MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, JULY, 6, 2021, 6:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Vice Chairman Frank H. Fee IV (via conference call); Secretary Glynda Cavalcanti; Deputy Secretary; Kristina Gibbons; and Mayor Linda Hudson.

Members Absent: Chairman Charlie Frank Matthews

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 Madam Chair Glynda Cavalcanti.

Opening Prayer was by Jason Mittler, Manager FPUAnet.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

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

A motion was made by Mrs. Gibbons, seconded by Mayor Hudson, and unanimously carried to approve the Minutes of the Regular Meeting of June 15, 2021.

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

1. POA No. 16-60: 1) Approve Amendment No. 1 to the General Utility Consulting Agreement with Raftelis Financial Consultants, Inc., of Charlotte, North Carolina, to increase the not to exceed contract amount by $110,000, from $15,000 to $125,000 annually. 2) Approve a new study for the IWRF relocation in an amount not to exceed $56,000.
2. ITB No.19-27: Approve additional funding for the purchase of Heavy Duty Truck Parts from three firms, (i) Ramar Enterprises of Broward Inc. dba L&L Distributors, of Pompano Beach, Florida; (ii) Rechtien International Trucks, Inc., of Miami, Florida; and (iii) Total Truck Parts, Inc. of West Palm Beach, Florida, to increase the not to exceed amount from $60,000 annually to $104,500 annually, effective October 1, 2021 through September 30, 2022.

3. POA No. 21-62: Approve the Contract for the ESC 911 Regulatory Project with Graybar Electric Company Inc., of Clayton, Missouri, in an amount not to exceed $22,779.75, through participation in the US Communities Contract No. EV2370. This Contract will commence on written Notice to Proceed and end on final completion of work and acceptance by FPUA, contingent on receiving the required Certificate(s) of Insurance.
4. Approve budget transfer in the amount of $60,000.00 from Maintenance / Service Contracts to Maintenance of Equipment and authorize payment to Reliable Septic & Services for their emergency response services.
5. POA No. 20-10: Approve a) Budget Transfer in the amount of $33,000 to bring the total transfer amount to $56,000 and b) Amendment No. 1 to Specific Authorization No. SL-56-21-01, with SEL Engineering Services, Inc., of Pullman, WA, to modify the scope of work and increase the not to exceed contract amount by $32,449, from $122,445 to $154,894.
6. POA 21-57: Approve the Contract for the Refurbish, Repair and Disposal of Transformers with Florida Transformer LLC dba Emerald Transformer, of McKinney, TX through participation in the Florida Municipal Power Agency (FMPA) Joint Purchase Project Invitation to Bid No. 2021-105, in an amount not to exceed $30,000 annually, for the period from July 7, 2021 through June 30, 2022, with two one-year renewal options, contingent upon the extension of the FMPA Bid Award and receipt of the required Certificates of Insurance.
7. Bid No. ITB21-09: Approve the Award of Bid and Contract for Concrete Sidewalk, Driveway and Curb Replacement with A. Thomas Const. Inc., of the City of Fort Pierce, Florida, in an amount not to exceed $25,000 annually. The initial term of this contract shall commence on July 7, 2021 and end on June 30, 2022, with four one-year renewal options.
8. POA No. 14-53: Approve Specific Authorization No. MHC 66-21-01, for Mechanical Integrity Testing of the Deep Injection Well IW-1 at the FPUA Mainland Water Reclamation Facility with McNabb Hydrogeologic Consulting, Inc., of Jupiter, Florida, in an amount not to exceed $58,450. The initial term of this Contract will begin upon notice to proceed and end on final completion of the work and written acceptance by FDEP of the mechanical integrity testing report, contingent on receiving the required Certificate(s) of Insurance.
9. Natural Gas Rate Stabilization Fund Update – May 2021

Madam Chair said onto New Business.

Mr. Tompeck said thank you, Madam Chair. The first item this afternoon requests your approval of the Capital Improvement Plan and Mr. Kiy Tran will make the presentation.

Mr. Tran said thank you Mr. Tompeck, Madam Chair and Members of the Board. Today I would like to present to you the FPUA Capital Improvement Plan for Fiscal Year 2022 through 2026.

Every year FPUA updates its five-year capital improvement plan (CIP). The plan requires every department to look ahead and anticipate their capital needs separate and apart from the operating budget. Departments submit their requests in March, which included cost estimates, justification, department priority, time to complete, previous funding received as well as other information. Then a Budget Committee comprised of the Director of Utilities, Director of Financial Services, and staff evaluates each submission against a set of criteria (i.e. cost per customer, ease of construction, potential revenue, and nearby infrastructure). Normally, the costs of the projects submitted exceeded FPUA's ability to finance them over the next five years so projects must be prioritized and opportunities for grants, debt, CIA/CIC, and other resources are constantly evaluated to assist in addressing this area of the budget. During this process, FPUA will also review the status of prior capital appropriations to see if there are any remaining funds available due to project savings that could be reauthorized for another purpose.

Since the Budget Workshop held in May – we have reduced our original capital project requests by $6 million for fiscal year 2022 – 2026 CIP.

The capital projects identified by departments in this year's capital improvements plan process represent a total of $30 million of requests for fiscal year 2022 and a combined total of $111 million over a five-year period. Of the $111 million, $38 million are requests from Water System, $27 million are from Wastewater, $23 million are from Electric, $11 million are from Gas, $7 million are from FPUAnet, and the remaining $5 million are combined from Administration and contingencies.

