

September 2, 1971

HONORABLE MAYOR AND MEMBERS OF THE CITY COMMISSION  
CITY OF FORT PIERCE, FLORIDA

Gentlemen:

The Citizens Advisory Committee for the past five months has been studying the feasibility of a Utilities Authority for the City of Fort Pierce. Respectfully we submit our report urging the creation of a Utilities Authority to operate the electric, water, gas, sewage and other related utilities.

In arriving at our recommendation for the creation of a Utilities Authority for the City of Fort Pierce, this Committee has found that over the years, the system of managerial decisions in the operation of the utilities and particularly the electric plant has, at the least, been hasty, sometimes made on too low a level, often based upon political expediency, usually formulated without our city leaders having sufficient knowledge of the complicated nature of the utility business and its finances, all of which has led to curbing recommendations of its consultants for future electric needs, unfavorable contracts for fossil fuels, excessive exploitation of reserves and the withdrawal of too much of its revenues for such purposes as suited the leaders of our city at that particular moment. This has led to the people today being taxed to excess in the form of high electric rates.\*

\* The electric rate to the customer is the end rate paid by that customer including all taxes, adjustments, fees and charges and not the basic rate and any charge for electricity over the cost of producing it (net operating income less debt service and depreciation is nothing more than a tax to the electric customer.

This situation is not the result of one event or one decision, but an accumulation of events and a series of bad management decisions over the years. This Committee has found that the management decision-making process itself is extremely weak in that City Managers and City Commissioners change so often that continuity of executive leadership is lacking, that City Managers have neither the time nor often the background and experience to manage this multi-million dollar business, that City Commissioners are too busy and so involved with other problems of the community that they don't have sufficient time to devote to utility management and furthermore that they usually take approximately seven to nine months to digest even the rudimentary elements of city government and are often not qualified at the end of their two-year term to understand the complicated finances and operation

of the utilities, particularly the electric system.

This Committee weighed carefully the removal of the operation of all utilities and particularly the electric system from the direct elected representatives of the people, thus the City Commission. Our conclusion after listening to former Mayors, Commissioners, Consultants, various authorities and community leaders is that efficient management of the vast enterprise, consisting of the electric, water, gas and sewage systems, is more important than closer political control. Furthermore, even with a Utilities Authority in Fort Pierce, the City Commission would still retain the right to elect members to the Authority and to remove them for wrong doing or ineptness. The 1964 report of the Utility Fact Finding Committee, which then recommended the creation of a Utilities Commission to operate the Fort Pierce utilities, stated:

"A Utilities Commission will give this highly desirable continuity of management to our utilities operations ..... a continuity which it does not have ..... under our present system, our City Commission is charged with the management and administration of our utilities. This leads to another obvious answer ..... our utilities are subject to change every year."

Mr. J. T. Bensley, Director of Utilities, City of New Smyrna Beach in a letter to James L. Howe, Executive Director of the St. Lucie County Local Government Study Commission, dated April 27, 1971, stated:

"City Commissioners are faced with many problems and generally have all they can handle; whereas a separate board can devote more time and thought to utility operations which are specialties in themselves, requiring concentrated business efforts and procedures. Furthermore, some real expertise can be put to work in that people can be appointed to serve as Utility Commissioners who have such useful and valuable backgrounds as engineering, accounting, investor-owned utility experience, etc. It is strongly recommended that appointments should originate with the Utilities Commission, subject to City Commission confirmation, since they, from experience, are more cognizant of the actual needs and are thus more apt to choose more qualified persons. Also, as appointees they have no patronage to consider, and their terms insure a continuity not achieved by elected officials."

Mr. Stephen P. Willis, Manager, Staff Operations Department, of the Orlando Utilities Commission in a letter to James L. Howe, dated April 26, 1971, stated:

"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. This latter situation may be, at first glance, objectionable to some, but, in fact, it is a salutary one. It eliminates political control through any faction which may at the moment dominate city politics, and it makes for dignity and appeal insofar as the position of Utilities Commissioner is concerned. As is well known, being a member of the Orlando Utilities Commission is, and has been considered to be one, if not the highest, of civic honors. The experience has been that many, many men of high integrity and ability have been names to the Orlando Utilities Commission....who can exercise an objective judgement in matters relating to the proper maintenance and operation of the plant without being caught in the crossfire of political criticism. They have nothing to gain politically or otherwise, and their decisions do not have to be taken with an

eye to re-election. It is a notorious fact that it is difficult to operate a business objectively where there are political influences involved."

