MINUTES OF A REGULAR MEETING OF THE FORT PIERCE UTILITIES AUTHORITY, TUESDAY, July 19, 2022, 4:00 P.M., CITY COMMISSION CHAMBERS.

Members Present: Chairman Frank H. Fee, IV; Vice Chairman Kristina Gibbons; Secretary Barbara Bennett; Deputy Secretary Larry Lammers; and Mayor Linda Hudson.

Others present: Javier Cisneros, Director of Utilities; Rupert N. Koblegard, III, FPUA Attorney, Barbara Mika, Director of Finance and Administrative Services; Craig Crawford, Acting Director of Electric & Gas Systems; and Daniel Retherford, Director of Utility Support Services.

The meeting was called to order by Chairman Frank H. Fee.

Opening Prayer was by Alice Delannoy of Treasure Coast Energy Center.

The Pledge of Allegiance was recited.

The roll was called and a quorum declared.

ITEM A: SET THE AGENDA

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

ITEM B: APPROVAL OF MINUTES

A motion was made by Ms. Bennett, seconded by Mayor Hudson, and unanimously carried to approve the Minutes of the Regular Meeting of June 7, 2022.

ITEM C: COMMENTS FROM THE PUBLIC

Ms. Cheyanne Kinslow – Concerned with rates.
Ms. Yolanda Robinson – Concerned with rates.
Mr. James Gray – Concerned with rates.
Mr. Rick Reed – Concerned with rates.
Ms. Luz Santiago Lopez – Concerned with rates.
Minister Mario Victorez Wilcox – Concerned with rates.
Mr. Robert Adams – Concerned with rates.
Mr. James Holland – Concerned with rates.
Ms. Tina Lomax – Concerned with rates.
Mr. Bruce Kindavogel – Concerned with rates.
Mr. Donovan Holbert – Concerned with rates.

Commissioner Arnold Gaines – Concerned with rates.
Ms. Michelle Danaluk - Concerned with rates.
Mr. Jose Dorado – Concerned with rates.
Ms. Tonya Edenfield – Concerned with rates.
Ms. Jean Powell – Concerned with rates.
Ms. Katherine Burg – Concerned with rates.
Mr. Noah Gomez – Concerned with rates.
Mr. Antonio Ackel – Concerned with rates.
Ms. Sarah Lee Robertson – Concerned with rates.
Ms. Ethel Reconco – Concerned with rates.
Ms. Gloria Neloms – Concerned with rates.
Mr. Dalelee Byerly – Concerned with rates.
Ms. Irma Cabriales – Concerned with rates.

ITEM D: CONSENT AGENDA

Mr. Cisneros said there is an item, G4, that will be pulled due to it was approved under a previous Resolution.

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

1. POA No.20-27: Approve the Specific Authorization No. FOR 93-22-01, for Design Build Services with Foresite Group, LLC of Peachtree Corners, Georgia, in an amount not to exceed $60,809.10. The initial term of this contract will be upon written notice to proceed and end upon final completion and acceptance by FPUA, contingent on receiving the required Certificate(s)of Insurance.
2. POA 22-14: Approve Post Budgeted Project/Budget Request and the Purchase of a 2022 Ford F-150 Pick-up Truck from Mullinax Ford of Central Florida, Inc. of Apopka, Florida in an amount not to exceed $57,155. This is a replacement vehicle of a pick-up truck damaged in an automobile accident on June 3, 2022.
3. Approve budget transfer for additional funding of $42,000 to add a new 4" p.e. main on Industrial 33rd for Maverick Boats and other future customers. The total budget transfers to this project will be $77,988.
4. Approve NDA with Perfectvision Manufacturing, INC. to discuss details regarding being a reseller for Direct TV Stream.
5. Approve Post Budgeted Project/Budget Request for Beach Ct – Electric Adjustments in the amount of $50,000.
6. Approve Post Budgeted Project/Budget Request for Ave B – Electric Adjustments in the amount of $100,000.

