MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, FEBRUARY, 2, 2021, 4:00 P.M., CITY COMMISSION CHAMBERS.

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

Others present: John K. Tompeck, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney, Barbara 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.

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

Opening Prayer was by Christelle Myrick of Water Distribution, FPUA.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

A motion was made by Ms. Cavalcanti, seconded by Mr. Fee, to excuse Mrs. Gibbons from today's Board Meeting.

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

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve the Minutes of the Regular Meeting of January 19, 2021.

Mr. Matthews said at this time we recognize any member of the public have any comments. If you do come up, you have three minutes. Seeing no one, we close the time for public hearing.

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

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1. POA 14-68: Approve the purchase of 50 desktop computers in an amount not to exceed $47,225.00, from Dell Marketing L.P., of Round Rock, Texas, under Florida State Contract Number 43211500-WSCA-15-ACS and WSCA-NASPO Master Agreement MNWNC-101, allowing for purchases through July 31, 2021.
2. Approve Post Budgeted Project/Budget Request for new services at IRSC – Building "O" in the amount of $69,000.

3. POA 21-24: Approve piggyback of Indian River County Bid No. 2020038 Utility Operations Warehouse Stock, with Core & Main LP, of St. Louis, Missouri for Water and Wastewater Supplies and Parts, in an amount not to exceed $80,000 annually. The initial term of this Contract will be from February 22, 2021 to January 31, 2022, with four one-year renewal options.

Mr. Matthews said I see no letters of recognitions, appreciations and old business. Mr. Tompeck would you lead us into new business please.

Mr. Tompeck said the first item this afternoon requests approval of the budget transfer and a contract amendment related to the Lime Softener 1 at the Water Treatment Plant. Keith Stephens will make the presentation.

Mr. Stephens said thank you Mr. Tompeck, Board Members and Mr. Chairman. It's my pleasure today to present to you the Lime Softener Modification and Amendment No. 1. On April 21, 2020 the Board approved the initial specific authorization GT 20-05 with Globaltech for the Lime Softener Modification. During the cleaning process, and as we got them to the modification, we noticed significant degradation of the metal. It's due to the corrosion environment and as you all know, you've been to the plant and you see the lime softening process with the lime. It's very corrosive and over time it eats the metal. Some of the metal is from the original 1964 installation, so it's ready to be changed. We did do some of it about 8 years ago as we tried to get by, but it's time to pay the piper because we didn't do all of it. There remains a significant amount that needs to be replaced.

What I'm here to do is to ask for the $200,000 budget transfer of existing funds, to expand the scope and to increase the not to exceed amount by $193,024.62 from $749,357.89 to $942,382.11 and extend the contract date from May 3, 2021 to September 30, 2021.

I'd be happy to answer any questions.

Mayor Hudson asked how long will this last us?

Mr. Stephens said as you know, Unit 2 we did in 2014. We did this one in 2012 so it's been about 9 years, but we did replace all the metal. What we're going to see is about every 8-10 years we're going to need to go in and sand blast, hydro blast whichever process mechanically prepped the metal and recoated. It seems to be lasting somewhere between 8-10 years. As far as replacing metals, that would be on an as needed basis.

Mr. Matthews said I have a couple of questions. How long will this take to get it in the specification that you want? How long would this project take?

Mr. Stephens said the first part of the project is mostly complete and the second part probably just the next couple of months, Mr. Matthews.

Mr. Matthews asked are we getting an additional purchase from this company that you got the other purchase from?

Mr. Stephens said we are not purchasing anything. They are the design build engineer and they have the same companies that they have already decided to use. They have to replace a whole lot of metal. That's where the extra money really comes in and then they have to sand blast and recoat everything.

A motion was made by Mayor Hudson, seconded by Mr. Fee, and unanimously carried to approve POA 14-53: a) the Budget Transfer Request in the amount of $200,000 and b) Amendment No. 1 to Specific Authorization No. GT 20-05 for the Lime Softener 1 Modification with Globaltech Inc., of Boca Raton, Florida, to expand the scope of work, increase the not to exceed amount by $193,024.62 from $749,357.89 to $942,382.11, and extend the Contract end date from May 3, 2021, to September 30, 2021.

Mr. Tompeck said the next item is also requesting the approval of the Budget Transfer and Contract Amendment for the IWRF Outfall Rehabilitation Project and John Biggs will make the presentation.