Mr. Evert Young, Consultant with Reynolds, Smith & Hills said:

"We as consultants have learned to live with a changing boss every year. I see new faces on the Commission. You learn to live with this. Your men and women who work in these departments read where this one wants to get rid of the electric system, because this is political talk. Some of them get jittery of this area. Periodically the managing director of the system, the City Manager, designs to move to greener pastures. The new man won't like what the predecessor does and he changes everything. This shakes up people. For running a \$5 million dollar business, where your top management is constantly changing - it kind of makes you live within narrow limits. It does not permit you to express yourself. It inhibits. I don't want to say the type of government is not good. This is not true. When I see the electric system of this city, or any other city, become a political football, and it being the financial backbone of the community, I recognize that you need another type of management."

When asked if he foresaw a crisis in fulfilling the city's budget with the estimated loss of 1/2 million dollars, Mr. Young said:

"You need to have an austerity program."

This Committee therefore recommends that an Authority to be called THE

FORT PIERCE UTILITIES AUTHORITY be created as follows:

(1) Member of the Authority:

- A. The members of the Authority would be five persons, one of whom would be the Mayor-Commissioner who would be an Ex-Officio Member.
- B. The other four members should meet the stringent qualifications as proposed in the Act.
- C. The first four members should be elected by the City Commission to serve for an interim period until the close of the fiscal year. It is further recommended that the City Commission direct a citizens body to nominate the first four members.
- D. At the end of the interim period, the City Commission should then elect the same four members to terms as follows:
  - One to one year.
  - One to two years.
  - One to three years.
  - One to four years.
- E. As vacancies occur, either by expiration of terms or for other causes, the members of the Authority will nominate and the City Commission will elect from said nominations, the member to fill the vacancy. No Member will nominate his successor.

- F. Members would serve four-year terms and no more than two consecutive terms.
- G. The members of the Authority would serve without pay and only receive actual expenses.
- (2) The Authority would meet twice monthly and elect their own officers.
- (3) The Authority would have full power and authority to fix, regulate and collect rates and to operate and manage the electric, water, gas, sewage and related utilities.
- (4) The City would continue to receive the same amount of free electric and water services.
- (5) The Authority would have authority to issue bonds and to borrow money, to expand, construct and maintain its facilities.
- (6) The Authority would employ and fix the compensation of the managing director and all its employees. The electric consultants would set the limits, both high and low, of the salary of the director, and stringent requirements of education and experience would be established for employment as outlined in the Act.
- (7) All city employees would continue without loss of salary or benefits when placed under the supervision of the Authority. Department Heads and Assistant Department Heads would not be covered by Civil Service.
- (8) The City would have the power to appropriate up to 40% of the estimated net revenues of the Authority on a monthly basis and to charge the Authority for services rendered by its various departments on a rule-of-thumb basis for six months and a cost-accounting basis thereafter.
- (9) The Authority would prepare an annual budget which would be sent to the City Clerk for filing and to the City Commission for their review, and it would issue to the City Commission monthly statements of revenues and expenses as well as an annual Audit Report.
- (10) The Authority would be required to set aside in a Depreciation and Reserve Account no less than 10% of its net revenues.
- (11) The Authority would have the right to purchase and contract provided bids were received on amounts in excess of \$2,000 for repair work, labor and materials and \$1,500 for supplies, equipment and machinery. (It is recommended the Authority be given power to take what action as is necessary in an emergency situation.)
- (12) The City Commission would have the right to remove any member of the Authority by a four-fifths vote for wrong doing or dereliction of duty.

Respectfully submitted,

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Hudson C. Millar, Jr.  
Chairman

Present at the final meetings which discussed in detail and adopted this Report were:

8/26 - when the Committee unanimously recommended a Utility Authority, at which time the Act was adopted 15  
out of 17 members, or 88.2 %;

8/30 - when the Introduction was adopted 11  
out of 16 members, or 68.8 %;

9/2 - when the Letter to accompany the Report was adopted,  
8 out of 16 members or 50 %.

FEASIBILITY OF A UTILITIES AUTHORITY

FOR

THE CITY OF FORT PIERCE, FLORIDA

September 2, 1971

To: City Commission

From: Citizens Advisory Committee

1. INTRODUCTION

The great American Jurist and famed Chief Justice of the United States, John Marshall, once said, "The power to tax involves the power to destroy." Yet the renowned philosopher Cicero proclaimed, "Taxes are the sinews of the state." Obviously both men were right in that moderate taxation strengthens and feeds the growth of a city, whereas overtaxation stifles and destroys a city. 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/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.