Several factors were taken into consideration when determining which projects to recommend for funding in fiscal year 2022 such as:

- Projects that received previous funding
- Projects ready for the next stage of development
- Projects that would contribute to the economic development
- Projects that would preserve infrastructure components of our systems
- Projects that have outside funding available to offset the costs
- And projects that have important public safety component

Highlighted here are the top seven projects that accounted for 46% of FY 2022. Most of these projects were presented to you during the Budget Workshop held in May.

- North Fort Pierce Expansion (G) $3.9M – Expansion will include approximately 29 square miles of new service territory and 60 miles of new gas main lines which is expected to double our customer base. (Debt funding)
- Advanced Metering Infrastructure (E, G, W) $2.5M – Installation 2-way communication will open new possibilities for customer service and billing opportunities. (Debt funding)

- North Causeway Bridge Replace (E, G, W, WW) $2.2M - This is an FDOT project. The existing electric line, and water and sewer mains are in conflict with the proposed bridge replacement plan. It will be replaced and relocated. (Rates, CIA, CIC)
- Wastewater Main Lining – Grant (WW) $2.0M – FPUA received grant to line wastewater mainlines from low to moderate income areas of our service territory.
- Debt Funded Water/ Wastewater Expansion (W, WW) $1.6M - Installation of water and sanitary main services to residents with private onsite domestic wells.
- Lincoln Park (FPUAnet) $950K – Wired, Wireless and networking installations to provide FPUAnet Communications services to customers within the Lincoln Park area. (Rates 30% and CIA 70%)
- Gov't & Other Required (E, G, W, WW) $810K - Renewal, replacement, relocation and new capacity improvements associated with roadway or other right of way improvement projects. Include projects for FDOT, City, County, and storm management agencies.

Revenue from utility rates is projected to fund 55% of the CIP for FY2022-26. FPUA will issue new debt to fund 24% of the CIP. The remaining funding sources are derived from contribution from outside sources such as (CIA & CIC) are expected to fund 15% of the CIP, and 5% will be from grants, leaving 1 % to be funded for contingency.

Side notes: CIA "Contributions-in-Aid" cash or property contributed to the utility
CIC – "Capital Improvement Charges" – billed to developers/customers for improvement to their property.

FPUA's Capital Budget include funding projects mandated by other government or regulatory agencies, or required for system growth, reliability, efficiency, & safety, as well as renewals & replacements.

Projects that are mandated by federal, state, and local government and regulatory agencies represent 31% or $34.9 million for the FY 2022-26 CIP. Examples of the regulatory agencies required are as follows:

- FDEP of $13.2 million – which mainly consistence of Wasterwater Main Lining (Grant) $5.5M, Mains and Laterals R&R (Rates) $1.9M, Wastewater Main (Rates) $1.6M
- City of Fort Pierce of $5.5 million – consists of City Roadway Projects (W, WW) (Rates) $3M
- Public Service Commission of $3.9M – for New Construction – Comm (E) (Rates) $1M
- St. Lucie County of $3.1M – MSBU (Municipal Service Benefit Unit) $1.8M (CIA & CIC)

Historically, FPUA spent about 50% on average of the Board approved budget which included carryover and contingencies.

Notes – (FY 2020 AMI $1.2M, Orange Ave 16" Main $1.1M, IWRF Emerg Gen $885K, Savanah Repump $633K, LS Pump/ Elect $624K).

Side Notes: Rates only – FY'2020 - $14M; FY'19 - $12M; FY18 – $11.4M

In conclusion – the staff is requesting for approval of:

1. Projects listed in the CIP for FY 2022-2026.
2. The approval of FY 2022 capital budget of $30 million
3. And to authorize staff to carryover remaining funds for partially completed projects to fiscal year 2022 without additional Board approval.

Thank you for your time. I will be happy to answer any questions that you may have.

Mayor Hudson said Madam Chair so the 46% is for new projects and the other percentage is for the regular routine maintenance and then other things that we do on a continuing basis; is that right?

Mr. Tran said 46% which represents the 7 projects.

Mayor Hudson said right and then the rest of the percentage represents.....

Mr. Train said yes, that's correct. The blanket project and so forth.

Mayor Hudson said the things we normally do year in and year out.

Madam Chair asked any other questions?

Mrs. Gibbons said I just want to clarify. Is it routine maintenance or would that be further projects that are blanket projects.

Mr. Tran said blanket projects.

Mayor Hudson said we've had a workshop on this for the public's information for whoever is watching. We had a lot of this information presented to us. This is not new to us. So I would like to move approval of the Capital Improvement Plan.

Mr. Gibbons said I will second.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve the Capital Improvement Plan (CIP) FY 2022 – FY 2026.

Mr. Tompeck said the next item is approval of the 2022 O&M Budgets and the amended budget for 2021 and Barbara Mika will make the presentation.

Ms. Mika said thank you Mr. Tompeck. Good afternoon Madam Chair, Mayor and Board Members. I am presenting the Operations and Maintenance Budget for Fiscal Year '22 and amended for Fiscal Year 2021.

