals here today is to get some feedback on that particular part and along with the other boards and we would use that to create the first draft to get back out to the boards. If we are able to have a joint meeting that would be fantastic. We failed many times to make that work. If we have to come back to each individual boards that's what we will do.

Then we move into the design permitting and easement acquisition phase. That will start next year and the following. There's a significant easement that's required on the very south end of Jenkins Road that would come into the west side of the plant. We would want a good start on that.

Construction and the commissioning of the plant, actually putting some flow on it, is estimated around 3 years. That would start in 2024 and be done in 2027. Anyone who has sat through any of my presentations on moving this plant the very first bullet point is how we pay for it and the last bullet point is how we pay for it. We started working with partners over at St. Lucie County, Mr. Landry in particular, for some potential solutions have this start to emerge. A challenge that we've seen before is a very high rate increase to make this happen. That was almost a wall, if you will when you have to increase the rates that much to cover the debt service. A very simple concept here is don't do it all at once. Do small incremental raises year to year and in this case it would be a five-year phase-in and it would relieve some of the burden going forward. I'll show the specifics of the FPUA numbers in the next slide and then Mr. Landry will also show St. Lucie County specific numbers.

Another part that came out of our interactions was the potential of using a WIFIA and SRF loans to be able to defer our debt service closer to when the plant is actually commissioned. This again would give us time to get the rates to where they need to be in order to meet that debt service as well. While that's happening for that five-year period, the first year would be 2022, we will be creating an escrow. It's fairly significant and that money could be used to offset some of our capital expenditures over the next five years. Of course, we have the design permitting, the easement acquisition that's going to cost money. We will have to hire the financial advisors to help us find the best loans. We've only looked at the WIFIA and SRF so far. Once we get professional onboard we will certainly find the most efficient solution there is. All of that costs money, but we'll have it in the escrow going forward.

The other part that we will do is we would look at the rating increases each year. It would be our proposal to get the amount that we are proposing here approved ahead of time. If it doesn't need to be that high then it doesn't have to be. The other factors that aren't included in this is there's no factor for growth. We have a decent growth rate going on right now so that's going to help chip away at the amount we need to borrow as well. We will be stronger as we go forward.

Mayor Hudson said excuse me Mr. Hutchinson, Mr. Chairman could you tell me what acronyms SRF is State Revolving Fund and what's the other one?

Mr. Hutchinson said George do you know what the other one is off the top of your head?

Mr. Landry said I do not know what the acronym is, but it's a funding mechanism through the state resolving loan that allows you to borrow up to 49% of the project. It has a very flexible repayment plan with deferments during the construction phase and things like that so that's one of the mechanisms.

Mayor Hudson said are they two different things or the same thing?

Mr. Landry said they are two different. It's a subset under the SRF. It has its own funding mechanism and its own way of repayment.

Mayor Hudson said thanks.

Mr. Hutchinson said we will also need some working capital for the joint operation board to start the bonding process and all of that and also to fund us going to Tallahassee with our tin cups. We will pound the pavement for some grants on this. Again, those aren't shown in any of the numbers, but there's a very good possibility that we will get at least some funding towards this from the state.

On to the FPUA specific numbers. Our debt service in 2027 is projected to be around $4.7 million dollars. To get there, there's a couple of methodologies we could use. The first one is to put it all on the wastewater side then separate between the water and wastewater customers. This is what the staff feels more advantageous at this time. If you think about it, eventually all of our water customers will also be wastewater customers as well. Then we're able to distribute that among a larger population and keep the impact lower as well. If it is applied to both water and wastewater, it would require a 2.5% rate increase per year. That equates to around $2.13 on each bill for an average of residential customer. You know there's no magic money. There's no company that will fly in from another town and do this for free. It's simply not realistic. By doing it this way we can keep the cost and the burden down on our residents it makes it a solid plan and very doable. I mentioned before that we would have an amount in escrow by these outside numbers, we would end up with around $9.7 million to use up front on this project.

That's all I have. I will turn this over to Mr. Landry. He will talk about the specifics for St. Lucie County.

Ms. Cavalcanti said I have a question. Back to the off sets, the last bullet. You said reduce the combined treatment cost from $1,750 to $1,412 million gallons per day. So that's combined for FPUA and the district?

Mr. Hutchinson said yes, ma'am. That's for both of us, yes.

Ms. Cavalcanti said what is FPUA's current cost?