7. Approve the Memorandum of Understanding with BellSouth Telecommunications, LLC d/b/a AT&T Florida, of Atlanta, GA, to establish a business partnership on FPUA's Pole Asset Inventory Survey.
8. POA 17-64: Approve Amendment No.1 to the Well Field Maintenance and Rehabilitation Services Contract with Aquifer Maintenance and Performance Systems, Inc., of West Palm Beach, Florida to allow for two additional one-year renewal options, contingent upon receipt of the required Certificate(s) of Insurance.

ITEM E: RECOGNITION OF EXCELLENCE

ITEM F: OLD BUSINESS

ITEM G: NEW BUSINESS

1. Barbara Mika reported on the Status Report on Electric Power Cost Adjustment (PCA) for June 2022: The cost of purchased power to FPUA is subject to unpredictable changes based upon the current market price for Natural Gas. The high price for Natural Gas is driving the cost to FPUA up. This item is being brought to the Board to inform them of the preliminary results for June of 2022 with projections of FPUA's power costs through June 30, 2023. The PCA is a direct recovery of power costs paid. FPUA does not make a profit through this adjustment. Any over or under-recovery is recorded as a liability to or a receivable from the customer.

   The PCA, for the month of June remained at $18.00 per 1,000 kWh. The June forecast has been infused with $10 million dollars from proceeds of FMPA's Refunding Bond 2021B. This infusion is intended to soften the costs for the next four months. It is their intention to stream another $10 million which will be spread over some period of months, TBD. The review and analysis of the June forecasted rates show a decrease of about $30/MWh on average over the next six months, with the average cost of purchased power fluctuating between $90 - $100/MWh for the next six months. In June FPUA recovered $97.52 for every $1,000 kWh sold. The July increase to the PCA brought that recovery up to $138.52 per 1,000 kWh of consumption. The influx of reserves by FMPA provides temporary relief to an otherwise difficult situation. Staff is therefore recommending a cautious decrease to the PCA that will provide relief to our customers in the heat of the summer. The projections of FPUA's power costs, exhibited in the following graphs and charts, were prepared by Raftelis Financial Consultants (Raftelis), which were, in turn, based upon the most recent forecasts prepared by Florida Municipal Power Agency (FMPA).

Attached is a table of the amount of power cost paid to FMPA and recovered from FPUA's customers each month for the past 24 months. The cost of power purchased from FMPA for the month of June was billed to FPUA at a blended rate of $107.36 for 1,000 kWh, an increase of $3.08 since this the May bill. FPUA under recovered $863,402 from customers for the month of June bringing the cumulative balance of power costs recovered at the close of June to an under-recovery ($1,044,709).

Also attached is a table of FMPA All-Requirements all-in rate projections vs. actual billings. Projections for the month of June 2022 over the prior 11 months at the 50% confidence level were an average of 20.5% less than the actual rate billed.

Since the May forecast, FMPA's estimate of the cost of purchased power for the upcoming 12 months has decreased by 24.2%. With consideration to these revised projections which include the impact on the cost of power of the inflow of reserves and the uncertainty of the costs once those reserves are gone, staff is recommending a reduction in the PCA in the amount of $10.00 per 1,000 kWh or $20.00 per 1,000 kWh, effective August 1, 2022. This will allow us to pass on some of the temporary relief that we are receiving, to the customers.

We will continue to closely monitor changes to the forecast each month and present an update to the Board, recommending changes only when absolutely necessary.

RECOMMENDATION: Staff is recommending a decreased adjustment to the PCA for an amount not exceeding $20.00 per 1,000 kWh effective August 1, 2022.

A motion was made by Mr. Lammers, seconded by Ms. Bennett, to approve a decrease in the Power Cost Adjustment (PCA) of $30.00 per 1,000 kWh, effective August 1, 2022.