The operations maintenance budgets and standard requesting approval of the following 2021 amended budget and the original 2022. This budget was presented at the Budget Workshop on May 21st; however, we have made some modifications since then. We took a look at budgets and took a look at rate sufficiency and we made some adjustments to keep within the range for whatever they wanted in their budgets. Some adjustments went up and some went down. The first increase that we had as Mr. Tompeck mentioned at the Budget Workshop, was to include additional professional fees that were associated with the relocation of the mainland water reclamation. We have also added a half a percent to our salary line. That was based upon a recommendation from our compensation consultant and was in regard to the increase in inflation and the impact on wages overall in the area. We added a half percent to that line.

We also trimmed our budgets. Employee's insurance we reduced by 2%, we reduced our depreciation expense by 2% and then we made cuts from all of the departments across the board for some controllable expenses. Each department took 2% off their budgets for those expenses they were able to control. The overall impact of these modifications since that budget workshop was on the 2021 was a decrease of $706,000 and on the 2022 was a decrease of $289,000.

Our purchases for resale, that remains our largest item in red on this graph here. It's our largest expense item in the O&M. Historically, we've seen this item as high as 44% of the entire budget and the lower cost we've experienced have trended that down. The fiscal year 2022 operating budget for purchases for resale is $46.1 million and that represents that 40.1% of the budget.

The retirement contribution paid to the City of Ft. Pierce Retirement and Benefits system will decrease for the percentage for 2021 16.46 and for 2022 is 16.17. Regarding health insurance, we've taken a little bit of a conservative approach based on experience. We had a favorable year last year due to people not going to the doctor. In fiscal year 2021 our budget has increased over last year by 5.9%. We're expecting people are getting back to normal. That puts us on par from where we were in 2019. In 2022 we increased an additional 2% for people getting back into a routine and going to doctor.

Our total revenue of $116,777,000 is included in this FY 2022 original budget. Unit sales will remain flat as anticipated for electric water and wastewater. Gas systems anticipate an increase in unit sales and consumption related to some of their expansion projects going on. Increases in

the budget of revenues year-over-year relate to the expansion projects for natural gas and for FPUAnet with their services coming online. They are anticipating that next year.

The distribution to the City of Ft. Pierce based upon the 6% of our adjusted revenues for fiscal year '21 which will be payable in April of '22 is estimated to be $6,471,000. Fiscal year '22 calculation of the city distribution for over next year is budgeted to be greater than that by about 1.7% or almost 2%.

The staff is recommending the approval of the O&M budget for fiscal year '22 original revenues of $116,777,273 and expenses of $115,003,458 and amending the 2021 revenues to $111,368,847 with expenses of $113,364,225.

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

Madam Chair asked any questions?

Mayor Hudson said I have one. Not a question really a statement. I'm looking at the positions added on page four and so in 2020 we added one for FPUAnet and then two we're proposing for or we did for 2021. Have I got that right? Anyway, three positions in the last two years right for FPUAnet which reflects kind of the increase and the increased emphasis we will put on FPUAnet.

Mr. Tompeck replied that's exactly right, yes.

Mayor Hudson said good. I'm very pleased about that. Because I think that's really important for us to do that right and have the right people to do that.

Mr. Tompeck said one of the other things we're doing is we're adding a tree trimming crew in-house. Which would be in addition to our contracted tree trimming. It will be a little bit more responsive if we need a quick crew. So we're doing that as well. That's included in two of those people next year.

Mayor Hudson said normally we farm that out right? We're now going to do some of it in-house or all of it in-house?

Mr. Tompeck said we will contract most of it, but we want to have at least one crew available all the time. That's what we're doing here.

Madam Chair asked are there any other questions?

A motion was made by Mrs. Gibbons, seconded by Mayor Hudson, and unanimously carried to approve the Operations and Maintenance Budget FY 2022 Original and FY 2021 Amended.

Mr. Tompeck said the next item is a status report on the PCA for May 2021 and Barbara will continue.

Ms. Mika said thank you again everyone. Good afternoon, I have for you the information about the status of the May Power Cost Adjustment and the updated 12 months projections through May of 2022.

Power cost recovered through our customers that are in excess of our base power costs are accumulated and credited back to our customers through the PCA adjustment on the customer's bill. The cost of purchase power for the month of May was billed to FPUA at rate of $63.27 for 1,000 kilowatt hours. This was a decrease of $5.42 from the April billing from FMPA. In May, FPUA experienced an over recovery of power costs of $104,897 bringing the cumulative over recovery to $3.1 million as of the end of May.

This chart tracks the cumulative monthly balance of the PCA over recovery in relation to the approved power cost adjustment, which going back to two years to May of '19 and forward one year to May of 2022. The power cost adjustment at end of May was negative $8.00 per 1,000 kilowatt hours and that is represented by the dark blue line on the bottom. What you can't see here is that in June we had the $4.00 reduction to negative $12.00 and the impact that would have on the over recovery. On the top of the chart, we can see the blue bars which represent actual monthly over recovery while the orange bars depict the project. What the over recovery would be if all of our projections that we have are correct from FMPA.

Since the April forecast, FMPA's estimate of the cost of purchase power for the ensuing for the upcoming 12 months has increased marginally by a quarter of a percent.

This graph represents a comparison of the projections trending the power cost recovery through May of next year. This is based upon the current forecast and the $4.00 decrease that went into effect on June 1 with the lower power cost through October. This allows us to give back to the customer through the summer months with costs projected to increase in the fall and into the winter months. The over recovery, once we come to October, you can see where the graph separates with the green line being the $4.00 increase back into the PCA, and the red line is just leaving it at the negative $8.00 going out to the end of the year.