Mr. Hutchinson said I'm sure I have it in the stack of papers. I'm not sure off the top of my head. This the Murray Hamilton. He's our rate consultant. It's his firm along with the engineers Hazen that did the financial analysis.

Mr. Hamilton said thank you Bo. Mr. Chair and members of the board if you will indulge me for a second. For the record I'm Murray Hamilton, Senior Manager with Raftalis. We're a utility rate and financial consulting firm with our Florida office in Maitland just outside of Orlando. Our firm

just happens to be the rate consultants of record, not only for FPUA, but also for St. Lucie County. Part of the team here today with me is Rob Orry also with Raftalis. He served the county in the past in order to meet their rate needs. He's one of the project managers on the team. We also have our engineering consultant with Hazen, Joe Franco is with us. Here's here today. He supported the analysis. I'm not sure if Jay Glover is here with PFM. At the request of the county he helped provide some of the background on the WIFIA loan and state revolving fund loans.

More specifically to your question you asked what FPUA's costs are today. This is measured based on a one-year look back, actual cost. It's what was actually spent on the treatment site approximately $2.3 million. If the new plant was put in place today FPUA costs would be $2.1 million. It would be a reduction of approximately $200,000. Now one of the reasons that that would not be greater is FPUA currently also serves the county as a bulk customer. In this joint relationship we're going to forgo some revenues. That takes into account the fact that under this arrangement we would lose the county as a wholesale customer. So FPUA's costs go down. That's 10% reduction for FPUA.

To be responsive to the county for St. Lucie County their combined cost today is roughly $1.2 million. Under the MWRF, again wastewater treatment costs if it was built today, would be about a half million dollars. So for the county it's a savings of almost $700,000 a year. Again, as if the plant was built today.

In addition, if you will indulge me just a second. Our scope was twofold. The first part of the scope, as staff explained, was where we should build the plant. What's the most optimal location? You've heard that today. It's adjacent to Treasure Coast Energy Center. So that was task one. The consulting engineers helped us look at the operating costs of the plant. You've heard that information and what it would look like today. The second scope of the project really primarily involved Rob and I, and again this all conceptual. What's a conceptual cost share arrangement between the two parties? Whereas, we heard today, we don't quite know what the entity is or if there's going to be an entity what the entity would look like. First and foremost, as we talked about the cost recovery opportunities here, let's keep in mind if we have an entity we could have management costs associated with that. That hasn't been assumed yet. In addition, it's been highlighted we've got a lot more planning to do. The engineers have looked at different routing structures in order to get the wastewater to the new MWRF. Those need to be looked at in more detail. You know as a bulk customer the county contributes a portion of revenues towards FPUA's overhead as all customers do. They contribute towards the wastewater plant costs and they also contribute to a portion of transmission system, the collection system to get the waste to the plant. There's some areas that certainly need more studying. I didn't mean to take up too much time. We'll be available if there are more questions.

Ms. Cavalcanti said I have a question. It costs FPUA double what it costs the county to treat so many millions of gallons per day?

Mr. Hamilton said no, ma'am. Actually, it costs FPUA a lost less to treat wastewater. Of the flows 93% of the flows today relate to FPUA's system. On a cost per million gallon basis it's a much lower rate. For the county actually, the cost per gallon treated today is quite high. Part of that is they have smaller plants that are scattered about and they have a contractor that helps to manage the plants. Their fixed operating costs, relative to the flows at the plants, are actually much greater than FPUA. That's why this is a good selection for the county immediately in order to do some type of joint arrangement here. The opposite is true. You're looking at the total dollars, but if you take the dollars divided by the gallons.

Ms. Cavalcanti said I thought you just said it costs FPUA $2.3 million.

Mr. Hamilton said for almost 5 million gallons of flow. Compared 1.2 million for the county and it's probably 500,000 gallons of flow. I would have to look to be more precise.

Mr. Hutchinson said I think the simple answer to your question is $1,613 per million dollars per day is what FPUA is paying right now. What Murray's point is that the offset and the flows are so different that the number outweighs what St. Lucie County numbers are in that estimate.

Ms. Cavalcanti said what was the last part you said?

Mr. Hutchinson said so the county's flows are small compared FPUA. When you do the weighted average the FPUA numbers really dominate.