The problem could not be solved by disposal or sale of the electric system as this would only necessitate increasing ad valorem millage 5.5 mills to a total of 10.3 mills as reported by William R. Hough & Co. on June 2, 1971. This would represent a 114.76% increase in ad valorem taxes. However, it is academic to anyone familiar with the state of the city's finances that this additional millage would be inadequate for two reasons: (1) The city is charging a larger share of its expenses and salaries to utilities than a cost accounting study would so allocate and (2) the city for the last three years has been operating at a deficit. (The deficit in the year ending September 1970 was \$178,068.21.)

Even so, to raise ad valorem taxes sufficient to replace the income from utilities would force this tax so high that there would be a similar outcry from the people, as there now is against high electric rates. Furthermore, a sufficient ad valorem increase would require a referendum which would surely be defeated.

Since there is no other source or combined sources of taxation, other than ad valorem, which would bring in adequate revenues, income from utilities must be retained at sufficient levels to maintain the city government and to

provide the services demanded by the people.

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.

Many of the city leaders will argue against this position by crying out that electric rates in Fort Pierce are comparable to other similar Florida cities and essentially identical with Florida Power and Light Company. These advocates of good tidings have overlooked two basic premises:

- (1) The electric rate to the customer is the end rate paid by that customer including all taxes, adjustments, fees and charges and NOT the basic rate.\*
- (2) Any charge for electricity over the cost of producing and distributing it (net operating income less debt service and depreciation) is nothing more than a tax to the electric customer.

Since there is no system of cost accounting to accurately allocate department expenses and salaries, it is impossible to ascertain the amount of that portion which is tax and that portion which is cost.

The rule-of-thumb method of allocating department expenses and salaries to utilities simply is an expediency which has been going on for approximately half a century as passed on from one department head to his successor. The 1964 report of the Utilities Fact Finding Committee states:

"One reason we feel that net profits are not what they should be, can be found in the unusually high administrative charges made against both operations (\$79,570 against electric and \$34,061 against water - a total of \$113,631)...These charges represent an arbitrary percentage of the salaries of various city officials charged against utility operations."

Now, seven years later the 1970-71 budget calls for a whopping \$461,459 to be charged to utilities for administrative services. This is in addition to the legal 40% the city takes of the net revenues of the electric fund which is budgeted at \$637,841 and the \$221,542 from the other utilities, a legal total of \$859,383.

This means that the City of Fort Pierce budgeted for the 1970-71 fiscal year \$1,320,842 from total utility revenues to contribute to the payment of all salaries and expenses for the performance of ALL services, including service to utilities.

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\* In the comparison of monthly electric rates with other electric utilities in the feasibility report by R. W. Beck and Associates the City of Tallahassee's published rates include the 1-1/2% state gross receipts tax.

It would appear that city leaders for over a decade have been avoiding precise cost accounting in fear that the funds supplied by the utilities to pay for a large portion of the cost of total city services and operations might be curtailed; perhaps drastically.

Furthermore, this committee submits that it has been politically expedient to allow the percentages charged against utilities, as their share of costs, to be on the high side when salary raises were given or new services personnel or facilities added to prevent the political undesirability of seeking new taxes, such as reasonable raises in ad valorem, which sits among the lowest in the State of Florida. This entire procedure is a severe weakness of the Fort Pierce City Government in that it permits the City Commission simply to approve expenditures without due process of taxation, for all they need do is budget the new expense and set the charges against the utilities accordingly.\*

The percentage of total expenses including salaries each department charges to utilities is:

*Data Processing.....	100%
Customer Service.....	100%
Utilities Accounting.....	100%
City Commission.....	40%
City Manager's.....	40%
City Attorney.....	10%
City Clerk's.....	25%
Retirement Administration.....	50%
Personnel Department.....	75%
General Accounting.....	50%
Safety Department.....	50%
Purchasing Department.....	50%
Warehousing.....	75%
Finance Administration.....	75%
Engineering.....	30%
Director of Public Works.....	30%
City Garage.....	20%
Audit.....	60%

\*TO BE REVISED IN NEW FISCAL YEAR

To put it more aptly, there is little check on the City Commission under the present system to keep them from dipping in the revenues of the utilities at their beck and whim when they decide to add or expand services or facilities or to give a pay raise or add personnel, which in effect is nothing more than a tax on utilities and thus the people. Just as obvious is the fact that if these revenues

\*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 the 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 70's.

were not siphoned off, the utilities would either have larger reserves to meet the needs of adequate expansion, which has not been the case to date, or rates could be reduced to customers.