We have these two scenarios and with the $12.00 increase back in October, the current projections have an average cost per 1,000 kilowatt hours at or below our base rate through February. Projections through February look like there right at the base cost. We will, of course, continue to evaluate the month of projections that we receive from FMPA and report back to the Board. Based upon these assessments we're recommending no change to the power cost at this time.

If you is have any questions I'd be happy to answer them. This information only.

Mayor Hudson said I like no change.

Mr. Tompeck said the next item is the Bill Comparisons for the month of May 2021. Michelle Harris will make the presentation.

Ms. Harris said thank you Mr. Tompeck, Madam Chair and Board Members. I'm presenting to you today the monthly update on the comparison of Florida Municipal Electric Rates published by FMEA and the local Treasure Coast utility bills for May.

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. FPUA rates at $108.84 shown with the yellow bar ranks us the third lowest in this group.

This graph displays that comparison for same level of consumption, but includes all the municipal utilities in the state. Our bill at $108.84 ranks FPUA the 12th lowest when compared to the other 31 municipal utilities. The blue bar represents our rates for the June approved adjustment to the PCA.

In May, while we maintained our rates for another month, 12 of the other 31 municipal utilities implemented rate changes. The overall impact of these rate adjustments resulted in an increase of $0.52 cents of the ARP average and a whole penny increase for the municipal average. Our rates for 1,000 kilowatt hours continue to remain below all three averages, the All Requirements Average, Municipal Average and the IOU Average.

This graph presents a similar comparison for the consumption of 2500 kilowatt hours. FPUA's bill at $274.80 remain in the middle of the group as well. Our rates for 2500 kilowatt hours also remain below all three averages in this group.

This table displayed is the main comparison of average residential utility bills of 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 by FP&L and water and wastewater service business the localities provider. The comparison reflects the bills for the average consumption of electric, water, and wastewater services. This table also includes the recent increase in FP&L rates that went into effect May 1st.

This item is for information only. I will be happy to address any questions you have.

Madam Chair said we're looking good.

Mr. Tompeck said I think this bill actually showed some of the $3.00 that FP&L instituted on May 1st.

Mr. Tompeck said the first Resolution this afternoon is UA 2021-04 a Reimbursement Resolution associated with our debt restructuring. I provided you some background on this item in my e-mail of July the 1st and Barbara Mika will make the presentation.

Ms. Mika said thank you and good afternoon. As Mr. Tompeck said, this resolution goes in concert with the issuance for debt that we are looking for.

The Resolution being presented constitutes a declaration of intent for FPUA to reimburse our unrestricted cash for a pre-issuance expenditures from the proceeds of the issuance of the new debt. Typically, proceeds cannot be spent before you get your debt funding and issuance. In order to include some of these pre-issuance expenditures three conditions must be met.

First, we must adopt this resolution. Second, we must reasonably expect and anticipate that we will reimburse these expenditures and lastly, we must reimburse within a specific time frame once the proceeds are received. So staff is requesting the Boards approval and adoption of this reimbursement resolution number 2021-04 which will enable us to include some of the pre-issuance expenditures as spent from proceeds received from the new debt.

Mr. Tompeck said to add to that right now the only thing we're working on that would be reimbursed is AMI. Although, we're thinking about starting some of the preconstruction activities associated with the gas expansion which is also part of the debt restructuring.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve Adopt Resolution No. UA 2021-04, a Resolution of the Fort Pierce Utilities Authority of the City of Fort Pierce, Florida ("FPUA"), establishing its intent to reimburse certain expenditures in connection with various capital improvement projects related to the FPUA combined and consolidated electric system, water system, wastewater system, natural gas distribution system and FPUAnet communications, as more particularly described herein, incurred with proceeds of a future taxable or tax-exempt financing or financings; providing certain other matters in connection therewith; and providing an effective date.

Mr. Tompeck said the next item is Resolution UA 2021-05 which is a policy associated with handling P3 solicitations. This is a follow up to our joint meeting with the City Commission on June 22nd and Josh Gang has developed the policy and it's been reviewed by Mr. Koblegard against the requirements of 255.065 of the Florida Statutes. Josh Gang will make the presentation.

Mr. Gang said thank you Mr. Tompeck, Madam Mayor and Members of the Board. As Mr. Tompeck said, this is in regards to Resolution UA 2021-05 which is a P3 policy.

Before we start here, I will go into a little bit of background on the basics on the procurement process. I just want to make sure everyone understands where we are and how the P3 would fit in and the exceptions it provides.

Our procurement process is governed by Florida law and that includes Chapters 166, 255 and 287. It's also governed by Article 12 of the City Charter. The purpose and goals of our entire procurement process are to promote fair and equitable treatment of all parties that are involved in the process. Maximize the purchasing value for FPUA and our rate payers and ensure cost effective use of public funds. It also includes and provides safeguards for quality and integrity in the procurement process. Those are really just the guardrails by which we operate.

When we say the Charter we're talking about Section 179 and that section says that contracts, services, construction material, and supplies with the cost or value over $5,000 require competitive bidding. Now, of course, you know the term bidding really doesn't just mean bids. We obviously do RFP's and other types of solicitations and advertisements in the newspaper once a week for two weeks. There are some exceptions to this requirement which would be things that are sole/single sourced products that are not available in a competitive market and are only available from one source, contacts for professional services (i.e. accountants, consultants, engineers and architects). It also includes agents or investment banking which we will be using for the upcoming bonds that we are seeking and refinancing. Then there's a caveat for or when there's an extension of contracts in the best interest of FPUA. That is a tool that we've been using lately because of inflationary pressures. We're in a position where we can lock in current rates as opposed to putting things out for bid. Sometimes we're choosing to do that. We're getting some commitments for a year or two.