Mr. Biggs said thank you Mr. Tompeck. Good evening Board Members. I'm here to present Amendment No. 1 to the IWRF Diffuser Outfall Rehabilitation Project with UESI. In September of last year, the Board approved a contract with UESI for the rehabilitation of 100 linear feet of 36" diffuser part. Initial preconstruction of the pipe showed that there is an additional section of the part that is severely exposed that is in need of rehabilitation. To remedy this issue, the contractor suggested that material and labor for this part of the project will cost $68,984. I'm here requesting amendment to the original contract to increase the amount to $408,696 to fix the issue.

Mr. Matthews asked the Board does anyone have any questions?

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve POA 20-34: a) the Budget Transfer Request in the amount of $68,984, and b) Amendment No.1 to the IWRF Diffuser Outfall Rehabilitation Contract with Underwater Engineering Services, Inc. of Fort Pierce, Florida, to expand the scope of work and to increase the not to exceed amount by $68,984, from $339,712 to $408,696.

Mr. Tompeck said I would like to mention that Mr. Biggs recently got his Professional Engineers License.

The Board said congratulations it's a great achievement!

Mayor Hudson said I hope you like working here for a long time.

Mr. Matthews said Mr. Tompeck next item please.

Mr. Tompeck said the next item requests an approval of an amendment to the Natural Gas Unit Price Contract and 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 to our Gas Unit Price Contract with Primoris Distribution Services, Inc. The original contract is for $250,000. We will need an additional $300,000 which will bring their total contract up to $550,000. This increase is for two projects that have been budgeted since FY 20, but were delayed due to permitting and other issues outside of our control. The first is Edwards Rd. This is a county roadway project where we have to relocate our 4" steel main on Edwards Rd. from US 1 to Oleander Ave.

The second is Selvitz Rd. where we are looping our gas system thus, giving FPUA and its customers a more reliable service.

Staff recommends approval of the contract amendment with Primoris Distribution Service, Inc. of Dade City, Florida from $250.000 to $550.000 to cover the additional costs associated with these projects.

If you have any questions, I would be happy to answer them for you.

A motion was made by Ms. Cavalcanti, seconded by Mayor Hudson, and unanimously carried to approve POA 18-51: Amendment No. 1 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 $300,000, from $250,000 to $550,000 annually, contingent upon receipt of the required Certificates of Insurance.

Mr. Tompeck said the next item requests approval of a post budget project request for street lights on North 17th Street and Eric Meyer will make the presentation.

Mr. Meyer said thank you Mr. Tompeck, Chairman Matthews and Members of the Board. The City of Ft. Pierce is requesting street lighting on the north 17th Street project from Orange Avenue to Avenue D. This project will consist of 35 new decorative street lights, 35 handles, 3,400 feel of conduit and 4,000 feet of underground street light cable. The removal of ten existing Cobra Head LED light fixtures are also included in this project. The estimated budget cost is $125,200 and CIA funding. The entirety of which will be reimbursed to FPUA from the City of Ft. Pierce.

Engineering staff is also recommending an increase in rate funding for fiscal year 2021 to the north 17th Street project in order to complete and finalize the project by installing the remaining underground services and primary material. This funding was previously allocated in fiscal year 2020, but was not utilized during this period. Engineering staff anticipates this funding allocation will conclude the project and is scheduled for May-June 2021 completion.

I will be happy to take any questions you may have.

Mayor Hudson said Mr. Chairman this project is very important to the City of Ft. Pierce. They're using their surcharge tax money for this most expensive project we're working on so I'm very happy to move approval.

A motion was made by Mayor Hudson, seconded by Ms. Cavalcanti, and unanimously carried to approve (1) the Post Budgeted Project/Budget Request for N. 17th Street city street lights in the amount of $125,200 and (2) the Budget Transfer Request for N. 17th Street electric services in the amount of $90,000.

Mr. Tompeck said the next item is an information presentation by Kiy Tran on Capital Budget Carryover from fiscal year 2020. We do this information presentation each year on what was carried over from the year before.

Mr. Tran said thank you Mr. Tompeck, Chairman Matthews and Members of the Board. I would like to report fiscal year 2020 capital budget carryover. At the end of each fiscal year, funding of some of the capital project remain unspent. It may be due to delay in shipment. For example, vehicles that are ordered during the fiscal year may not be received until after September 30, 2020. Projects may be on hold due to permits in corroborating effort with other municipality, counties and special district. Some projects may take multiple years to complete such as Midway Rd. In July of 2020, the board approved the fiscal year 2021 annual budget with authorization for staff to carryover budget funds for partially completed projects without additional board approval. The report provided to you in the board package contains a list of carryover that shows what has been spent on each project as of September 30, 2020 and amounts to be carried over for fiscal year 2021, as well as the percentage of completion of projects. Before we started our process, we established guidelines to eliminate the projects to complete within one year.

