

MINUTES OF A SPECIAL MEETING OF THE CITY COMMISSION OF THE CITY OF FORT PIERCE, FLORIDA, HELD IN THE CONFERENCE ROOM, CITY HALL 315 AVENUE "A", FORT PIERCE, FLORIDA, ON WEDNESDAY, SEPTEMBER 15, 1971 AT 7:30 P.M.

Those present: Mayor Summerlin, Commissioners Caynon, Nelson and Padrick; City Manager Davis, City Attorney Brown and City Clerk James. Those excused: Commissioner Lait.

Mayor Summerlin called the meeting to order, and asked if there was anything to come before the Commission tonight before they got into the report from the Citizens Advisory Committee.

City Manager Davis didn't think they had anything else, as everyone here was interested in the discussion of the report.

Mayor Summerlin stated he had mentioned they would discuss the situation about the affidavits taking exceptions to garbage and trash collections.

City Manager Davis apologized for not remembering that he had asked Mr. Conrad Parker, Director of Public Works, to be present tonight for this discussion.

Mr. Parker stated he did not know if each one had a copy from the Citizen's Service Representative on the number of petitions and exceptions they have.

City Manager Davis stated they were furnished a copy. He explained that an ordinance was passed to govern the garbage collection fees, and then there was an amendment made to that ordinance whereby, some people were exempt.

Mr. Parker read the following excerpt from Ordinance No. F-37: "Any person, firm, or corporation seeking to show that no garbage is produced, thereby exempting them from the provisions of this Section shall submit a petition therefore, in writing and under oath, with the Department of Public Works who shall investigate the matter and render its findings and recommendations to the City Manager, whose decision to grant or deny the petition shall be final." From the memorandum of the Citizen's Service Representative he noted they have 392 sworn petitions for exemption from garbage service and an additional 29 petitions for reduction of garbage fees, and the number seems to be growing out of proportion. The total loss of revenue from both exemptions and reductions would be approximately \$13,426.48.

Mayor Summerlin inquired when the ordinance was enacted, and Mr. Parker said, "In 1967".

Commissioner Nelson asked where does the reduction come into effect. Mr. Parker explained that when a small commercial enterprise is generating very little garbage and they have been reduced from the \$4.32 rate to the \$2.75.

Mayor Summerlin asked if this is standard procedure in other cities. Mr. Parker answered that very few in the State have this procedure.

Mayor Summerlin related he has looked into this thoroughly and he feels it is getting out of hand. At this point he thinks they should consider either amending or abolishing this ordinance completely.

Mr. Parker added there is a different ordinance that was enacted earlier in 1967. He read the following excerpt from Ordinance No. F-16 which states: "All occupants of premises in the City whether

the same be used for residence or commercial purposes, shall be required to have accumulations of garbage removed and disposed of by the City and shall be required to pay the monthly collection fee as defined in Section 12-10 of this Article, except where the premises shall be unoccupied for a period of one month or any multiple thereof, the owner or occupant shall notify the Supervisor of Sanitation in writing and in advance of the time and duration of the proposed vacancy. At the termination of said vacancy the owner or occupant, within thirty days, may apply to the Supervisor of Sanitation for a refund of the monthly collection fees, which said refund shall be for one month or any multiple thereof but not for a fraction of one month; after the Supervisor's approval of same, the Public Works Department shall issue an order to the Director of Finance refunding the verified amount." Mr. Parker stated they are compelled by this ordinance to grant them time for vacation. This doesn't hold true in all cases, but in many cases people will be gone the whole summer and be granted an exemption from their garbage and trash fees. They will employ a yard man to care for their property while they are gone, and they have to pick up their yard and hedge trimmings, etc.

Commissioner Padrick entered.

Mayor Summerlin asked if Mr. Parker agreed with the recommendation to abolish the ordinance, and he replied, "Yes sir."

City Manager Davis agreed there should be more strenuous guidelines on the exemptions. In some cases where exemptions were made, they discovered these property owners simply threw his garbage over to another area and it was picked up there.

Commissioner Nelson stated he sat in this chair when the ordinance was enacted, and it was determined there are some limited number of small businesses that do not generate any garbage, but it got out of hand, as has been stated. He would be in favor of something to eliminate all these exemptions and make everyone reapply and prove that they do not generate any garbage. They had discussions on this when it was passed and they considered the fact that a lot of homeowners would be asking for exemptions. No home can be entirely exempt, because they do generate newspapers, magazines and what not with the garbage, and under no circumstances should homeowners be exempt. But some small businesses do not generate any garbage and certainly no trash, and might be exempt from this. He said this could be changed somehow to make everybody reapply and make them prove, not just by application which they will sign, because some people will sign anything to save \$2.75 a month.

Commissioner Caynon said he didn't believe in this rate percentage. For one thing, he thinks they should do something about the trash. They say they don't have any garbage, but they have a truck load of trash to haul away. They should have some way to attach a fee onto this trash and this would eliminate getting away with a lot of trash, but no garbage.

Commissioner Nelson added he did not know if he had said it or not, but this is a part of what he suggests that they must prove that they do not generate either garbage or trash.

City Manager Davis said certain fines should be spelled out for perjury, which is the case if they sign an affidavit.