Moving on to the types of procurements. There's invitation to bid. This is the common formal sealed bid that everyone is familiar with. It's used for commodities, goods and services, typically used when the specifications are really well defined. We know exactly what we are buying and we put it out there and price is the primary factor.

In terms of process, we develop a bid package, advertise it in the paper, post on FPUA.com and put it on DemandStar. They can take 4-6 weeks sometimes longer between getting it out there, receiving the bids back, opening the bid and starting the process to bring everything here to you.

Now there's alternative options for these which include piggybacking, use of state contracts that are approved for us to use, and also cooperatives. That allows us to piggyback on someone else's process that they've done for a procurement that's still ensures those safeguards I was talking about for integrity, quality and transparency.

We also have requests for proposals. This the formal sealed proposal. The difference here is that it's used for equipment, services, and things where the specifications are not well defined. We may not know exactly what we need or want and we're looking for the potential firms that are submitting their proposals to fill in the gaps or fill in the information on how they would do the process. The price is not the primary factor and that allows for some negotiated terms, price and specifications with the vendors. It's a similar process....we put together an RFP package, we advertise in the paper, post on FPUA.com and on DemandStar. As I said, potential firms submit their proposals and we have the option of doing presentations. We can then develop a short list for those presentations and make the final selection from there. We're not required to do that, but it's an option. The time frame on these really depends on the complexity from a month and a half to six months depending on what we're doing. Something like AMI took a bit longer. Some of these are shorter and we can crank them out in a month and a half or two months.

The next type is a request for qualifications. This is a competitive solicitation to qualify firms. It's used for things like professional services, consultants, banking, and accounting. As I said, those are an exception to the requirements, but sometimes we still use them because it allows you to review the firm's history, background and qualifications. Again, we use the same process. We advertise in the paper, post on FPUA.com and the firms submit their qualification statements and these have a variable time frame. Some we will leave open so we can go back to them and use them and qualify firms as we go. Some of them we may put it out there and qualify specifically for a prequalification for something we don't want to put out to specify to all the bidders. That's a process we're using right now with our security systems. We obviously wouldn't want to put the entire design out there to the public or the firms that aren't qualified to be a security operator or security firm. We use it for pre-qualifications as well.

Now 287.055 is the CCNA and that's the Consultants Competitive Negotiation Act. It actually requires you to qualify the engineering for any design project. That is an exception to any other process. It really requires you to use this RFQU or some version of it that meets the statutory requirements. This is used for engineers, architects, surveying and mapping firms. It's a specific statute in Florida that tells us -- well, pretty much, exactly what we have to do to qualify those firms. We put out the RFQU, we get their responses back, we review them, we qualify the firms and then we put the firms on what's called a continuing contract. Those continuing contracts allow us to have negotiated terms with the firms in advance and then we do a specific authorization for projects. You see these all the time because we bring them to you. Essentially, once they are on that continuing contract it allows us to speed through the procurement process. We will review the qualified list, discuss the project with the three most qualified firms, make a short list, and then start negotiating with the top firm that can meet our time and budget. Assuming we come to agreement with that firm, we prepare the specific authorization and bring it here. If we don't come to a contract agreement with them on budget and time, or we can't meet the time frame, we will move on to the next firm. We move on down the list.

Just a caveat here, we can't use a continuing contract for anything -- any project over $4 million for a design build or $500,000 for professional engineering or study. Those require their own standalone contract. You can't use the specific authorization process for those.

I will pause here and see if anyone has questions. Some of that is a review for a lot of you.

Mayor Hudson said just clarify that last statement.....the caveat. Just say that again for me.

Mr. Gang said so the caveat there is per the statute, you can't use a continuing contract and specific authorization for any project over $4 million. You would have to have a standalone project for design build and for professional engineering services or design study over $500,000 as you need a specific contract. You just can't use the continuing contract. The statute requires it.

Moving on to public private partnerships (P3). Some of this is a review of what you saw when Mr. Hutchinson was here. In a nutshell, a P3 is a long-term cooperative agreement between two or more public sectors and private sector entities to meet a public service or public need. Its governments and businesses working together to complete a project or provide services for a public benefit. That's sounds simplistic, but that's what they are targeted to do. They are primarily used for infrastructure, schools, airports, transportation, parking systems, recreational sports, cultural facilities and a water or waste wastewater treatment facility.

So 255.065 is the P3 statue here. It went into effect in 2013 and it was amended in 2016 and that amendment clarified the process that should be used a little bit. Throughout it authorized local governments to use the P3 model, but also included caveats that preserve home rule. What that effectively does is allow local governments and municipal corporations that can follow the statute or they can use their own procurement methods. They can go either way. They aren't required to use the statute only.

P3 projects are effectively projects with benefits. They have to be a qualified project, which means it must serve a public purpose, a public need and the goals here have to be cost effective for project acquisition, development and delivery, potential to reduce project costs, provide flexibility, procurement and contracting. Again, it's an exception to what's called a traditional procurement process. It improves speed of delivery and encourages creative and innovative funding sources. That being said, P3's are not without controversy or criticism. People argue that they provide a lower return on investment for the public entities and that's due often to the financing and the way that the fees would work. Obviously, companies don't come in and do things for free. If they have to finance it we're paying on top of the financing which sometimes, as we heard in the joint meeting, can be higher than FPUA can go and borrow on its own. Then the private entity gains benefits from that. Obviously, they take profit off the top.