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2. Michele Harris reported on the Bill Comparison for the Month of May 2022:

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3. Barbara Mika reported on the May 2022 Financial Operating Results: May Combined Operating Revenues increased $2,586,000 in FY 2022 in comparison to the same period last year. This rise is a direct result of the pass-through of increased purchased power costs to customers. During the period, Electric, Water, and Gas unit sales decreased by 8.1%, 6.3%, and 5.6% respectively. Included in the overall Gas Unit Sales decrease are the Gas Contract Unit Sales, which experienced a 17.6% increase from May of 2021. Wastewater units billed decreased 8.5% when compared to May of last year.

May Combined Operating Expenses have increased by $2,945,000 as compared to the same period last year. FPUA showed increases in expenses across all categories with increases in the cost of purchased power being the most notable.
FPUA had Year-To-Date Operating Income of $5,315,000, a decrease of $1,018,000 compared to last year's figure of $6,333,000. Higher operating revenues due to the power cost adjustment increases were offset by equal increases in purchases for resale. Operating revenues increased 16.2% while operating expenses also increased 19.6%. Across the board increases in other expense categories, particularly General and Administrative, contributed to the larger margin of increased expenses over revenues.

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4. Rachel Tennant reported on the Grants Update: Active, Pending and In Development: This presentation outlines the current status of FPUA's grants program. Currently, active grants total $8.2 million, pending grants total $1.3 million, and grants in development total over $50 million. Active grants include funding for sewer lining, septic-to-sewer initiatives, seagrass restoration and education, and Manatee Center operating (a portion of select staff salaries). Pending grants include force main construction in support of relocating the wastewater treatment plant, seagrass restoration further west in Moore's Creek, and Manatee Center operating. Grants in development focus almost entirely on wastewater treatment plant relocation costs. This presentation also includes an update on FPUA staff engagements with granting agencies, our pursuit of lobbyists to assist us in fundraising efforts, and upcoming grant opportunities that we are tracking.

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5. Danny Retherford reported on the WEOP Update: Background, Program Includes, Expenditures (direct benefit to WEOP customers), Recent Activity Spring 2022, Research, Research Revealed, Recommendations 1, 2 and 3.

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6. Laurie Pepple and Kiy Tran reported on the Budget Workshop for the O&M and Capital Improvement Budgets:

   RECOMMENDATION: Approve the projects listed in FPUA's Capital Improvement Plan (CIP) for FY 2023 - FY 2027, approve FPUA's FY 2023 Capital Budget of $63,474,361, and authorize staff to perform budget transfers within projects listed in the CIP.

   RECOMMENDATION: To approve the Operations & Maintenance Budgets:
   - FY 2023 Original – Revenues $146,845,166 and Expenses $144,723,381
   - FY 2022 Amended – Revenues $136,539,551 and Expenses $138,210,270

A motion was made by Mrs. Gibbons, seconded by Mayor Hudson, to approve the projects listed in FPUA's Capital Improvement Plan (CIP) for FY 2023 - FY 2027, approve FPUA's FY 2023 Capital

Budget of $63,474,361, and authorize staff to perform budget transfers within projects listed in the CIP the recommended Operations & Maintenance Budgets, FY 2023 Original – Revenues $146,845,166 and Expenses $144,723,381; and FY 2022 Amended – Revenues $136,539,551 and Expenses $138,210,270.

ITEM H: AWARD OF BID

ITEM I: RESOLUTIONS

ITEM J: DIRECTOR

Mr. Cisneros – Gas prices have been over $7.00 per dekatherm and last week the executive committee for FMPA directed the staff to purchase gas for the remainder of the year and if and when the prices at $6.40 once we get to that mark it would provide delivered power to FPUA at $100 per 1000 kilowatt hour. The FMPA staff could take on additional requests from the FMPA staff to take action to mitigate these costs. That may include buying gas at a higher rate than the $6.40 because of the volatility of the market. The goal is to stay under $100 per 1000 kilowatt hour.

As I mentioned earlier, I just want to reiterate that we are committing $50,000 from the conservation fund that we get from FMPA and that is to help our organization distribute to local organizations to help our utility customers to provide some bill relief for those qualified customers. We will show the information with you as soon as we get the information squared away and share that with the general public.