Mayor Summerlin declared, "The problem is if you go into an investigation on each and everyone of them, it would mean tying up the department heads or an assistant to investigate the situation. I

went through this when I signed an affidavit in 1968, because we were charged for two garbage cans and the landlord told us they provided garbage and trash pickup. He instructed me to come to City Hall and sign an affidavit. I did. This went by for about six months and didn't pay any garbage or trash fee at all. Then one day Scotty knocked on my door and handed me a letter he had found in the garbage can addressed to me, and he said, 'From now on, you pay garbage'. I know how this works. I really think in order to save headaches and cost on the part of the staff, we should seriously consider repealing the ordinance completely."

Commissioner Nelson replied, "Mr. Mayor, I will not buy that because I know there are some who do not generate garbage."

The Mayor said if they do not generate garbage, they do generate trash. They don't charge for trash, it is combined with garbage.

Commissioner Caynon remarked this is what he was trying to say.

Commissioner Nelson still insisted they must prove, not just by affidavit and he isn't saying they must send two men out to investigate, the proof is on the applicant.

Commissioner Padrick said he has looked into this for some time. He even had Mr. Cooper get him all the ordinances from seven or eight cities, and he had it put on the agenda one time. They kicked it around and then kicked it back out. He will just throw out this idea, of having each person that thinks they are exempt to reapply with \$1.00 fee attached to the application to offset the necessary paper work. This in itself of having to reapply would automatically knock it in half, he believed.

Commissioner Nelson agreed he had no objection to that idea. The only thing he is trying to get across is the fact there are some who do not have any garbage or trash.

Commissioner Padrick had to disagree, because he challenged anyone in business to set one garbage container aside and not throw anything in that container except second class mail and when you get through with the newspapers, throw them in there also, and he would guarantee, him he would fill a 30 gallon container within a week. This comes to your business as well as your home.

Mayor Summerlin said it doesn't make any difference whose garbage can you put it in, you are still generating it and you still should be charged for it. He does not believe anybody can be in business and not generate any trash.

Commissioner Nelson remarked there were people who came before this Commission when this ordinance was passed that proved conclusively they did not generate any garbage. It has been three or four years now and he can not remember who they were.

City Manager Davis cited there are examples where the bill is attached to the meter, and there are places where there are two meters for one business, and both meters will be billed for garbage. Naturally, this is not the route they want to go, so there are some meters that would be exempt. It might pay for the Director of Public Works to work with the City Attorney to alter this ordinance with some of the suggestions that have been made and then bring it back to the Commission.

Mayor Summerlin said he really didn't feel that is the proper

approach. He believes the answer to the problem of loss of revenue plus the bother to the overtaxed staff, would be to rescind the ordinance.

Commissioner Nelson felt there might be another route to take, and that is to separate garbage from trash, make a charge of X number of dollars for garbage and X number of dollars for trash.

Mayor Summerlin answered, "That is fine, except we had determined to wait awhile before we go into a charge for trash pickup."

Commissioner Nelson stated, "Well, I don't know that we determined that, and as far as I am concerned, if we have to make a change, the whole thing can be considered now or next week or next year."

Commissioner Caynon believed like Mr. Nelson, if they charge for the trash, they can get them that way.

Commissioner Padrick said he knew there were some people abusing the trash privileges. He has noticed certain residences that will fill up one truck and that is not fair to the other people in the area, because it takes those men quite some time to load that trash.

City Manager Davis noted it is not unusual to pick up 30 cubic yards at one residence and the City has computed that from the time this crew goes to this one area, picks up the one load and delivers it to the disposable area and back, they have spent \$15.00 just for this one residence. He doesn't pay a penny extra for it. This doesn't repeat itself at the same place, but he estimated they have the same situation practically every day.

Mayor Summerlin reiterated, "To solve one problem at a time, I still would be in favor of rescinding the ordinance, and then work on trash."

Commissioner Nelson said he was perfectly willing to amend the ordinance and cancel all these applicants who have signed an affidavit they generate no garbage, and then let them start over. He will go along with what Mr. Padrick, suggested about letting them pay a dollar or more for investigation, because there are some who do not generate garbage. He asked Commissioner Padrick what he felt would be a fair fee to charge.

Motion was made by Commissioner Nelson, seconded by Commissioner Caynon and unanimously carried that the ordinance be rescinded and a new ordinance be written to require all the people who believe they are exempt from the collection of the garbage and trash monthly charge be discontinued on November 1, 1971, and they should reapply and make the contribution of \$2.00, for each application to be renewed annually.

Mayor Summerlin read the following letter:

September 15, 1971

Honorable Mayor and Members of the City Commission
City of Fort Pierce, Florida

Gentlemen:

Please be advised that Mr. Evert Young of Reynolds, Smith and Hills called me late in the afternoon on Monday of this week and made several recommendations of changes in the Act we submitted to you

for the creation of a Utilities Authority.

Since you will consider this matter tonight, I wanted you to have these recommendations before you and to advise you that our Committee did not have adequate time to properly discuss said recommendations.

Mr. Young recommended the following:

1. A clause giving the Utilities Authority the right to dispose of surplus and unneeded properties.
2. Re: Page 20, Section 10, (5) change to read along these lines:

The Authority shall be required to set aside each year in a depreciation and reserve account an amount equal to not less than ten (10) percent of its annual net revenues for the previous year and the Authority may estimate this amount in its budget or otherwise until the annual audit is complete and presented to the Authority. Funds set aside.