The other criticism is that it's used as an effort to privatize government services. The process doesn't have the same transparency that a normal procurement process would. Then there's the share of risks which are supposed to be a goal of P3's. There's a shared risk between the private entity and the public sector. Shifted rewards with those risks come shifting of the benefits and the financial benefit to a private entity. You share the risk, but you shift some more profit off to these entities. Those are tradeoffs for the efficiencies and the other things I was talking about.

On to the P3 resolution. The P3 resolution permits FPUA to take advantage of the P3 statute. It provides framework for staff to follow to make sure we're doing everything right. If you read the P3 statute it can be described as complex and perhaps confusing in sections. It allows us to accept unsolicited or solicited proposals and provides fees for accepting unsolicited proposals which is permission under the statute. Obviously, the fees I've listed on there are $5,000 for a conceptual proposal and $10,000 for a detailed proposal. That's what we're proposing we use and obviously the fees could be waived by the Board in any circumstance. There's a section of the statute that says, if the fees aren't enough because you are reviewing a number of detailed proposals or a very detailed proposal from an unsolicited proposal, you can then request additional funds on top of that fee. The idea there is that they want to protect public entities so you're not just getting a proposal, reviewing it, spending time, money and resources, but not recouping that money back from the proposer.

I believe it's inserted in the statute to encourage entities to accept the proposals and not feel like they are wasting time or money. FPUA's options are that home ruled power. We can follow the P3 process, which is what we've developed here which tracks with 255.065 the P3 statute. We could not do that and just use a traditional procurement process that we've used before like as an RFP or we can reject any P3 proposals.

Following along with the policy, when we receive an unsolicited proposal the policy and the way we crafted it we break them out into a conceptual proposal and a detailed proposal. If you only require a detailed proposal then your proposer has to lay out everything under the sun in that proposal when they give it to you. That may be off target from what you want. By allowing a conceptual proposal, you allow them to say hey, I have this great idea. You should build a park here or parking facility there and then you can flush out the details later on. The difference is the conceptual proposal is enough for FPUA to decide whether that particular proposal warrants further investment, dedication of time, and resources. A detailed proposal would provide a lot more detail and the ability to compare that proposal with a similar proposal or the same type of proposal for the same project. Then there's other things we would have to figure out to make sure it's a qualifying project. Does it meet the basic requirements of 255.065 and then make that accept or reject decision and it requires us to do that within 30 days. We could request more time if the circumstances warranted that it needed more time, but generally the idea to do it within 30 days so we're not lingering around with a proposal.

Once we have that unsolicited proposal we have options. We can reject the proposal or we can accept the conceptual proposal for evaluation. We can spend our time and resources evaluating it or we can turn around and just solicit competitive proposals for the project. This is probably the most common route that FPUA would end up doing given the size and scope of these projects and I'll get into that in a minute.

Option four would be just to request additional information. We review a conceptual proposal and we say hey that looks like a nifty idea. We haven't thought about that maybe you can give us more information and the firm can then turn around and flesh out their proposal with some guidance that we would give them.

Once we accept a P3 proposal that doesn't mean we accept it and all of a sudden we're in a contract and now we're married to the P3 company and running down the road. It means we accept it for review and evaluation. At the point when we get to where FPUA and the P3 entity intends to enter into a comprehensive agreement and make that decision, then we have to advertise it, publish it in the Florida Administrative Register, advertise it once a week for two weeks in the newspaper and send notice to every local government in the affected area. It's important to understand the P3 statute, which is 255.065 and the CCNA which is 287.055 they work tandem. It's very clear in the statute. In fact, there's one sentence in there that says nothing in this statute eliminates the requirements of 287.055 so we are required to qualify any engineer on a project that has engineering or design work. FPUA is required to qualify that engineering.

When you read the two of them together you realize that if you have an unsolicited proposal that involves design and construction, FPUA's required to have that proposal reviewed by an engineer or a licensed PE. That could be somebody in-house, if they're qualified to review that type of proposal, or we could go outside and hire an engineering firm to do that. The statute also requires that the engineer that does the work has to then be your advisor throughout the completion of the project and work with you throughout the project.

The P-3 solicitation statute says we have to do a design criteria package which is a little more than just talking to someone. It's us laying out exactly what we want out of a proposal. Again, that has to be prepared by a PE that's qualified by FPUA per the CCNA and then that person who designs the design criteria package is retained to work for FPUA to ensure that we receive what we want throughout the entire process.

All right, so putting this all together I will circle back to the beginning a little bit here. We have our goals of our procurement process which is to provide economical -- our FPUA mission obviously says is to provide economic reliable and friendly service to all of our customers. We want to ensure fairness to all parties in the procurement process and safeguard the quality, integrity and provide transparency in the process. We will, of course, follow all the legal and charter requirements and we want to make sure that we avoid unreasonable risk and any pitfalls that come up during the process. That is everything from the beginning of the solicitation, the

process we use, all the way through negotiating the contract until the project gets done, built and is moving forward.