Mr. Hamilton said as an example, as Bo pointed out, FPUA at the time of the engineering study it was right around $1,600. An updated number for 2020 for FPUA was $1,417 dollars. For the county's plants, and there's three of them (Fairwinds, Lakewood Park and Holiday Pines) because of the low flow ranges from $7,235 per million gallons to a high of $12,241 dollars per gallon. Again, it's because of the fixed operating costs at the smaller plants relative to the flow.

Mr. Hutchinson said it's also our plan to have these workshops going forward and we would have one that specifically focuses on just the money. We'd have Murray come in and do a full presentation and we can go through all those nuts and bolts. That's going to be the best way to do it. That could be a three-hour conversation by itself.

Mr. Landry said good afternoon. Pleased to be here. So first and foremost our slide looks very similar to the slide you just have seen from FPUA. You can see that if we apply this similar mindset on the rate increases across all of our customers for water and wastewater it appears we would have about a 2.1% rate increase per year over the next six years to help us achieve the goal of where we need to be for the debt service and our portion of the annual operation. That would create roughly $2.2 million in escrowed money at that point right there to use to help offset for future things, the same as what Bo said. Ours is a lot less than what yours was. It's based on

customer size. You currently have a larger customer population than what we do and that's how that works out.

This slide is on governance and please don't get caught up in the title of this slide. One of the things that would help us move this forward is creating a joint operations board. One would say why we would do that. Who wants another agency out there governing agency. This wouldn't be that way. This would be more of a joint operation board meaning folks like Bo and I as a suggestion of running this type of an operation. The reason why we would get this third party created is this is a mechanism that can go out and acquire the debt instead of each of us entities trying to figure out how we would secure this debt. Our portion of the debt or how we will collectively buy the debt and tie assets and things like that. This gives us a mechanism to secure the funding, controls the construction, propose the budgets back to both agencies. It doesn't have any impact over rates or customers. It doesn't have a say over what the FPUA does with its customer base and its rates. It doesn't have a say over what the county does. This governing entity is only specifically there to secure the funding of the wastewater treatment plant. It's to help aid in the construction of the wastewater plant and then it's to run the daily operation.

There are a few examples of successful partnerships below their. They're all done up a little different each and every one, but you can see that there's East Central Regional Wastewater Treatment Board, Seacoast Utility Authority and Peach River. They all have similar makeups, but they all have their own uniqueness's based on their under location. We will put together some drafts in our locals with some suggestions on how this board should come together and we're going to leave it to each of the governing boards to decide how that final makeup is. We will bring forward some examples on how we could structure this in order to get the best results for both FPUA and the county utility.

Mr. Tompeck said if I could just interrupt for one second. I think the key thing to understand about the governance of the joint operational board is that we're looking for a group of technical experts that can get us through the construction phase of this project. I anticipate once the plan is actually operational you'd see this board maybe meet once a quarter. You wouldn't meet every two weeks or whatever. We really need to get a group together to handle the procurement, handle getting the debt, and handle the construction management. Those types of things. That's really the most important part of this group. The reason we feel it needs to be technical experts is because they are the ones that maybe with a financial technical expert, but technical experts do get us through the design, the construction and get us to the operational phase. I'm sorry George go ahead.

Mr. Landry said so moving on with the next steps. We would be looking for consent from each of the boards to come together to help us with any sort of obstacles by workshops and different meetings. We would like to your consent on moving forward with creating some joint operational board examples. We could do a draft and bring them back before you to discuss. Plan some future joint workshops and discussions. Put some marketing together and gain some support. Then

continue to try to move this project forward. We have one more slide that we would like to go over which are the opportunities and I would like to turn it back to Mr. Tipton and Mr. Tompeck to go over the final slide here.

Mr. Satterlee said Madam Mayor WIFIA stands for Water Infrastructure Finance Initiative Act.

Mayor Hudson said well I think I will try to remember that, thank you.

Mr. Tipton said just like George mentioned, our final slide focuses on opportunities. We think what we've tried to do, and again it's different for us. We have not worked well in the same sandbox for a long time. What we've tried to do is see how we come up with something that is a win for the utilities and a win for the City. I think this gets us down that path. The opportunities for the City of Ft. Pierce is that they could control some pretty valuable property. When I first met Congressman Mast, we were standing over at the port of Ft. Pierce. He said "you know our highest valued property in the Treasure Coast is sitting right over there and has a wastewater treatment plant on it. You wouldn't put it there today. Decades and decades ago it made all the sense in this world to put it there. That is a huge redevelopment opportunity for this City. It increases their tax base within the CRA.