It might be pointed out here that Jacksonville in their charter requires 10% of its annual net revenues for the previous year to be set aside in a depreciation and reserve account which must be used exclusively for enlargements, extensions, improvements and replacements of the electric system; not so in Fort Pierce where only 2 1/2% depreciation is funded to reserves.

The system of rule-of-thumb allocation of department expenses to utilities and the consequential operation of the city with substantial funds supplied by utility revenues has worked reasonably well over the years until electric rates (the end rate paid by the consumer including all taxes and charges) to Fort Pierce customers surpassed those charged by Florida Power and Light Company. This was due to three events.

- (1) The imposition of a 10% city utility tax on electric rates, which was subsequently pledged on the last series of sewer bonds.
- (2) The increase in the price of Bunker C, Number 6 fuel oil.
- (3) The increase in the price of gas, which in the Fort Pierce contract is hooked to the price of fuel oil.

The City Commission thus found itself in a similar condition to a speculator who is short when his stock is called. Since there was no slack in utility financing either in surplus reserves above bonding and normal replacement needs, nor in the ability to reduce the flow of funds from the utilities to the city to support its operation, the City Commission was forced to make a critical decision-- either raise electric rates or adopt one of the following alternatives:

- (1) Implement an austerity program such as is being effected by President Nixon\* on the federal level and in New York on the state level, both of which call for drastic reductions in expenditures, re-examination towards curtailing, eliminating or postponing programs and reduction in personnel.
- (2) Increase ad valorem taxes.
- (3) Impose such new taxes as are available to the city.
- (4) Re-examine purchasing techniques to establish additional sources of fuel oil rather than the one bidder and conduct a cost study regarding purchasing and storing fuel in

\*On August 15, 1971 President Nixon acted to cut 4.7 billion of the budget for the fiscal year starting July 1 by reducing federal jobs 5%.

larger quantities including the possibility of resale to other cities.

- (5) Take aggressive direct action to break the contract with Florida Gas Transmission and to file suit for damages under the Anti-Trust Laws.

Since the price of fuel oil started increasing in June, 1970, on world markets, the City Commission had adequate time to make this decision. They, in fact, postponed any electric rate increase for a period of approximately seven months until the electric consultants warned that anticipated losses were about to exceed \$500,000 and further delay would jeopardize the entire financial structure of the electric system.

In essence, the Citizens Advisory Committee over its five-month study of the feasibility of a utilities authority has determined that the fault lies not with any one person, but with the system of City government itself through which vital management decisions evolve or in many cases fail to evolve or evolve too late.

Deficiencies in this management process again and again have been pointed out to this committee by former mayors, commissioners, and various authorities and community leaders, as well as through the process of interviews of its sub-committees. Weaknesses in the present system of management are as follows:

- (1) CITY MANAGER, who is in effect the President and Chief Operating Officer of the utilities, which is a major size business:

\* (A) The turnover in City Managers has been so great that continuity of management is lacking. This causes periods of indecision, delayed decisions and lack of continuous managerial direction and department coordination. It obviously takes considerable time for a new City Manager to pick up where his predecessor left off.

(B) City Managers over the years have not been schooled sufficiently in utility operations, particularly electrical. It should be noted that most utility directors hold an engineering degree, many specifically in electrical engineering.

(C) City Managers have so many other duties to perform that they don't have adequate time to devote to utilities, particularly electric. Consequently, hasty or low-level management decisions have often been made and coordination of the departments at times has been lacking.

\* TERMS OF OFFICE OF CITY MANAGERS AND MAYORS OF FORT PIERCE, FLORIDA

<u>Date Employed</u>	<u>Date Terminated</u>	<u>Name of Manager</u>	<u>Mayors Under Whom Managers Served</u>
1949	Sep't. 1955	N. F. Stanton	Frank Fee J. B. Brewer W. Sample
Feb. 1956	Sep't. 1958	W. F. Johnson	Ray Padgett Bernard Rubin
Sep't. 1958	Oct. 1963	J. Floyd Glisson	Bernard Rubin Jim Howe Ray Padgett Red O'Laughlin
March, 1964	Feb. 1967	Alfred Harding	William Dannehower
July, 1967	Dec. 1969	George Adkins	Milton Tucker
Dec., 1969	TO DATE	Milton Davis	Dennis Summerlin

(2) CITY COMMISSIONERS, who are in effect the Board of Directors of the Utilities and who are responsible for major policy decisions.