Looking for input from the board on topics that you would like to address, i.e. Rate Stabilization Fund. I will schedule some time to meet with the board members individually so that I can collect your ideas on what you would like to see during the strategic planning session potentially in September.

ITEM K: ATTORNEY

Attorney Koblegard – Nothing to report at this time.

ITEM L: COMMENTS FROM BOARD MEMBERS

Chairman Fee - Thank you for being patient with the speakers today and listening to their stories that are disheartening and disturbing. And it is true that there are people that are fighting a battle when it comes to paying their bills. But all and all, I think I am pleased that the board did lower the PCA.

Mayor Hudson - What you see is this is a very capital-intensive business. It's very easy to turn on your lights and always expect the local come on and the water comes out clear and pure and the delivery and people take that for granted. But in order to make that happen and happen all the time and safe, it takes a lot of capital spending and is labor-intensive -- it's a business. It's a business and today, it's a $144 million-dollar business. So, we want and because we are a public municipal utility public power, we want to be as responsive to our customers as possible and so I want to reiterate that there is no profit. Any money that is over and above what we have gets plowed right back into that system and given back to our customers and I think that is really important to remember. Also, the price of electricity is based on the price of natural gas.

Mrs. Gibbons - I think the main thing that I took out of today was communication and I know we have been harping on this. There are a few things that I didn't know how to get it out to them. Get out to the people that need to hear it. I do feel that we have an extensive list now of people that we can survey to find out how we could communicate with them best. You know, a lot of people didn't know what AMI was. They don't understand that they can read it in the office over on 37th street. They don't know what the PCA is. They don't know who we are. They think that we're voted on and here we are. We are people running our own business. We don't make a lot of money. We make very little amount of money for this. But it's more of a donation of our time to help be your voice. I don't know that they understand their bill. You are also paying for water and wastewater and trash. One of the things I want to make sure they put out there is that people we were talking but the rate increases from FP&L is coming. I will be very interested personally to see how that gets impacted next month. I know you said it's on a biannual basis. What we learned last week is 75% of FP&L is also run off of natural gas. They're going to have a huge impact. We started this a long time ago and I don't know that everybody understands that either. We were a little bit ahead of the curve in raising the PCA last November. I don't know where we'd be had we not been so ready to make that decision then. As far as planning goes, I feel like we tried to mitigate this as best we could. That's a delicate balance and here we are in a negative million right now. There is a lot of facets to this entire organization and the decisions that we are making. If you want to reach out, we are here. And please don't be afraid to show up to the meetings and share your opinion with us. That is what we want. It actually made me feel really good to see that many people that cared. So, we can actually hear what they had to say.

Attorney Koblegard - I think whatever people should understand to is that whatever you vote on impacts each of you also. Because everyone is a citizen of Ft. Pierce. You are not singling people out. It's a group misery.

Chairman Fee - It's going to be a trying time. We are going to weather the storm and we're going to come out the other end. We're going to have to hunker down a little bit. Get through this hot summer and hopefully the beginning of fall we will see everybody's bills trickle down a little bit. Hopefully, more gas production will start to gear up and we will be on the other end sooner than later. That's me just being optimistic of course.

Mr. Lammers - I want to and because I'm good at math, I want to 125% echo what's good and has been said. The communication, I know that we are so much better than we were, but sometimes so much better is not good enough and I think we heard that and we need to continue to make strides there. We have made a compassionate and emotional decision today to lower the rate. It was not the best business decision. So, I would not be surprised and I would hope, like you Mr. Fee, that in a couple of months, I hope we don't have to raise the PCA, but I would not be surprised if we are forced to. We just don't have that choice. So, between now and then, we need to do the best job we've ever done at communicating what has happened and what may happen in another month or two.

ITEM M: ADJOURN

There being no further business, the meeting was adjourned at 7:35pm.

ATTEST:

SECRETARY

CHAIRMAN

Note: These minutes are not verbatim, only important issues and motions are reproduced in writing for the benefit of the Fort Pierce Utilities Authority and Board Members. The recording itself is the official record for the meeting.