For St. Lucie County as you've heard, there's more wastewater capacity with this partnership and there's more economic value as a part of the partnership. That's the same that's true for the UA as well. They benefit from increased capacity per dollar and more effective wastewater treatment. Also, it mitigates an environmental concern for the Indian River lagoon. The economic partnership that this creates allows, we think, for the project of moving the plant to be relocated it accelerates that project.

For our citizens, there is the opportunity for the creation of construction jobs. Again, reduced overall wastewater treatment costs. Funding for infrastructure improvements as the pipes need to be redone so that the flows can be reversed. There's an opportunity to get to some of the roads that need to be redone. So there's a partnership there with the redeveloped property and expanded public use. Look at Museum Point and see what we can do there as well. It's really an opportunity to create a destination and it's a nice compliment to downtown Ft. Pierce. Our focus is how do we get the best utility project for the cost that we're talking about? So with that I'll turn it back over to Mr. Tompeck for any closing remarks, but that concludes our presentation.

Mr. Tompeck said I don't think I have any other closing remarking in terms of FPUA. Obviously, we want to be environmental stewards for the community. This is a way of getting us there. We want to do that and still be as fiscally responsible to our customers as possible. I think we can do that as well. It won't be painless. I think it can work. I think that's the critical issue. We have been talking about not only going back to original interlocal, but just over the last five years it comes up, comes up 3-4 times a year. The question is why can't you people move that plant? Well, I

hope we got some answers here today and I hope we can move forward with this based on what the board would like to do. I guess we will open up for any more questions you may have.

Mrs. Gibbons said I have a question. I know you told me once. Capacity of the new plant verses what our existing capacity is.

Mr. Hutchinson said our existing capacity is 10mgd. There was a study that was performed to see what kind of capacity that we really need and it's closer to the 5.6. The new plant, even though it's only 8mgd plant, it would have the surge capability to handle our 20 million gallon flows during the storm events. That would be included in there. We'll have a lot of storage. We'll have some very large pumps.

Mayor Hudson said did you say right now they are talking about an increase of 2.5% increase for FPUA and 2.1% for St. Lucie County for the next five years. So it's 2.5 on top of the former 2.5?

Mr. Hutchinson said that's correct.

Mayor Hudson said and can you tell me how many wastewater customers that St. Lucie County has right now and how many FPUA has?

Mr. Hutchinson said FPUA has around 15,000.

Mr. Landry said Madam Mayor we're currently at about 9,000.

Mayor Hudson said so those are unincorporated parts of the county.

Mr. Landry said correct, ma'am.

Mayor Hudson said and so the ones that aren't are on septic?

Mr. Landry said correct.

Mayor Hudson said and do you know how many are on septic?

Mr. Landry said I don't have the exact number for you. It's too many.

Mayor Hudson said this is something that has always puzzled me. I'm concerned about the lagoon. Absolutely concerned about the lagoon and we all as entities FPUA, City of Ft. Pierce, probably St. Lucie County too have said this is a priority for us to move the wastewater treatment plant off the island. I think there's no question about that. If we have an event out west of town, where does that untreated water go? Doesn't it go into Five Mile Creek and eventually get into the lagoon if you have an incident.

Mr. Hutchinson said yes, that's a fair question. You know it's an environmental issue to have it go into estuary, of course. If it goes out onto the ground it's a totally different sampling process there. With the new plant layout, we would have as much on-site retention that could collect that if there was that type of issue. Of course, we will also have real infrastructure in place to try to minimize that as much as possible.

Mayor Hudson said you could have something that would mitigate it before it went into Five Mile Creek or Ten Mile Creek. It's near Five Mile right?

Mr. Hutchinson said I believe that's the basin it would end up in. The main point there is that at the new plant there's two deep injection wells instead of one. Our limitation at our plant now is around 17mgd plus or minus and you have the flows of 20 million. It doesn't take long before your overflowing. Our plant out there would be designed for a short amount of time to handle 20 million gallons. We will move the generator from this location to that location. We will have back up and oversized pumps for our deep injection wells. Everything will be very heavy duty and redundant to try to avoid that at all cost.