(A) City Commissioners only serve for a two-year term. Often they don't succeed themselves. Considering it takes eight to ten months to understand the elementary fundamentals of city finance and operation, it is impossible for them in their first term of office to become more than casually acquainted with utility financing and operation. Unfortunately they are at the mercy of the City Manager, the Consultant Engineers and the Bonding Company. There is no expert to act as a buffer to protect the people from the vested interests other than the City Manager, who often has insufficient knowledge in such areas.

(B) The City Commissioners serve at meager pay and although true devoted public servants, they have limited time to give to utilities due to all the other problems facing the city and the continuous demands of the voters.

Through the management process of decision making, which is inhibited by the system, bad decisions have literally cost Fort Pierce thousands, if not hundreds of thousands of dollars over the years and has curtailed its growth. This Committee submits the following as examples, not to point to any one individual, but to lay bare the inefficient system in order that a better system can be evolved.

(1) VITAL MISTAKE NUMBER ONE

Failure to negotiate a contract with Florida Gas Transmission with a ceiling on escalation and agreeing to a contract with the price of gas hooked to the price of fuel.

(A) Although it is easy to lay it off to the old saying that hindsight is better than foresight, this committee invites comparison of the negotiations of executives representing industry and those representing government. (No attempt is made to be all inclusive. The source of this information is the petition filed by the Fuels Committee of the Florida Municipal Utilities Association before the Federal Power Commission in the case of Humble Oil & Refining Co., et al, Docket No. CI 71-219).

(a) INDUSTRIAL COMPANIES WITH NO FUEL ESCALATION CLAUSES:

	<u>Name</u>	<u>Place</u>
1.	Adams Packing Association, Inc.	Auburndale
2.	Armour Agriculture & Chemical Co.	Bartow
3.	Armour Agriculture & Chemical Co.	Port St. Joe
4.	Basic Magnesia, Inc.	Port St. Joe
5.	Central Phosphates, Inc.	Plant City
6.	Coca-Cola Co. - Foods Division	Auburndale-Plymouth
7.	Deseret Farms of Florida, Inc.	Melbourne
8.	Edgar Plastic Kaolin Co.	Edgar
9.	Florida Citrus Canners Coop.	Lakeland
10.	Libby, McNeil & Libby	Ocala
11.	National Gypsum	Tampa
12.	Plymouth Citrus Products Coop.	Plymouth
13.	Pratt & Whitney Aircraft	West Palm Beach
14.	Suni-Citrus Products Corp.	Haines City
15.	Swift & Co.	Ocala
16.	Tennessee Corporation	Tampa
17.	Wenczel Tile	Tampa

(b) INDUSTRIAL COMPANIES WITH UNLIMITED FUEL OIL ESCALATION CLAUSES:

1. Borden Co., The .....Plant City
2. Buckeye Cellulose Corp. ....Foley
3. CF Chemicals, Inc. ....Bartow
4. Davison Chemicals .....Bartow
5. Farmland Industries, Inc. ....Lakeland
6. Hudson Pulp & Paper Corporation .....Palatka
7. International Min. & Chem. Corp. ....Bartow
8. State of Florida - Raiford Prison .....Raiford
9. Swift & Co. ....Bartow

(c) INDUSTRIAL COMPANIES WITH LIMITED FUEL OIL ESCALATION CLAUSES:

1. Dixie Lime & Stone Co. ....Ocala
2. Meyer Goldman, Trustee .....St. Cloud

(d) MUNICIPAL ELECTRIC UTILITIES WITH UNLIMITED FUEL OIL ESCALATION CLAUSES:

1. Fort Pierce
2. Homestead
3. Kissimmee
4. Lakeland
5. Sebring
6. Starke
7. Tallahassee

(e) MUNICIPAL ELECTRIC UTILITIES WITH LIMITED FUEL OIL ESCALATION CLAUSES:

1. Gainesville
2. Orlando
3. Vero Beach

It should be pointed out that the cities of Lake Worth, New Smyrna Beach and Saint Cloud, all with utilities authorities, purchase natural gas fuel supplies through local distributors which in turn are supplied by Florida Gas Transmission Company. These distributors are regulated by the Florida Public Service Commission and the gas cost escalation for them is about 18% as compared to the current 80% or more increase for Fort Pierce.