Here's some of the guidelines. A fixed asset must be ordered in/on an approval requisition before September 30, 2020. Carryover which was previously carried over and not completed within 12 months were not permitted to carryover again. Carryover limited to less CIP amount at budget review meeting or remaining available budget at the end of fiscal year after all invoices have been recorded. Capital budget carryover for fiscal year 2020 will be a little bit over $7 million dollars. Water and waste accounted for 79% or $5.5 million of the total carryover. Electric and gas

accounted for 11% or $744,000 of the total carryover and the remaining 10% was from FPUAnet and admin.

The breakdown of $7 million carryover by funding sources is as follows:

- $2.5 million or 36% of the total carryover is rate funded
- $1.7 is capital improvement charges, CIC
- $2.8 million or 40% from CIA, mainly from the DiGiorgio Rd. Project, $1.7 million funding from the Florida Department of Economic and Opportunities.

Of the $2.5 million rate funded projects. Here are the top 3 funded projects:

- Kings Highway, Okeechobee Road to Orange Avenue, $288,000.
- Substation transformer replacement $267,000.
- Lincoln Park, $200,000 estimated to be completed in 2012 for wire and wireless installation and networking to provide communication service to customers.

Only for comparison to the previous fiscal year carryover, 2019 was $12 million and 2020 was $7 million dollars. The main drop off was due to advance metering infrastructure which $2.8 billion dollars will be refund through debt. Orange Avenue 16" main force wastewater 1.6 million was completed in May of 2020. Savannah re-pump water, 464,000 completed September 30, 2020.

The carryover project included in fiscal year 2020 and 2024 for capital improvement plan. The balance has been calculated in developing rates and will have no additional impact on rates.

This presentation is for information only. Thank you for your time and I will be happy to answer any questions you may have.

Mr. Matthews said we got lucky on that one. Thank you very much.

Mr. Tompeck said the next item is a PCA update for December 2020. Barbara Mika will make the presentation.

Ms. Mika said thank you Mr. Tompeck, Chairman Matthews and Board Members. Good afternoon.

I am here today to provide you information about the status of the December power cost adjustment and the updated twelve month projections through December 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 of power purchased from FMPA for the month of December was billed to FPUA at the rate of $71.88 for 1,000kWh, this was an increase of $2.28 as compared to the bill for November. In December, FPUA experienced an over-recovery of power costs from the customer of $47,509 and as of December 2020 the cumulative over-recovery stands at just over $3.8 million.

This chart tracks the cumulative monthly balance of the PCA over-recovery in relation to the approved Power Cost Adjustment levels going back to December of 2018 with projections going forward to December of this year.

The PCA is represented by the darker blue line. The PCA level is currently at -$8 per 1,000kWh. On the top of this chart, the blue bars represent the actual monthly amount of the over-recovery while the orange bars depict the over-recovery what would be if the projections are correct. These projections have been prepared by Raftelis Financial Consultants, and are based upon data forecasts prepared by Florida Municipal Power Agency. Since the November forecast, FMPA's estimate of the cost of purchased power for the upcoming 12 months has decreased by 2.8 %.

In this graph, we can see a comparison of two projection scenarios of the power cost recovery trending through December 2021.

The green line represents the current recommendation of making no change to the PCA and demonstrates the impact of the level of power cost over-recovery over the next 12 months. FMPA's forecast for lower cost of purchased power over the next 12 months gives us a very favorable projection. At the last meeting I presented the November projection and while that too was favorable it did not move above the $4M recovery mark.

For comparison, we had Raftelis put together another scenario which included some potential changes in the upcoming months. The red line gives us a slightly different, but still favorable outcome with:

- No change to the PCA in the short term
- A strategic $4 decrease in June could level off the recovery
- A $2 increase in October 1st to maintain the PCA below the $4M mark

We will continue to evaluate the monthly projections that we receive 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 to make no adjustments to the PCA at this time.

That is all that I have. I will address any questions or comments that you may have.

Mr. Tompeck said the next item requests approval for the grant agreement with the Florida Department of Environmental Protection (FDEP) for Fleetwood Acres low income sewer conversion. James Carnes will do the presentation.