Mayor Hudson said I know the people in the room are up-to-date on why this is an important issue and all the things just said make it a really good sell. But I think this is going to be hard sell to our customers. Our customers don't go about their daily work worrying about the lagoon. Maybe we would like that, but they don't do it. That's not the only impetus, but that's one of the driving forces is to be environmentally responsible to get it off the island and we all know that. We also know that that piece of property combined with a land owner next door is a really, really valuable piece of property that can be redeveloped. In this room we know that makes sense. We have to recognize the fact that our customers will not be in tune with us as much as we would like. They have to be convinced that this is an important thing to do for their future and for the future of our county. That's part of the painful part. I don't mean to rain on the parade. That's a hard sell for the three entities because as entities this isn't just -- this isn't benefitting the FPUA. We have to think about what benefits our customers. The county has to do the same. If this combined effort is something that benefits both of our customers, if it does, that would be the most attractive thing to do. Telling them they have rate increases every year to pay for this is not something they will be delighted about. I'm just being realistic. I think the governance issue, I know we don't want to dwell on it, because we don't know what it's going to look like, but what I heard is it's going to be an operational board to secure funding and direct the construction and then it would be an operational board. So what happens to our individual operations right now?

Mr. Tompeck said well when you say operational board. I think what we are looking at is that occasionally we'll have to meet to talk about budgets and what they need for operational budgets for the year, next year, and whatever. That comes back to the county and FPUA. We'll put that in our budget. Obviously, that will be a line item in a budget that you will see every year for approval. I think that's the thing we're talking about.

Mayor Hudson said the individual entities would still have their own staff and their operating staff?

Mr. Hutchinson said for operating the systems beyond the plant.

Mayor Hudson said like at the electric power plant...similar?

Mr. Hutchinson said very similar to that, yes. Where the operational entity would effectively sub-out the operation of the plant, very similar to the power plant, and it would be some combination of the employees that FPUA has and the employee of St. Lucie County has and it work back through. There is obviously a constraint there. We have to make sure our budgets line up and we are able to operate the plant as efficiently as anyone else could. We're very confident we can do that.

Ms. Cavalcanti said seats at the table so to speak. We've have a 70% interest in this. Right? Let's say there's a board or a governance. Four people verses 3 and we have 7 total people.

Mr. Hutchinson said that's up for discussion. That seems like it's a monumental thing to overcome. When you get the technical boards together and Mr. Gilden had to explain this to us as well. When you get the technical experts together what makes sense for one makes sense for another as well. No matter who has a majority interest or is funding the majority of it. That issue as far as voting, how the votes are handled, something of that effect we would have to work that out in the creation of the entity.

Ms. Cavalcanti said what do we do with FMPA with the plant?

Mr. Hutchinson said they just own the plant and they pay us to operate it.

Ms. Cavalcanti said so it's not exactly the same.

Mr. Hutchinson said it would be exactly, correct.

Mr. Matthews said I've been quiet for various reasons. I didn't want to show I have a negative interest. First of all, we need to have a real joint session so we don't waste this kind of time with others who may have other things to do. We know, as a board, we have a stake in it. We would have to have a stake. The same with the county and the city. Somewhere along the line down the road it must happen. I'm just saying it's too much to cover with the questions that I have now. Do we have independent groups? Did you say you have three independents for the county? Waste facilities?

Mr. Landry said on the mainland, yes, sir.

Mr. Matthews said and the total capacity what you quoted to the Mayor, the 9, 000 customers. What will be the capacity for each of the separate three facilities?

Mr. Landry said, on the mainland our three facilities are just under half million gallons per day currently right now. It was said when we entered the process that there's currently 93% of the flow (FPUA's) that's going into the plant and only 7% is the counties. In 2028 we're going to have to sit down and have a conversation because the bulk agreement expires. So what we did is we looked at if we were to develop the Taylor Dairy areas. Mr. Tipton said in the very beginning we are at this point of developing one way or another. We took the dollars that we would be investing at Taylor Dairy and the plan that we would be doing out at Taylor Dairy and use that number to put towards this project instead of that. That way we are basically paying for future capacity. We wouldn't be sending the 2.4 million gallons of flow on day one. We would probably be sending less than 1 million gallons of flow on day one. There's some capacity in this plant out of the gate.

The county would pay for a percentage of use that we're not using going into the process. But what's more of a futures deal and is the right thing to do for long-term verses having two different plants. At some point, the plant would probably have to come off the island so there's no better time than now to do it than it would be to do it 10 or 15 years from now when we're already in some other direction. Then you're all on your own, so it would have impact to the customer one way or the other.

Mr. Matthews said do we have any independent companies?