As laid out in our policy and in the statute, the P3 solicitation provides an alternative to these traditional types of procurements that I was talking about earlier. Public utility projects especially something on the scale that we are talking about with relocating the WRF, a project in the tune of $80-$100 million dollars is going to require a warrant rigorous review, evaluation, and analysis of any proposal and when we look at the Charter, Section 179, saying that anything over $5,000 we're going to put out for some type of a competitive process.

Our goal here is to match the public benefit needs with the P3 time, benefits, and efficiency that we might gain and that's what we tried to do throughout crafting the policy. I think it does that well.

That's the entire overview. I'm happy to answer questions. Our hope and goal here is to have a policy that we can utilize and follow and then have the Board give us some guidance.

Mayor Hudson said so it's very comprehensive.....13 pages. It's a lot, but this is.....have you had any experience with a P3?

Mr. Gang said no.

Mayor Hudson asked personally? Has the company had any experience with the P3?

Mr. Tompeck said not that I recall. You guys remember any.....other than the design build process which is short of the financing is really the same thing.

Mr. Koblegard said Madam Chair I just wanted to say one thing, have you ever had a P3 before, if I'm not mistaken, when we talk about the bond council I think he said they had attorneys on staff that had handled P3 projects. I believe that's what he said. So if we get into any issues, we can certainly have them help us through the process or whatever we choose to do. I also want to say that when Josh first passed out this resolution, I went back and sat down and tracked it against the Statute 255 to see if it generally followed the statute and met the requirements in the statute and it definitely does. I checked on some other resolutions for P3 projects and other municipalities that entered into one. I want to prepare that and say generally how that compared to what Josh has come up with. They are all very similar, but Josh has done an excellent job on this project and I think you really can't thank him enough if you believe this is something we should enter into. He's spent a lot of time on it. He's good at it.

Mr. Fee said I thought the Policy and Procedures was very well done. My compliments to Josh.

Mayor Hudson said if this passes today what do you see as the next step?

Mr. Koblegard said advertising wouldn't we?

Mr. Tompeck said I think, you know, my assessment is that the Board has already directed us to go ahead with a P3 procurement. Our next step is to develop the design basis package for a P3 project.

Mayor Hudson asked so passing this doesn't trigger it yet right? Or does it trigger it? We have to take some kind of action in order to trigger is that right?

Mr. Tompeck said right if we decide to accept any other unsolicited proposals. As it stands now, I think you've directed us to do a P3 procurement for this and that's what we are going to do.

Mayor Hudson said I think that it's very well done and comprehensive, but it's all new to all of us. One of the things I had talked to you about Mr. Tompeck and I would hope that we would reach out to the Treasure Coast Regional Planning Council which I think has experience with P3's and I think that they could be a guide for us in terms of this -- because you said it yourself, this project is really, really huge it's really big and so it needs -- I think we could use their expertise and their guidance as well. I would suggest that when we decide to....if we pass this today, then the next step if we decide to embark on that I would recommend we reach out to them and see if they could help us.

Mr. Tompeck said I've already had some preliminary discussions with Kim Delaney, so yes.

Madam Chair said I have a question. If we're going to do that, do we go ahead and pass this resolution or do we wait for Treasure Coast Regional Planning Council?

Mr. Gang said the resolution and the proposal that's out there are separate. This is a presentation. This policy would be effectively permanent until we change it.

Madam Chair said I guess that's my point and I hear that you've done a great job. I have no idea. Okay. Should we have them involved even in that level?

Mr. Tompeck said I think they are two separate issues. I think this would be if we decide to work with the Treasure Coast Regional Planning Council on this particular P3 solicitation.

Mayor Hudson asked this is a process right? We're establishing a process.

Mr. Tompeck said yes.

Mayor Hudson said that we would follow for any project right?

Mr. Tompeck said correct.

Mayor Hudson said and if we find that we've overlooked something or maybe done something wrong on here we could change it. If someone said you know it's a shame you passed that because that doesn't really fit here. We can revamp it right?

Mr. Gang said correct. If we went through this process and we realized that there's some things that we would do differently or prefer to do differently we would bring it back to the Board for approval and change the policy. Of course, if they change the statute which is possible too we would do the same thing.

Mayor Hudson said oh they wouldn't do that.

Mr. Gang said never. Only twice in two years.

Mayor Hudson said every time they meet.

Mr. Gang said in response to your question about FPUA and the experience of doing a P3 something of this magnitude, it's not going to be just FPUA staff and Mr. Koblegard and us reviewing it. We would be remiss to not have the plans reviewed by professional engineers, the finance reviewed by professional consultants and including using outside counsel that's experienced in P3's. Yes, I've done multimillion dollar agreements and multiparty agreements for construction and things like that in my past life as an attorney, but even still I would recommend this is a beast into and on itself.

Mayor Hudson said I think you need a lot of outside help just because it gives credibility to the whole process. Like you say, we're looking for transparency and this statute....I think you were right in your presentation because one of the things the legislature wanted to have happen is they wanted to encourage innovation. They really wanted to give it kind of an emphasis.

Mrs. Gibbons said to be clear, all we are voting on in this is an update to our current.....

Mr. Gang said you're accepting the resolution that creates a P3 policy and process.

Mayor Hudson said it allows to us do that and we follow these rules that we've laid out. Right.

Mr. Gang said correct.

Madam Chair asked who reads the resolution?

Ms. Sabota said I can read it. I have it.

Madam Chair asked any more questions?

Mayor Hudson said nope, I'm good.