Mr. Carnes said thank you Mr. Tompeck, Chairman, Members of the Board. In November of 2019, the board approved a piggyback of the Town of Sewalls Point RFP 19-001 and a contract with Cape Canaveral Scientific Inc. of Melbourne, FL to assist Ft. Pierce Utilities for grant writing and administrative grant services. More specifically, the first attempt at a grant application was for the Fleetwood Acres wastewater expansion project whereby FPUA was seeking funds with converting the subdivision from septic to municipal sewer. On July 2020, staff received notification by the Florida Department of Environmental Protection that they accepted the proposal for funding consideration from the nonpoint source grant management program.

This grant is funded by two sources. The first source is federal and is from the EPA 319 grant program in the amount of $327,629. This will cover the construction of anything on site including the purchase of the station, electrical, plumbing, the lateral from the station to FPUA's point of service connection as well as the abandonment of the septic tank. The state level is from the DEP state water quality assistance program and that's a $377,371 dollars and that would cover about 25% of FPUA's infrastructure and service costs in the right of way. This amount would just be applied to Fleetwood Acres since it's our targeted project. Any remaining amount not expended would be utilized to expand throughout other areas of our service area territory for wastewater for a grant total in the amount of $505,000 assuming an FPUA pledged amount of $505,000. That's obviously for the infrastructure and the right-of-way. Staff received the grant agreement in mid-January and is presently clarifying some of the language of the agreement. Staff recommends and requests approval of the grant and delegation as soon as authority to Director of Utilities.

If you have any questions, I would be happy to answer them.

Mayor Hudson said Mr. Chairman it's a good job. Are there any provisions that we have to comply with when we get grants like this?

Mr. Carnes said we have to follow all local requirements. We have to get electrical and plumbing permits. We have to take abandonment notifications to the Health Department. Everyone has to be a licensed contractor in the area. As far as compliance, we handle the compliance, all of the administrative services are handled by Amy Adams with Cape Canaveral Scientific. She essentially explains the terms and conditions, we follow them and we get the grant.

Mayor Hudson asked the state doesn't exercise any more compliance other than what you just said correct?

Mr. Carnes said that's correct.

Mr. Matthews asked do any grants need matching dollars from us?

Mr. Carnes said it's kind of a play on terms. Match grant and local pledging I think to us mean the same, but to the grant it doesn't. We do have to put money in along with state and federal government to reap the most benefit. So the infrastructure will apply and not just to this project, but to other ones it will count towards our pledged amount.

Mr. Fee asked what will be our contribution to the project?

Mr. Carnes said our contribution will be the engineering, the construction, the infrastructure, inspection services and of that total amount we'll get reimbursed 25% from the state.

Mr. Fee asked our contributions will be handled in-house essentially?

Mr. Carnes said in-house price contractors. (i.e. engineering, inspecting services, certification, DEP permitting). All those things we handle in-house.

Mr. Matthews asked is that the same as in care?

Mr. Carnes said sure.

Ms. Cavalcanti asked is that going to make you subject to a single audit on that? I would think?

Ms. Mika said yes in excess of the $800,000.

Ms. Cavalcanti said so there's a whole lot of requirements on that though with the single audit. Lots of record-keeping on that.

A motion was made by Mayor Hudson, seconded by Mr. Fee, and unanimously carried to approve the Grant Agreement with the Florida Department of Environmental Protection (FDEP) for the Fleetwood Acres Low Income Sewer Conversion, in the amount of $505,000, and delegate the authority to sign the Grant Agreement to the Director of Utilities once the terms of the grant have been finalized with the FDEP. The grant will be effective upon execution and end on February 28, 2023.

Mr. Tompeck said Mr. Chairman in conjunction with this item I would like to introduce Amy Adams who is in the audience today. She's from Cape Canaveral Scientific who has been working with us on obtaining grants. She's done a terrific job for us and we really appreciate her efforts. She was instrumental in obtaining the grant that you just approved and also with the $3.8 million dollar grant that we were notified with last week for the sewer lining from DEO. I would like her to take a couple of minutes to discuss grant activities now and in the future.

Ms. Adams said thank you very much Mr. Tompeck, Board Members and Mr. Matthews. Nice to see you today.