(Mr. Young pointed out that there was only two ways the Authority could legally set aside the required amount and that was either an amount such as 15% of the last audited year's net revenue or to allow the Authority to estimate for budgeting purposes until the audit was complete.)

3. Re: Section II AWARDS AND CONTRACTS, Page 21 line 2 insert after the word "provided" the following:

"Provided" except proprietary items may be purchased without competitive bids.

4. Re: Section II, AWARDS AND CONTRACTS to insert the word "EVALUATED" as follows:

A. Page 20, (1) line 9, in place of word "responsible".

B. Page 21, (2) line 3, after word "lowest".

Respectfully submitted,
/s/Hudson C. Millar, Jr.
Citizens Advisory Committee

Mayor Summerlin stated that in going over the proposal that Mr. Millar presented September 13, that they would want to disregard the supplementary information that is provided and go right into the proposal found on page 15.

Commissioner Nelson remarked he had some comments about some earlier pages. Page 1, bottom of the second paragraph which states, "This has led to the people today being taxed to excess in the form of high electric rates", and Mr. Nelson wanted to repeat for the third time, "Our basic rates today, after adding 18 percent escalation clause, is still lower than Vero Beach, Orlando and Sebring, so our electric rates are not excessive, they are lower than our competition." Page 2, bottom paragraph, says, "A utility operation is in the nature of an operation of a business and should not be subject to all of the undulations of politics. There should be a definite continuity in the operation of the business.....on the other hand, nominations to the Utilities Commission must originate with the Commission itself." Commissioner Nelson pointed out here that if there is any politics in our utilities, it is something he knows

nothing about. As far as he knows, they have excellent supervision in our utilities operation and he congratulates all of them for the fine job. In addition, they have consulting engineers on these utilities, and this is also a requirement. He could not imagine where any politics would be in the utilities system. He does know they have good operators and they are properly supervised, so he takes exception with the idea there is politics in their utilities today. Commissioner Nelson continued that on Page 4.1, it states, "August 26, when the Committee unanimously recommended the Utility Authority at which time the Act was adopted 15 out of 17 members, or 88%; August 30, when the introduction was adopted 11 out of 16 members, or 68.8%; September 2, when the letter to accompany the report was adopted, 8 out of 16 members or 50%." Commissioner Nelson said this is not a strong appeal as it stands today, insofar as the Citizens Advisory Committee is concerned. Commissioner Nelson said he wanted to make it clear that he is not opposed to the Utilities Commission, he only wants someone to prove to him that this is in the best interest of the community. On page 5 he noted it says, "In the opinion of this committee, the City of Fort Pierce presently finds itself in a near disastrous financial state due to the practice of its leaders over the years to siphon excessive revenue into the general fund from its utilities and particularly from the electric plant. The Fort Pierce City Government would both bankrupt and collapse if this continues." Commissioner Nelson pointed out, particularly to the press, that the reason for municipal utilities is to generate funds that can be used for the public's benefit. If this were a privately owned power plant, then the profits would be paid to its investors. In this case, the profits are paid to the citizens. It is right and proper that the City take profits from the utilities in order to use for the administration of the City. He also pointed out further down the page in the third paragraph it states, "The deficit in the year ending September 1970 was \$178,068.21". He asked Mr. Sprinkle if this is a correct figure.

Mr. Sprinkle replied he did not know.

Commissioner Nelson related that he could not figure out where the deficit came from since the General Fund has a surplus. He failed to understand this, and would have it checked out. He did know that the garbage and trash for this year had to be subsidized for \$178,000 and Mr. Sprinkle stated that was correct.

Mr. Sprinkle advised as he could recall they had a surplus of \$348,000 in the General Fund at the end of September 1970, and whether the writer meant there was a reduction to surplus in this amount between 1969-70, he did not know. He has not checked the accuracy of the figures.

Commissioner Nelson said he would still like to have an answer to this deficit ending September 1970. He wants to know if it is in the Power Plant, General Fund or where.

Commissioner Padrick agreed he would like to know the answer to that also.

Mayor Summerlin said he had a comment on page 6, following what Mr. Nelson had said earlier. It stated, "On the other hand, the obvious reason for the near disastrous financial state of affairs is that over the years it has been politically expedient to tax the people through the electric system." He emphasized further what Commissioner Nelson said, that he has always felt, and he believes the majority of the people feel, that the situation of utility billing is a fair means of taxing the people. It is certainly a lot better than advalorem taxes.

Commissioner Nelson added that it is one of the fairest methods to tax, because it taxes everybody that uses electricity, regardless of whether they own real estate or not. If they were to take this tax off, and a substantially less number of people would be required to pay it, those who do not own real estate would be left without paying anything. It is the fairest kind of tax that could be levied.

Commissioner Padrick asked how many times the rates have been adjusted in the last 20 years, and Mr. Skinner replied, "About four or five times."

Commissioner Nelson advised the electric rates have been reduced three times since he has been sitting in this chair.

City Attorney Brown remarked he had heard statements on the street that charges for electrical service is just another way of taxing and he thinks that is a fallacy. The people are being charged for a service rendered by a public utility. The fact that it is owned by this municipality, rather than by Florida Power & Light or some other private corporation, they will still have to be charged for a service. To him, this is not a tax. If we did not have the plant here, and they had to buy their electrical service from some private corporation, they will pay just as much, but yet they do not consider that a tax.