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. \* Each of these cities contracted for a base rate of 3.45¢ per therm. Seven cities out of the ten including Fort Pierce, who buy gas direct, failed to insist on a limitation of escalation and thus gave Florida Transmission a windfall contract. Nineteen of the 28 listed major industries secured a limitation contract with 17 of 19 demanding and getting a contract with no fuel escalation clauses.

\* Upon investigation, it was discovered that the contract between Florida Gas Transmission and Vero Beach was signed in February 1962 and calls for a base rate of 3.45¢ per therm with a ceiling on escalation of 4.1¢ per therm.

Furthermore, it was found that the Orlando contract was signed in 1960 and calls for a base rate of 3.45¢ per therm with a ceiling on escalation of 6.0¢ per therm.

Fort Pierce's contract signed with an unlimited escalation in March, 1964

calls for exactly the same base rate (price paid for gas) as Vero Beach and Orlando, 3.45¢ per therm.

(Exhibit #1. Letter from Mr. Stephen P. Willis, Manager, Public Relations and Staff Operations Department, Orlando Utilities Commission and letter and copy of contract for gas from Mr. Kenneth W. Morgan, Director of Utilities, City of Vero Beach.)

Certainly there is no assurance that Fort Pierce would have fared any better under a different system of management decision, but the odds are high they would have and thus would have saved thousands of dollars now being charged customers in higher electric rates.

(2) VITAL MISTAKE NUMBER TWO

Renewal of the existing contract with Florida Gas Transmission for an additional ten years in February, 1970 at a time when there were rumblings in world capitals as carried in various business and financial journals on the approaching Mid-East Oil Crisis, which obviously could only lead to higher fuel prices.

(3) VITAL MISTAKE NUMBER THREE

Failure of the management decision system to anticipate the rise in fuel oil, particularly from Mid June, 1970 when the Mid East countries withheld oil from western sales. The additional failure to take steps to seek and establish possible new and more competitive sources for the supply of fuel as well as to revise the tax balance and to establish new sources of funds through taxation so that electric rates would not rise to such outlandish levels.

(A) This committee submits that if the electric system were under a different type of management which had both the sole interest and the time that the following steps would have been taken:

1. The old, out-of-date, antiquated and fully insufficient list to which bids are sent annually for Bunker "C" fuel oil would have been revised and every effort would have been made to secure additional bids over the solitary bid which has been received for the past several years. As of Mid August, 1971, the Purchasing Department had not been requested to attempt to secure new and additional sources of supply of fuel oil. It should furthermore be noted that the list contains obvious names of companies that don't sell Bunker "C" fuel oil and in addition depends on local bulk plants to forward the bid invitation on to their parent or suppliers.

\* LIST OF COMPANIES RECEIVING AN INVITATION TO BID ON BUNKER "C" FUEL OIL FOR THE FORT PIERCE POWER PLANT AS OF NOVEMBER, 1970.

THE PURE OIL COMPANY, P.O. Box 1630, Tampa, Florida  
TEXACO, INC., P.O. BOX 40, Orlando, Florida  
STANDARD OIL COMPANY, P.O. BOX Z, Jacksonville, Florida  
BELCHER OIL COMPANY, P.O. BOX 87, Port Canaveral, Florida  
BELCHER OIL COMPANY, P.O. BOX 1751, Miami, Florida  
EARMAN OIL COMPANY, P.O. BOX 1630, VERO BEACH, FLORIDA  
TEXACO COMPANY, INC. P.O. Box 9, Fort Pierce, Florida  
AMERICAN OIL COMPANY, P.O. Box 3310, Fort Pierce, Florida  
GULF OIL CORPORATION, P.O. Box, Orlando, Florida  
TREASURE COAST OIL COMPANY, 911 North 2nd Street, Fort Pierce, Florida  
MID FLORIDA OIL COMPANY, Cape Kennedy, Florida

2. A detailed cost study would have been made on feasibility of increasing fuel storage capacity, deepening of the channel to take small tankers, the possibility of buying fuel oil by the tanker load instead of 15,000 barrel barges and the possibility of resale of fuel oil to Vero Beach and inland cities.

\* See Exhibit #2 attached hereto, consisting of questionnaires and responses from oil companies.