Mr. Hutchinson said other than municipalities?

Mr. Matthews said waste.

Mr. Hutchinson said there are contract facilities throughout the state, throughout the country actually.

Mr. Matthews asked do we have any in this county.

Mr. Hutchinson said St. Lucie County.

Mr. Landry said yes our operational was ran through a third party contractor. After we did an analysis we decided to move forward with it and bringing it in house and hiring the individuals. That actually takes place in March. As of March, we'll have our own employees run our utilities both on the islands and the mainland.

Mr. Matthews said anytime we have rumors that we are dumping waste of anything, the environmental groups come out. You have to face reality. I hope we don't have to get political with certain groups like that. You know they are concerned about protecting the area of interest. We need to make sure we have that kind of smoothness going on. My last concern is do we have any blindfold situations that we need to know about? What if one of three partners want to quit down the road 3-5, 6, 8, 10 years or suppose the same people here now are not going to be here 3, 4, 5 years down the road because they go to other entities. We have lot of considerations to do.

Mr. Hutchinson said absolutely Mr. Chairman. I think it's very important to structure the agreement. I'll use the sandbox analogy again. We're all playing very well in the sandbox. We will not be here forever. It's important to make sure that we have a very good, very strong and very fair interlocal agreement to handle this. When I step down off of that position and Mr. Landry steps down we need to do a good job and the board do a good job of appointing our replacements.

Mayor Hudson said I'm glad you brought up fair. For FPUA, which has been in existence since 1972, and before that we had services provided not under FPUA our customers have invested a great deal in our infrastructure. The people that came up with the financial 70/30, did they take into account the comparison of the two infrastructures systems and requirements?

Mr. Hutchinson said there were a few factors that went into that. Mr. Landry brought up a comparison of the amount of money that they would have potentially spent up at Taylor Dairy Rd. That was one factor. We also looked at what made sense looking into the future. As far as you know, how built out our service territory is compared to theirs. This is just the initial cost of the plant....70/30. When the O&M costs come in we'll have to most likely and again this will be part of interlocal and we have models to model this after. Most of the O&M costs most likely would be broken up on percentage that's more equivalent to the flows. The one that is using the plant will pay for more of the plant. It's simply you pay for the usage of the plant.

Mayor Hudson said we have infrastructure beyond the plant and so does the county. Does all of that get taken into account?

Mr. Hutchinson said it will have to. I know that there hasn't been an offset for the amount of money FPUA has in or the amount of money that still has to go in. Mr. Hamilton had mentioned the transmission component. That's going to become important as well. There's other infrastructure that would have to be constructed on the St. Lucie County side, master lift station and a force main that comes down to our system. Of course there wouldn't be a cost off set for that. From there they'll have some infrastructure. The force main on Jenkins Rd. for example would carry that flow down to the new plant. There has to be some kind of a contribution to the O&M of those facilities that are already in the ground. Does that answer your question?

Mayor Hudson said sort of.

Mr. Hutchinson said it's the best dance I had.

Mayor Hudson said it was a good dance. Did you consider other organizational aspects like an interlocal agreement as opposed to governance? Did you consider other ways to do this?

Mr. Landry said yes, we did. That's one of the challenges we have now. If we do a long-term interlocal then if part of the long-term interlocal was the FPUA having to move the plant off the island. This would all be basically on FPUA to do and we would just be paying for bulk rates for our service based on what this was. When we looked at those models it just didn't seem to be something that would work out long term or in the best interest of the UA or the county long term, so that's why we looked at this partnership because basically we're looking at long-term down the road. Right now when you look at the flows, the cost and everything it looks like the county's paying for more than what they're going to get and it looks like the UA is coming in for more than what they need too. When you look at 20 years from now as everything is going you're going to see how it all works out in the long run.

Mayor Hudson said right that's what will required the whole customer base has got to be able to see the future too.

Mr. Landry said and how we look at this is this plant is just the plant. All of FPUA's customers and their infrastructure outside of the plant and all of St. Lucie County's and their customers. This plan won't be paying for anything of the counties up north sort of thing or anything else. We still run our own utilities as if they are our own utilities. We're just bolstering flows to the plant and then this plant is just processing the flow and turning it into reclaimed water and putting what it can down wells. That's all the plant and the whole concept is. It's a structure to receive flows from two entities. Two entities are still independent. Still operating our business solely and this entity overseeing that is just receiving the flows and managing the flows on an annual basis and paying for the debt of new construction. That's all that it is. There is nothing more to it. We will run utility and you will run yours. Everything will hopefully work out well.