Commissioner Nelson commented he has had several people say to him that they would much rather pay this 10 percent tax monthly than have it accrue over a 12 months period and have it added to their advalorem tax and pay it all at one time.

Mayor Summerlin added that the comments he has heard since this controversial report has been brought to light, it seems that some citizens have a misconception and they feel a Utilities Commission with a Utilities Director is the answer to all the problems that the City has had and will ever have with the Municipal Power Plant. They think, at this point, if this is put to a referendum in December and they vote in favor of it, then all the problems will be solved. They believe everything at the Power Plant will begin working beautifully and we will never have another black out. The Mayor said, "I want to tell you right here and now, that this is a very bad misconception on a lot of people's thinking. I am not talking against a Utilities Commission or Utilities manager, but I am hoping the people will be able to see that even at best, if this Utilities Commission goes into effect, it will take a number of years for it to begin operating as effectively as the present operation is now."

Commissioner Padrick stated he believed also that what the Mayor just said is very true and will bear out if they rush headlong into something like this, that possibly the long range affects of a Utilities Commission or Board could possibly be overlooked in trying to find immediate answers to these problems that are on the surface right now, and they might lose sight of the ones in the future. He stated he is not arguing against the Utilities Commission or Board either, he is open-minded about it, but he feels at this time with all the turmoil, this might possibly be the wrong time to initiate a program of this type.

Commissioner Nelson commented he could not understand what the meaning was about the percentages of total expenses including salaries each department charges to utilities listed on page 7 of the C.A.C. report. He noted that some of the departments were listed at 100 percent, several at 75 percent, and he wondered if it were true that the total operating costs of these departments is based on these figures.

Mr. Sprinkle remarked he would like to comment on the top three that are listed, Data Processing, 100 percent; Customer Service, 100 percent; and Utilities Accounting, 100 percent. He stated, "In January of 1970, the City passed an ordinance regarding the Data Processing division, Customer Service division, and subsequently a newly created division called Utilities Accounting. These were placed under the Finance Department for directional purposes. Since the Finance Department is in the General Fund, these three divisions were budgeted in the General Fund. The function of these three divisions is primarily to service the utilities departments, or systems of the City, with the exception of Data Processing where there is some question that it is to be revised during the new fiscal year."

Commissioner Nelson stated, "Now, I can accept the sole cost of operating certain departments can be charged against utilities, but not necessarily electricity." Mr. Sprinkle replied, "No, not to electricity." Mr. Nelson advised, "It says here, the total cost is charged against them."

Mr. Sprinkle explained the way he reads this is, he says the percentage of total expenses including salaries each department charges to utilities.

Commissioner Nelson reiterated they were talking about electricity all the way through this report, he hadn't seen the first word about water or sewer.

Mayor Summerlin said the recommendation is that they all be combined under the Utilities Commission.

Mr. Sprinkle advised all this money is not charged to the electric plant.

Commissioner Nelson said this goes back to what he stated a little while ago, the profits that are made from utilities are used for general administration for the welfare of the people. He did not care whether it was charged against the electricity, or what it is charged against, it is all for the same purpose.

Mr. Sprinkle commented that most of the financial services of the City, the employees salaries, the expenses connected thereof, are about 75 percent, and he used that word cautiously, of the accounting and financial services of the City of Fort Pierce is for utilities. He had gone over this with the auditors and about 76 percent of the revenue generated in the City is from the sale of utilities.

Mayor Summerlin noted the only comment he would have to add to Commissioner Nelson's is, that they have been through accounting procedures with the Marina, and he agrees with him it doesn't make any difference which pocket you take it out of as long as it meets the general accounting procedures and is up and above board, so that you have some accurate figures as to the cost of operating the various departments. He does question Data Processing, because no place in this report does he find a recommendation that this be included under a Utilities Commission, and he wondered about the desirability of placing it there.

Mr. Sprinkle stated he could only somewhat echo the Mayor's comments. Several of the divisions mentioned here, for example, Customer Service is primarily 100 percent actuary service to the utilities. They are there primarily to collect money for the sale of utilities. Data Processing is there for some percentage less than 100 percent the

way they are presently operating. The major part of their job is to bill utilities, and he feels this has to be revised. He is waiting to get an estimate from Mr. Ed Belanger as to how much he feels his service is for other departments rather than utilities. The Utilities Accounting was created to do specific accounting for the utilities division.

Mayor Summerlin said, "We also do outside work for the County, Tax Assessor, Tax Collector and we plan to do work for law enforcement, don't we?"

Mr. Sprinkle replied, they were not doing anything with law enforcement yet.

City Manager Davis advised there are plans to do this law enforcement work in the future.

Commissioner Nelson did not think the Data Processing should go under the Utilities Commission because, as Mr. Sprinkle has said, they are doing the work for too many other places that have nothing to do with utilities.

Mr. Sprinkle stated that he thought Data Processing in the near future should be funded separately all by itself with revenues supported by services rendered there.