FEASIBILITY OF A UTILITIES AUTHORITY

FOR

THE CITY OF FORT PIERCE, FLORIDA

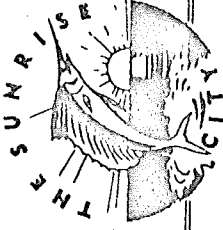
SEPTEMBER 2, 1971

EXHIBIT #1 (9) PAGES

(See notation Page 12 of Section 1,  
Introduction)

ENCLOSURE  
Page 1

# CITY OF FORT PIERCE Florida



DIRECTOR OF FINANCE

City Hall, 315 Avenue "A", FORT PIERCE, FLORIDA

August 13, 1971

Mid Florida Oil Company  
Cape Kennedy, Florida 32815

Dear Sirs:

The Citizens Advisory Committee of the city of Fort Pierce is undertaking a study of the feasibility of a utilities authority. City records indicate that annually you have been receiving an invitation to bid on Bunker "C" Fuel Oil, Number 6.

Will you please fill out and return the enclosed questionnaire. It is hoped that our study will result in more efficient operation of the city utilities which would lead to lower electric rates.

Sincerely yours,

*Hudson C. Millar, Jr.*

Hudson C. Millar, Jr.  
Chairman

P.S. A self stamped envelope is enclosed for your convenience. Please help us and return the questionnaire today.

HCM

HCM:ek  
Encs.

*(tu)*

-12.1-

CITY OF FORT PIERCE  
Florida

Avenue A, P. O. Box 1480  
Fort Pierce, Florida 33450



Exhibit #1  
Page 10

REASON CHECKED  
Unclaimed   
Addressee unknown   
Insufficient Address   
No such street   
No such office in state   
Do not remain in this office

MID FLORIDA OIL CO. 457507e

CAPE KENNEDY, FLORIDA 32815

11/22/71

Exhib. T #1  
Page 2

SPECIFICATIONS FOR BUNKER "C" FUEL OIL SENT TO:

THE PURE OIL COMPANY, P. O. BOX 1630, TAMPA, FLORIDA

TEXACO, INC., P. O. BOX 40, ORLANDO, FLORIDA

STANDARD OIL COMPANY, P. O. BOX Z, JACKSONVILLE, FLORIDA

~~BELECHER OIL COMPANY, P. O. BOX 87, FORT CANEVAL, FLORIDA~~

~~BELECHER OIL COMPANY, P. O. BOX 1731, ORLANDO, FLORIDA~~

EARMAN OIL COMPANY, P. O. BOX 1630, VERO BEACH, FLORIDA

TEXACO COMPANY, INC., P. O. BOX 9, FORT PIERCE, FLORIDA

AMERICAN OIL COMPANY, P. O. BOX 3310, FORT PIERCE, FLORIDA

GULF OIL CORPORATION, P. O. BOX 1713, ORLANDO, FLORIDA

TREASURE COAST OIL COMPANY, 911 NORTH 2ND STREET, FORT PIERCE, FLORIDA

MID FLORIDA OIL COMPANY, CAPE KENNEDY, FLORIDA

*Belcher Oil was not sent questionnaire  
since they are the sole bidder.*

CITIZENS ADVISORY COMMITTEE QUESTIONNAIRE

August 16, 1971

TO: TEXACO INC.

Fort Pierce records indicate that on approximately November 5, 1970 your company received a call for bids No. 877 to bid on: Bunker "C" Fuel Oil, number 6 - annual supply.

- (A) Did you receive said invitation to bid?  Yes  No
- (B) Do you sell Bunker "C" Fuel Oil?  Yes  No
- (C) Are you associated in any way with a company that sells Bunker "C" Fuel Oil?  Yes  No
- (D) Please explain association:  Yes  No

★ TEXACO INC. DOES NOT HAVE BUNKER "C"  
AVAILABLE IN THE FORT PIERCE MARKET AT THIS TIME.

- (E) Did you bid for your company?  Yes  No
- (F) If you did not bid, please give reason: SEE (D)

- (G) Did you pass on the invitation to bid to someone else?  Yes  No
- If you passed it on, to whom? \_\_\_\_\_

Name of Individual \_\_\_\_\_

Name of Company \_\_\_\_\_

Address \_\_\_\_\_

Phone (Code) \_\_\_\_\_

- (H) Were you aware that the bid called for an estimated 2000-3000 barrels, sulphur content not to exceed 1.75%?  Yes  No

Enclosed is the entire list of companies to which the city annually submits invitations to bid.

- Do you think the list is adequate?  Yes  No
- (I) As you know only one bid was received. Please list any information or suggestions which you think would be helpful to the city of Fort Pierce in: \_\_\_\_\_

- (a) Securing additional sources of supply.
- (b) Securing more than one bid.
- (c) Securing a better price.