Mayor Hudson said what I would wonder too is if you have a technical operational board. I'm sure you're thinking engineering, but I'm thinking also technical being finance someone that has to understand that. This is a novel, kind of a real futuristic kind of idea. We're going to have to have legal representation also. I'm wondering have you consulted with other legal or has county consulted with your legal? Do you have input from legal on the joint operation or any part of this operation?

Mr. Tompeck said so far we just want to put together the plan. We realize that legal will be involved when talking about the governing structure. We wanted to put the plan together without legal looking at it. They've had a chance to look at. I'm sure they will have some

comments and additions. We wanted to leave that out of the discussion so we could really put together the plan. No offense to any of our lawyers.

Mayor Hudson said one of the pluses and minuses is that they are going to tell you where your problem areas are, or what if, what about and I remember the charrette for this particular piece of property and I remember the direction. We were told that the charrette which is, forget about any kind of zoning or forget about the wastewater treatment plant is there, forget about that, just decide what you would like on this combined piece of property. People did that and had a great vision. The practicality of it was there is zoning and wastewater treatment plant was there. Practicalities can sometimes interfere with dreams. I appreciate your hard work, I really do. I appreciate your thinking outside the box. I know I've spent a lot of time on this. I know I've heard a variation of this several times now. You've been working on it a long, long time. I appreciate all the county's work from Mr. Tipton on down and our own staff's work too. I know it's a tough thing to take on. Mr. Tipton is right. Apparently there's history there that happened before my time that doesn't necessarily spell that this will be successful. But I appreciate you trying, I really do.

Mr. Hutchinson said we're going to succeed.

Mr. Tompeck said Mayor Hudson you brought up one of the most important points. This is a tough sell from an FPUA standpoint. Once you are committed to a plan, you can't say after the first 2.5 percent increase is well we're not interested in that next year. You've really committed yourself to a series of increases. I'm just thinking of taking these rate increases to the city. We really have to make sure that, that they accept the plan and we have those rate increases in place for the entire period. Otherwise, we won't be successful.

Mayor Hudson said you have to have the buy-in and the buy-in is not going to be easy. Even though the lure of developing that land is very strong and the benefit of moving the wastewater treatment plant is really a noble and necessary goal. It's just going to be a tough sell.

Mr. Hutchinson said I compare this to the half-cent sales tax. That was an uphill battle when the county folks got that approved and also through the city. I remember Mr. Satterlee and making a pitch on that. Look what you can do with it. We're rebuilding roads. The city is rebuilding roads we couldn't afford to do. What happens when we have this massive economic engine sitting over on South Beach that's creating jobs? Job creation, that's another grant opportunity as well with the Department of Economic Opportunity. It creates tax money. It brings in all the other spin off money from the table and all the things that are going to happen there. That is money that can rebuild our roads as well. Those are things that the people paying for this are really going to see. I think that's probably where we need to focus our marketing. Get some good marketing people to bring those facts to light to the people.

Mayor Hudson said good idea. The firm in Tallahassee that did the conceptual marketing for the surtax. They did some focus groups and what would convince people.

Mr. Landry said Chairman and Madam Mayor these numbers that we presented are conservative numbers. The rate increases are conservative rate increases. This doesn't take into account grants or once we get the creation of the entity its ability to secure financing and secure the most competitive financing. All the numbers are at a conservative level and we're hoping that we can come back with wins and say we've already achieved this and are able to reduce some of these impacts or at least not come back where you ask for more. We're trying to look conservative and work our way back.

Mayor Hudson said and it would be nice if you could be able to show what economies in scale that would show reduced rates for everybody. That would be a good selling point. I have another question. Has this been presented to St. Lucie County Board of County Commissioner?

Mr. Landry said it has not been in that setting yet. We are trying with the joints and when the all the joint meetings happen we will address it, but it is on the schedule.

Mr. Tipton said it's not without trying. We did have two attempts at joint meetings and Covid kind of just knocked us out. We're just going to bring it to the individual meetings thinking it would be easier. This is on our plan to present to them in March. We hope for a joint meeting with everybody in April. That's what we are looking for.

Mayor Hudson said I would like to know when you're meeting is in March, if someone could let me know.