Commissioner Caynon questioned the footnote on the bottom of page 7 of the report which states, "Witness the recently purchased City Hall which was bought at a cost of \$200,000 with electric funds with an additional \$150,000 allocated for renovation. This \$350,000 is difficult to justify when reserves and revenues won't permit this expansion recommended by the consultants and the needed 50,000 KW generator had to be reduced to a 40,000 KW, thus not fulfilling adequate needs for electricity in the mid 1970's." He asked if the other Commissioners agreed with this statement and Mayor Summerlin said he, personally, did not believe it at all.

Commissioner Nelson stated, "Over the quarterly cost of \$1,200,000 you heard me argue and argue here at one of the meetings when Mr. Huskey presented the Bond Plan, that we revise some of these figures in order to go to the 50 megawatt generator, but this item might have been a part of it, but it certainly is not going to solve that by 85 percent."

Mayor Summerlin felt the statement was misleading. They do not come right out and say that it has jeopardized the borrowing power of the City, but it would lead you to believe this is their thought on it.

Commissioner Nelson pointed out he had a question concerning the second paragraph on page 8. The report states, "It might be pointed out here that Jacksonville in their charter requires 10 percent of its annual net revenues for the previous year to be set aside in a depreciation and reserve account". He asked how much the City of Fort Pierce sets aside from net revenues for depreciation

Mr. Sprinkle answered, "Since I have been here the auditors have set aside 2½ percent of the plant value, not revenue."

Commissioner Nelson said the report states 10 percent of its annual net revenues, and there is a lot of difference between net revenues and plant valuation, so the 2½ percent of plant valuation could be 20 percent, as far as he knows.

Mr. Sprinkle advised that 2½ percent of plant value amounts to approximately \$490,000 to \$500,000 per year. (He used the figures cautiously because the plant value changes from year to year as they add or decrease the plant value and electric system.) This amount is set aside and deposited into a depreciation fund, which by title, is not required under any ordinance he can find, nor the Charter, but it does provide a handy bank account in which to deposit funds to provide for renewals, replacements and extensions as recommended by the City Engineers and the City staff.

Commissioner Nelson then inquired, "What is the annual net revenue to the Power Plant, of which we get 40 percent."

City Manager Davis replied it was 60 percent."

Commissioner Nelson said he knew that, but we were getting about \$600,000 this year and last year. He is trying to determine what percentage the depreciation fund of approximately \$500,000 is of the net revenue.

Mr. Sprinkle stated the net revenues of last year, according to the auditors, were approximately \$2,200,000 and 10 percent of that is obviously \$220,000.

Mayor Summerlin then asked why we did not have enough money to absorb the fuel escalation like Jacksonville did.

Commissioner Nelson advised they did absorb \$260,000 of it for the first several months.

During the discussion of the following pages of the report, Commissioner Nelson said he thought someone should attempt to defend the Fort Pierce contract with the Florida Gas Transmission. As he understands the facts, is that the City negotiated the best contract they could get, and other cities did the same thing.

Mayor Summerlin then asked if Mr. Nelson had the recommendations of the consulting engineers, and Mr. Nelson said, "I assume we did, I don't remember that I, personally, got involved in it. It was left up to the City Attorney."

City Manager Davis noted he had looked up the renewal contract today and they had acted upon the recommendations of R. W. Beck and Associates, who at that time were the consulting engineering firm. He said they have a letter on file of their specific recommendations of why they should renew the contract.

Mayor Summerlin advised that when the original contract was negotiated in 1964, Reynolds, Smith and Hills was their consulting engineers and he wanted to know what their recommendations were at that time.

Mr. Skinner said he did not recall. Mr. King was in charge of the Power Plant then.

Commissioner Caynon believed they should check back in the minutes to find out what the recommendations were from Reynolds, Smith and Hills.

Commissioner Nelson read the following excerpt from page 11: "Our neighbor to the north, Vero Beach, was fortunate in having executive leadership that insisted on a ceiling on escalation and thus contracted for a limited escalation of no more than 4.1¢ per therm, where larger Orlando with their Utilities Commission gained an even

better contract with a limitation of 6.0¢ per therm." He asked if this made sense to anybody, was it a better contract at 6.0¢ than it was at 4.1¢?

Mr. Walter Baldwin, Superintendent of Natural Gas, stated from 1958 until recently Florida Gas Transmission offered two types of contracts. One was a higher rate per therm, without the escalation clause, or a lower rate with an escalation clause. The higher rate was signed by many companies, but those that took into consideration the fact that oil had been stabilized for 15 years or so at \$2.32 to \$2.34 per barrel, thought they had a better deal. No one could foresee the far reaching crisis.

Mayor Summerlin noted that may be the explanation for these figures then.

Commissioner Nelson then commented on one part of page 12, "(3) Failure of the management decision system to anticipate the rise in fuel oil," and said he wished he had that foresight.

On page 13, Commissioner Padrick commented that the third paragraph stated, "Mr. Winnard advised that Jacksonville recently received six bids for fuel oil ranging in price from \$3.65 to \$4.40 a barrel." Mr. Padrick had understood that Jacksonville could not get all the fuel oil they need, even under this contract. Mr. Tracy Danese had mentioned to them that the people bidding on the fuel oil for Jacksonville could not supply the anticipated needs for one year.

Mr. Jack Smith pointed out the last bids submitted to Jacksonville were rejected also.

City Clerk James noted their best bid was for \$3.85 per barrel, but the bid was thrown out.