Our company Cape Canaveral Scientific is a company that does grant writing, grant management and we also do quite a bit of scientific research. We've been Florida since 1994 and are a woman owned business. We came under contract with you last November 2019. Our most recent award came forward via an announcement about a week and a half ago from the governor that we are getting funding from hurricane Irma through HUD. This project will do the lining of 16 miles of underground sewer pipes that are essentially 60 year old pipes that were damaged during the hurricane. At one point you had for about six straight days 22 inches of water standing in your downtown area and on your west side of the south Hutchinson Island area. That water essentially created a very heavy weight on the majority of your sewer pipes. During that time, a number of them likely cracked. You had some subsidence of soils and so forth. This is the first time I've seen in the State of Florida, with my 25 years of experience in grant writing, that I've seen the State of Florida and a federal agency move forward with lining pipes. This has been an extremely expensive endeavor in Florida. Most of the agencies in towns and cities that have to move forward have to go after state revolving loan money in order to replace their pipes or to line them. This was a very aggressive opportunity for us.

We competed with 600 applications for the $100 million in funding and they selected 24 applications. Our application came in with a number of others. Specifically, there were 32 applicants, 24 applications out of those applicants were awarded and so the highest number came in around $14 million with some of the smaller cities like the City of Edgewater and then some of the next ranked were only 10. Two of the very large ones. We are in a group of four cities that were in the top tier so we came in number four with the largest amount of award at $3.8 million. There's no match to this funding. It's a straight resource coming in. It will go to pay 100% of disbursements for the money and the invoices. I think that project will be under way. My understanding is over the next 12 months to get that work done and get the 16 miles of pipe lined.

I can answer any questions if you'd like.

Mr. Tompeck said I think it's important to note, this is not something we normally have in the budget for about $500,000 a year. We're getting essentially 7 years' worth of lining done here. It's terrific for us.

Mayor Hudson said that's terrific. What was your magic? Are you not telling your secret?

Ms. Adams said I'm pretty well-known in the State of Florida. I would say that probably in grant writing if you are not winning grants you are not a grant writer. You have to win the awards. I started out here at the water management district working in the planning marina and actually wrote the Indian River Lagoon National Estuary Programs CCMP with part of my masters and

marine law program out of the Naval War College in Newport. I came down here, joined my husband who has been a 30-year employee for Florida Fish and Wildlife Research Institute. We have a lot of background working with contaminants. I moved into this field fairly quickly because you really can't get projects done unless you have money. That was my push for it and essentially I wrote grants for the Water Management District and the National Electric Program for a while. I did that for about 19 years and brought in $330 million dollars for them for just grant awards. I recently departed from them. I still do a lot of work with them, but I really wanted to work with a lot of local governments and your local government has a place in my heart. I have worked with your CRA redevelopment group and I've worked with your engineering group for the last 15 years and did a lot of your projects. I did your project out in Indian Hills and did all of that work and acquired all that funding with St. Lucie County and then have worked with your engineering director for years working on Veterans Park and number of other projects. A lot of people have called me Amy Grant. If you're born before the 2000 I guess you'd know what that is. I've been introduced like that for years by water management district personnel. There's probably about four or five of us that are pretty successful and pretty well-known to state and federal agencies. Grant writing is about 40% writing and then the other is relationships. You really have to work on your relationships. Honesty and delivery are really two big prongs of it. So I lean back on my relationships a lot and Fort Pierce has delivered on a lot of things. I don't have any trouble coming back over and over again. They see a track record.

Mayor Hudson said good job. Thank you.

Mr. Matthews said Mr. Tompeck it's your turn. Anything else to report?

Mr. Tompeck said just a couple of quick items. The meetings on the WRF relocation that were originally scheduled in January were cancelled. We've had a lot of problems getting the city, FPUA and the county together one time so we decided to do each group independently. The presentations to the FPUA Board will be on 2-16 and we're going to push that meeting up an hour to 2:00, but I will make sure that everyone knows that because the City Commission meets that same afternoon at 4:30. It will give us an extra hour to go through the presentation and questions. The presentation to the city will be at the Conference Agenda Meeting on March 8th and the county presentation will be on March the 16th at their regularly scheduled information meeting.

The last item is I wanted to give you an update on service disconnections in January. I think the news is good. We actually cut 660 people in January, but we had 644 reconnections. If you do the math quickly it's a few people that didn't reconnect. We're fortunate to have 1546 customers pay before being cut. I think the service disconnections we've gotten back to a near normal situation in terms of the number of people that could possibly be cut. That looks good. We had 47 commercial cuts during January. That's the last couple of weeks. As you can see from the numbers there, I don't know the exact number, the vast majority of them also have been reconnected. That's all I have this afternoon.

Mr. Matthews said we move to the attorney.

Attorney Koblegard said there is nothing to report.

There being no further business, the meeting was adjourned at 4:37pm.

ATTEST:

SECRETARY

CHAIRMAN