Mr. Tompeck said I believe it's on the 16th. Your normal informal meeting. We're on for March 8th conference agenda for the city.

Mr. Tipton said two other points to address your questions. From a legal perspective, the concept came out of our county attorney's office through a consultant that he has. A guy by the name of Phil Gilden. There's been some, at least from the county side, significant legal review of what we're talking about. The other thing to keep in mind as we talk about rates and to add to what Bo and George shared, these are conservative items before you in terms of the numbers. There would normally be rate increase anyway. You have aging infrastructure. You need to put some money towards that. You know, what's the actual net going to be in terms of the cost if you do nothing.

Mayor Hudson said this would be on top of the normal rate increase; right?

Mr. Hutchinson said yes.

Mr. Tipton said there are rate increases anyway. Just remember that. Nothing stays flat. I have to apologize. I have a meeting with my police chief, the sheriff. So I have to run. Thank you so much.

Mr. Tompeck said thank you very much. I keep asking myself the question, I'm sure you asked the question as well, if not now, when? When are conditions going to be better to move this plant than now? It's not going to get cheaper. I can't believe the interest rates can get a whole lot lower and that becomes the question. We've talked about it for years and years and this is the first time we've come up with a comprehensive plan to show you and I'm thinking it's either we go ahead and do it or God forbid we stop talking about.

Mrs. Gibbons said Mr. Chair, I have another question. We're talking about rate increases. The benefit of the city obviously was thinking where else could we gain some of this. How much are we talking overall, 2.5% equals what every year? What are we trying to get to at the end of those five years?

Mr. Tompeck said I think that's the $9 million escrow Bo was talking about.

Mr. Landry said $4.7 for you all and $1.3 for us Chairman. I think $4.7 million would be the overall increase in annual operating expense for the UA and about $1.3 for the county.

Mr. Gibbons said okay. As far as grant money goes, I'm assuming you have a handful in your head of what is available out there.

Mr. Hutchinson said we did research on that. Speaking of acronyms, some of these have 7 letters which is pretty interesting. There's the Indian River Lagoon National Estuary Program, St. John's River Water Management District, IRL cost share programs, FDEP Coastal Protection Partnership Initiative; and those are just three that came up from just a quick search. There are a lot of different funding opportunities out there. The Department of Economic Development, which I mentioned earlier, totally different realm away from the environmental part. There's a lot of momentum with the environmental grants right now. As the board knows, we have secured a significant amount of grant money for our sewer lining and to start the low pressure sewer program. We have more of those in the works as well. I would find it difficult to believe that we will not be successful on some level at getting some grants to help us with this. It's a simple scoring system and by us being in partnership that's more points. It's very good. We have a very good grant person. A consultant of ours on staff obviously and St. Lucie County does as well. I think when we combine our resources and put some effort together we can most likely do pretty well there, I think.

Mayor Hudson said also in addition to St. John's in south Florida.

Mr. Matthews said I have one final comment. All the good you do to build the plan, are you going to tear down the old one too? You don't want to see any eyesores around. Then you have another group that will come after you that you don't know about.

Mr. Hutchinson said there is funding in the $156 million to demolish the other plant.

Mr. Matthews said Mr. Tompeck anything else on the subject.

Mr. Tompeck said I don't think I have anything else to add. Any other questions?

Mayor Hudson said thank you for your hard work. I appreciate it.

Mr. Matthews said other than the agenda do you have any other additional comments.

Mr. Tompeck said I don't have any additional comments today other than the fact that we did sign the Fleetwood Acres Grant Agreement that we discussed at the last meeting. We had a couple of questions we needed to straighten out with DEO and we did that. So the grant is signed and we will start working on it pretty soon. That's all I have.

Mr. Matthews ask Mr. Koblegard any comments.

Mr. Koblegard said there is nothing to discuss at this time.

Mr. Matthews said I have one thing to say back to the Director. Try hard to sweet talk all of the other groups so we can really have a roundtable discussion as the joint partner in this matter.

Mr. Tompeck said we certainly will. You know, when the Mayor did discuss the rate increases and we have to figure out the public relations plan here to make this work. I think it's a good example of the half cents sales tax. The fact that the first time around it didn't work, but then they got serious about the PR and it did work the second time around. There's probably some lessons to be learned there that we may be able to utilize as well.

Mr. Matthews said there being no further business, the meeting was adjourned at 3:37p.m.

ATTEST:

SECRETARY

CHAIRMAN