Mr. Smith pointed out that Jacksonville does not use anything except oil.

Commissioner Padrick stated they would not be involved in the natural gas escalation because of this fact.

Mayor Summerlin remarked that in item #4 on page 13, they did point out that Jacksonville had the storage area to receive shipments of full tanker loads and of course, Fort Pierce did not, so therefore, did not buy the capacity of barrels that Jacksonville does. He also noted that in the same paragraph, it seems this is the same situation as saying that the management did not have the foresight to foresee that fuel oil would be escalated. He could not see how they could have anticipated exactly what was going to happen with the new computer system. He asked Mr. Sprinkle was there a possibility of keeping the IBM equipment operating until they had the NCR completely on the line.

Mr. Sprinkle replied they did do the billing on the record equipment through January along with the NCR equipment in place. They did the conversion on the cycle basis, but there was duplicate billing on the first billing, with one cycle on each kind of equipment for verification purposes. They did run into problems and they did get behind. One of the contributing factors was the people on the computers were not as experienced as they could have been.

City Manager Davis asked if they used IBM until they had full installation of NCR equipment, and Mr. Sprinkle replied, "Yes sir."

Commissioner Padrick asked how accurate the figures were under item #4, and Mr. Sprinkle said he would not have any comment one way or the other, as they have some accounts that are chronic problems, and it is obvious with a delay in billing, the size of the chronic problems become bigger. He doubted if anyone could quote an accurate figure until they have been audited, and he would rather wait to see before quoting any figures.

Commissioner Nelson read part of #5 (C) page 13: "The loss to the City of Fort Pierce as anticipated by Reynolds, Smith and Hills is estimated to be \$500,000". He then inquired from the period of May 1, 1970 to June 1, 1971 if they had a total escalation figure.

Mr. Jack Smith stated it was in the vicinity of about \$500,000 perhaps a little more.

Commissioner Nelson advised, "All our commercial and industrial accounts are tied to escalation and they paid that for those months, they are about half of our accounts, so it would not be \$500,000 but a \$250,000 loss.

Mr. Baldwin commented they have eight industrial gas customers that have contracts with the City. Three of these were signed for the first time last year. The gross revenue for these are up to \$280,000 so far this year. Each one of these responsible business men signed a contract with us with an escalation clause precisely the same as the one with Florida Gas Transmission.

Commissioner Nelson stated that's why he wanted to point out the fallacy of this \$500,000 figure. It isn't costing the City that much, it is only about half that amount.

Mr. Smith stated he now has the figures they paid Florida Gas Transmission for the total escalation for the first eleven months. It was \$387,131.20 for gas only.

Commissioner Nelson was not sure the paragraph he commented on was concerning gas only.

Mr. Smith explained what they did with the total amount was the figure used for gas and oil above the base price, and then Commissioner Nelson said that would be divided, half against the commercial industry and half against residential owners to make the figure half of the escalation increase.

Mr. Pete Noel, reporter from WIRA, inquired if they were saying that over and above what they expected to pay, they only paid \$250,000 rather than \$500,000.

Mr. Smith answered, "The only thing I ever said was that escalation costs us a certain amount. I don't know how it was billed. This is out of my realm."

Mr. Noel said he was wanting to know if that much money had gone out of the City or not.

Commissioner Nelson replied, "Yes, it went out, but half of it was charged to commercial industrial users, because that is a part of the ordinance billing those people, they are tied to the escalation."

Mayor Summerlin wanted to know how they determined that the industrial accounts paid half the amount, and Commissioner Nelson remarked he had checked it with the utilities department and their answer was it was approximately half of their income.

Commissioner Nelson reiterated the \$500,000 figure on page 12 is incorrect insofar as City funds that were paid out for the escalation clause.

Mr. Dick Lundin, reporter for the News Tribune, asked, "Do you have a forecast as to how much the City will be out of pocket as of September 30th?"

Commissioner Nelson said as he sees it it will be the same, because since the first of June they have been charging these escalation charges to everybody. Mr. Smith agreed.

Mr. Lundin asked, "You are saying, at the end of the year, the City's total impact of this whole fuel oil escalation problem, will be just \$250,000."

Mr. Smith said he couldn't really answer that. The only definite thing he could say is, he knows just how much above base price is escalation.

Those are the only figures he puts out. How those are broken down, he could not say.

Commissioner Nelson explained that Mr. Smith has nothing to do with the billing department. He only knows how much additional is charged for oil and gas.

Commissioner Padrick read the following from page 15: "II Proposals. The alternate facing this Committee were as follows: (1) Retain the present system, which has the advantage of keeping control close to the people, but the weakness of flavoring as well as basing management decisions on politics instead of sound business reason. (2) Retain the present system with the exception that a Director of Utilities would be hired who would report directly to the City Commission and replace the City Manager as Chief Operating Officer of the utilities. This would retain the advantage of close control of the people, offer possible better management, provided the Director was permitted to do his job without hindrance by the City Commission. The weakness of the political still being involved in management decisions. (3) Changing the entire structure and turning over the utilities or part of the utilities to a Utilities Authority, which would hire a Utilities Director to be the Chief Operating Officer. This would give the utilities the best management system which should lead to efficient decision making based upon the best facts and information available." Mr. Padrick noted that number (3) has been deleted from some of the reports the Commission currently now has. The original draft that City Clerk James has does have number (3) included in it.