Ms. Sabota said Resolution UA 2021-05 a resolution adopting section 255.065, Florida statutes; providing a policy for the utilization of public-private partnerships in accordance with 255.065 and Article XII of the City Charter; providing fees for unsolicited proposals; and providing an effective date hereof.

A motion was made by Mayor Hudson, seconded by Mrs. Gibbons, and unanimously carried to approve Adopt Resolution No. UA 2021-05, a resolution adopting section 255.065, Florida statutes; providing a policy for the utilization of public-private partnerships in accordance with 255.065 and article XII of the city charter; providing fees for unsolicited proposals; and providing an effective date hereof.

Mr. Tompeck said I have just two very quick items.

First one, we've identified another program that will assist our customers with rental and utility bills. It's a federally-funded program sponsored by the Department of Families and called Our Florida. FPUA has been reviewed and accepted as a utility provider. The program is restricted to renters. Applications can be found at www.OurFlorida.com and we'll be sending out some information to our customers on this program shortly. This is a program where they actually pay us directly rather than the customer and the customer gets credited for being caught up.

The second item is our next Board Meeting will be August 3rd. The July 20th meeting has been cancelled because of the FMEA and FMPA Annual Meeting.

That's all I have.

Madam Chair said Mr. Koblegard?

Mr. Koblegard said I passed out a few documents for everyone on the Board. One is a colored map so to speak and one is a copy of the deed. I know at the joint meeting the question came up about the ownership of the water treatment facility. I think it's the city's position they own the whole thing and it would be my position that we own a fairly substantial chunk of it. I just want to be able to show you what I'm basing that on.

If you look at the deed dated March of 1975, you notice at the top it says, by the Ft. Pierce Port and Airport Authority. That's now the City -- excuse me the County Commission. They acted as that back then and now it's all underneath the County Commission. You will see that the deed

says, grantor to the City of Ft. Pierce and I'm skipping down for the use and benefit of the Ft. Pierce Utility Authority. The City of Ft. Pierce for the use and benefit of the Ft. Pierce Utility Authority. If you look at the colored drawing that is the green area that's what this deed describes and we've had it surveyed. I know that's correct. And – the pink area, although honestly I didn't believe it was that big, that is owned by the City of Ft. Pierce. It was deeded to them by the Trustees of Internal Improvement Fund. Same thing for the blue area. That was deeded to the City of Ft. Pierce, but one thing about the blue area if you look within the blue area, you will see a green line. That's the actual bulkhead and part of the sewer treatment plant. The waste water treatment plant. Any area to the east of that green line to the edge of the blue or any area from the south of the green line to the edge of the blue is in the Indian River. It would have to be filled in at some point if that was going to be utilized.

I wanted to be sure. I know we're supposed to meet with the City on the 14th with the City Attorney and the City Manager to see if we can come to an agreement over who owns what. I'm confident, based upon the deed and some other things, that the green area is definitely owned by the Utility Authority. I had the Finance Director, Barbara Mika, check for me today and we are taxed for that parcel. The city is taxed for their parcels. We're taxed for that parcel for the drainage taxes, some $5,800. It just shows that the tax collector acknowledges that the green area is owned by the Utility Authority.

Now, what do I base the language and the deed on? I've worked for the UA for 25 years. We have bought property and sold property during that period of time on numerous occasions. We've taken easements from people on numerous occasions. Anytime we bought a piece of property we always bought it in the City of Ft. Pierce for the use and benefit of the Fort Pierce Utility Authority. Anytime we sold a piece of property we sold it by deeding it as the City of Ft. Pierce for the use and benefit of the Fort Pierce Utility Authority. That is the way we've always held title to our property. We're free to contract, to buy and sell it, we don't ask the City's permission, but when it comes time to sign the deed the City has to sign the deed. It's usually just a ministerial duty that the City follows through with. I think a couple of times it may have gone to the City Commission for discussion.

In a nutshell, again, I'm going to take the position on the 14th when we meet with the City that there's no question of what we own the green parcel. I hope I can convince Mr. Sweeney and the City Manager that that is in fact true and I can't imagine any facts that would show it otherwise. That's what I wanted to say about that parcel.

If you have any questions, I will be happy to try to answer them. That's all I have.

Madam Chair asked any other comments from Board Members?

Mayor Hudson said I just had one, Madam Chair. I think the Commission indicated they wanted to meet in August, late August or so. I can confirm that tonight, but maybe we ought to start thinking about a date for that or maybe you've had conversations. I don't know if you have?

Mr. Tompeck asked and the purpose of that meeting would be?

Mayor Hudson said a joint meeting to continue the discussion that we had at the last joint meeting.

Mr. Tompeck said I haven't had any discussions on that, but okay.

Mayor Hudson said at our joint meeting they indicated....that we indicated -- I'm on this board and that board. At that meeting, the City of Ft. Pierce Commission indicated they wanted to have another joint meeting in late August. I want to make sure that stays on our radar. I will confirm that tonight with the Commission.

Mr. Tompeck said that's fine. I assume that we'll have to come up with an agenda of what to actually discuss.

Mayor Hudson said yes, right. I think they wanted to continue the discussion and they thought that was a good meeting and good start.

Mr. Tompeck said okay.

Mayor Hudson said that's all.

Madam Chair said there being no further business, the meeting was adjourned at 5:05pm.

ATTEST:

SECRETARY

CHAIRMAN