Commissioner Padrick stated, "I have been thinking about this, and like I said, this is not the right time to push this Utilities Commission forward. I personally, tend to lean toward item #2, but one addition to this, and that would be the appointment or creation of a board very similar to the City Planning Board. They would have a membership of four or five with the Mayor being a member of this committee. This committee could work with the Director of the Utilities, such as the Planning Board does with the Building and Zoning."

Commissioner Nelson commented, "Approximately three years ago we hired a Utilities Director, after interviewing innumerable candidates, we hired one and he proceeded to upset the departments to the extent that he resigned at the end of his probation period. I

think the department heads were all happy when he resigned. I do not believe there is a real possibility of hiring a Utilities Director who is prepared to direct electricity, water, sewer and gas. These are all specialized fields."

Commissioner Padrick referred back to page 9, and said he thought there was some falicy in where they say the politics might play in this. He did not think for one minute if they hired a Utilities Director and he found a job that paid more money, that he wouldn't move on. He believed this point should be well taken, that you could not tie that man down forever.

Mayor Summerlin pointed out that a good man would cost good money, and his thinking is between \$25,000 and \$30,000 for a Utilities Director. Our City Manager doesn't even make \$20,000 and he certainly would not be in favor of putting somebody under him at more salary.

City Manager Davis believed the implication here was the Director would work directly under the Commission, provided the Commission would leave him alone. That is the way it reads.

Commissioner Padrick agreed with the Mayor that the Director of Utilities should not make more money than the City Manager. To him, the City Manager is still the Chief Executive of the City.

Commissioner Nelson commented, the City of Orlando has been thought to have the ideal Utilities Commission. If you have read the proposal, Orlando is almost forgotten. He took the liberty on July 8, to write a letter to Mayor Carl Langford of Orlando and asked him a number of questions about his Utilities Commission. He answered all his questions, unfortunately he did not ask enough questions. He inquired of Mayor Langford, "It is our understanding your Utilities Commission is composed of the Mayor and four others who are nominated by your City Commission and appointed by the Utilities Commission, is this true? No. If not, please explain. Was the Utilities Commission elected by the City Council each year to serve for a four year term." He explained there could be just as much politics by the appointment of these people under this proposal, as there is today, if there is any, and he does not think there is. "What is the Orlando Mayor's annual salary? \$27,500 plus \$6,000 a year which is not accountable, he can spend any way he wants to, making it \$33,500 a year. In addition to that, each Commissioner gets \$6,200". Mr. Nelson continued that if our Mayor or any of the City Commissioners attended 44 special meetings per year, they would draw \$2,000. This is a full time job for the Mayor of Orlando. He wondered if they expected the Mayor of the City of Fort Pierce to be able to serve on this Commission for any degree of efficiency at \$2,000. Mr. Nelson continued, "There is a two four year term limit that a Utility Commissioner may serve. What are the education and experiences desirable for a Utilities Commissioner? He must be an established and successful businessman and a City resident and property owner. For the Utility Director; business administrative ability and degree and experience of a Civil Engineer. What is the Utilities Director's annual salary. \$27,500." Mr. Nelson said the one question he forgot to ask was how much his helpers get. This totals \$61,000 they are paying the Mayor and Utilities Director. The questionier continued, "Are the decisions made by the Utilities Commission subject to review and/or amended by another body? No. Exception, the City Council must approve the sale of bonds and purchase or sales of real property. What is the firm generating capacity? 425,000 kilowatts." Jack Smith stated our capacity was 66,000 kilowatts. Mr. Nelson stated they are 8 times bigger than

we are, and that being the case they are able to produce electricity for less than we do. They get 50 percent of the net revenue from the power system. The advalorem tax in Orlando is not 4.72; it is 10 mills, which is over 5 mills more than we collect here. In addition, they still collect the 10 percent utility tax as we collect.

Commissioner Nelson pointed this out to say that as the Mayor has stated, they will have to pay out something in a substantial amount to get a competent man as a Utilities Director, and he will have to have helpers.

Commissioner Padrick advised, "Going back to #2 I referred to awhile ago, one of the reasons I lean toward the idea of an appointed board, rather than a Utilities Commission is borne out in a minority members report of the Utilities Commission Study of 1964 and he read from page 2, last paragraph and he feels this bears some weight: "A creation of an appointed Utilities Commission takes some of the rights away from its citizens. The public now does express itself at the polls. The rates are too high, the service is poor, or expansion is not in line with public opinion. The public evoked for a change through the City Commission and an appointed Utilities Commission makes such public expression almost impossible." He did not believe if a Utilities Commission were created and they did something that went against the grain with the voting public, the public would still take their rap out on the five members of the City Commission. They are still the authority of the City, yet the City Commission would have no direct control over them and therefore, the voters would have no direct communication with these particular people.

Mr. Smith added to what Mr. Padrick has said, once they take such an action, they would never be able to go back. It would be mighty hard to go back to the same type organization as they have today. Commissioner Nelson stated it would have to be done by referendum.

City Attorney Brown noted that he found in item B. "THE ACT, Section 1. There is hereby created and established a body politic and corporate to be known as the Fort Pierce Utilities Authority", and the present City Charter states it should be designated and known as a Fort Pierce Utilities Commission. If this plan is submitted to the people, either the word "Authority" would have to be changed to "Commission" or the Charter would have to be amended to make it right.

Commissioner Caynon advised if the City Commission could not have any rule over the Utilities Commission, it should be a separate thing like the Fire Department. He didn't think they should be responsible if they didn't have any say-so about it. They could be elected just like the City Commissioners.

Commissioner Nelson commented on Section 4, page 17 where it reads: "The City of Fort Pierce shall receive free services for electricity power and water up to but not exceeding the combined value of \$70,000 annually which shall be determined through the use of meters at the prevailing rates." He noted that in a growing community, such as Fort Pierce, they have City street lights, power, water usage in all the City buildings and to derive at such as this, would be a great error. We know that the cost of these things increase every year.

Mr. Troy Lee, Superintendent of Electric Distribution, advised the street lights cost over \$70,000.

Mr. Sprinkle pointed out this figure of \$70,000 is already set. He was not sure of the authority for it, but he believed it was for bond ordinances.

Commissioner Nelson thought they should check this figure out, because they simply could not set on \$70,000 forever.

Mr. Sprinkle inquired about Section 6, page 19, if this meant 90 days from the date of referendum.

City Attorney Brown advised the way they have it set up in the last section on page 22 states it shall take effect immediately upon becoming a law. If it is submitted to a referendum and it is passed, then it becomes a law then, so this 90 day period would start from that date. They have suggested it be not later than December 31. Mr. Brown commented it would be almost physically impossible to accomplish what they have set out in this subsection 8 in that 90 day period. He has note of a legal description if you have to convey all the property the utility department now owns or has easements for their transmission lines to the Authority, it would take a document. He noted the accounting problems could be tremendous.

Mayor Summerlin asked what the pleasure of the Commission was regarding their approval of disapproval of the recommendations.

City Manager Davis wondered if the operation could be split and set aside the utilities operation, such items as Accounting, Purchasing and Building. He asked if they were going to duplicate these functions, or are they to be functions of the Utilities Commission. He didn't think this has been taken into consideration. He also inquired where would this organization be housed? The question of time of transition from the present operation into a new one, would it be six months or a year? Would their expansion program be thrown behind another year? Would they find themselves with demands they cannot meet in five years, due to time lost in the transition? Who is going to set the amount to be transferred from the Electric Fund to the General Fund? Should that amount be set lower than we now experience? Where will the additional operation funds come from? These are questions, as far as Mr. Davis is concerned, that have not been answered, and he felt they should be taken into consideration.

City Attorney Brown pointed out in reading through this, particularly with the sections that have to do with the authority of Utilities Authority or Commission, whatever it will be called, to issue bonds for expansion, etc., like the City Commission has the authority to do now. He believed it would be well to submit this to the City's fiscal agent for his review, since this requires a specialized field and also to the attorney who represents that company on bond matters, to make sure that what is set out here is alright.

Commissioner Nelson said that thought occurred to him when he looked at the paragraph that says any bonds that have to be approved by the City Commission.

Mayor Summerlin inquired if a copy of this has been furnished to our fiscal agent Mr. Huskey yet. He recommended that Mr. Huskey be presented with a copy. He also thought the Commission should discuss this with the consulting engineers, even though the Citizens Advisory Committee has already done so. He wondered if it would be possible to have a representative of the consulting engineering firm Reynolds, Smith and Hills, and Mr. Huskey present at next Monday night's regular City Commission meeting to have a question and answer session.

Special Meeting

-17-

September 15, 1971

Commissioner Caynon wondered if it might be better to have a special meeting next Tuesday night to discuss this rather than bring it up at the regular meeting.

Mayor Summerlin related they had promised an answer to the Citizens Advisory Committee within seven days after the report had been officially presented to them.

Assistant City Manager Cooper replied, "No sir, all you asked was that the Citizens Advisory Committee not take it (their report) to the public until after you had it seven days."

Mayor Summerlin said that was fine, then, so he asked if next Tuesday night would be alright with them to have a special meeting with the consulting engineers, and Mr. Huskey.

Commissioner Nelson interjected, "Just one second. Mr. Brown suggested something that was good. I think before we do this, this should go to our bond attorney to get his answer. How long that is going to take, I don't know."

City Attorney Brown advised he would put his copy of the report in the mail tomorrow to Mr. Watson.

Motion was made by Commissioner Nelson, seconded by Commissioner Caynon and unanimously carried that Commissioner Lait be excused from tonight's meeting.

Mayor Summerlin then commented they would not officially set the date for the meeting until they know whether or not the bond attorney has had an opportunity to look over the report and they get everybody lined up for the meeting. They would announce the date at Monday night's meeting.

Commissioner Nelson stated he would like to suggest that City Attorney Brown get his report in the mail tomorrow by special delivery, together with a letter asking for an opinion.

Motion was made by Commissioner Caynon, seconded by Commissioner Padrick and unanimously carried to grant permission for City Clerk James to attend the Florida League of Cities Conference in St. Petersburg in October, 1971.

There being no further business, Mayor Summerlin declared the special meeting adjourned.

Adjournment

ATTEST:

R. B. James
CITY CLERK

Dennis B. Summerlin
MAYOR COMMISSIONER