INCLUDE ALL FUELS AND LUBRICANTS ON  
ONE BID. WE WILL CONSIDER SUPPLYING BUNKER  
"C" FUEL ON THIS BASIS -

- (K) Please list the names and addresses of any publications which might give us the names of companies which might be able to supply Bunker "C" Fuel Oil.

UNKNOWN -



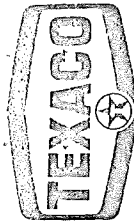
TEL. 633-8516

N. S. LYNCH

YOUR NAME NORMAN S. LYNCH

Phone (Code) 305-6338516

12 copies of FF  
Page 4



PETROLEUM PRODUCTS

ORLANDO DISTRICT

TEXACO INC.  
P. O. BOX 20294  
ORLANDO, FLORIDA 32814

August 16, 1971

Mr. Hudson C. Millar, Jr.  
P. O. Box 3032  
Ft. Pierce, Florida 33450

Dear Sir:

Reference is made to your letter of August 13th and attached questionnaire.

As the City of Fort Pierce is handled by our Miami district, I am forwarding your request to Mr. N. S. Lynch, Texaco, Inc., P. O. Box 203 (IAB), Miami, Florida, 33148 for his further reply to your request.

Yours very truly,

C. G. Snidow

CGS/sw

NSL

CITIZENS ADVISORY COMMITTEE QUESTIONNAIRE

August 16, 1971

TO: William C. Sullivan Jr., Chairman

Fort Pierce records indicate that on approximately November 5, 1970 your company received a call for bids No. 877 to bid on: Bunker "C" Fuel Oil, number 6 - annual supply.

- (A) Did you receive said invitation to bid?  Yes  No  
 (B) Do you sell Bunker "C" Fuel Oil?  Yes  No  
 (C) Are you associated in any way with a company that sells Bunker "C" Fuel Oil?  Yes  No  
 (D) Please explain association:

Government purchase from Belcher Co. Ltd

- (E) Did you bid for your company?  Yes  No  
 (F) If you did not bid, please give reason:

Stated to have (B)

- (G) Did you pass on the invitation to bid to someone else?  Yes  No  
 If you passed it on, to whom?

Name of Individual \_\_\_\_\_

Name of Company \_\_\_\_\_

Address \_\_\_\_\_

Phone (Code) \_\_\_\_\_

- (H) Were you aware that the bid called for an estimated 2000,000 barrels, sulphur content not to exceed 1.75%?  Yes  No  
Yes we did

Enclosed is the entire list of companies to which the city annually submits invitations to bid.

Do you think the list is adequate?  Yes  No

- (I) As you know only one bid was received. Please list any information or suggestions which you think would be helpful to the city of Fort Pierce in:

- (a) Securing additional sources of supply.
- (b) Securing more than one bid.
- (c) Securing a better price.

- (K) Please list the names and addresses of any publications which might give us the names of companies which might be able to supply Bunker "C" Fuel Oil.

YOUR NAME William C. Sullivan Jr.

Phone (Code) 407-2300

CITIZENS ADVISORY COMMITTEE QUESTIONNAIRE

August 16, 1971

TO:

Fort Pierce records indicate that on approximately November 5, 1970 your company received a call for bids No. 877 to bid on: Bunker "C" Fuel Oil, number 6 - annual supply.

- (A) Did you receive said invitation to bid?  Yes  No
- (B) Do you sell Bunker "C" Fuel Oil?  Yes  No
- (C) Are you associated in any way with a company that sells Bunker "C" Fuel Oil?  Yes  No
- (D) Please explain association:

- (E) Did you bid for your company?  Yes  No
- (F) If you did not bid, please give reason:

NO SOURCE OF SUPPLY

- (G) Did you pass on the invitation to bid to someone else?  Yes  No
- If you passed it on, to whom?

Name of Individual \_\_\_\_\_

Name of Company \_\_\_\_\_

Address \_\_\_\_\_

Phone (Code) \_\_\_\_\_

- (H) Were you aware that the bid called for an estimated 2000-000 barrels, sulphur content not to exceed 1.75%?  Yes  No

Enclosed is the entire list of companies to which the city annually submits invitations to bid.

- Do you think the list is adequate?  Yes  No
- (I) As you know only one bid was received. Please list any information or suggestions which you think would be helpful to the city of Fort Pierce in:

- (a) Securing additional sources of supply.
- (b) Securing more than one bid.
- (c) Securing a better price.

THERE IS ONLY ONE SOURCE OF SUPPLY ON EAST COAST YOU MIGHT TRY TAMPA TERMINALS.

- (K) Please list the names and addresses of any publications which might give us the names of companies which might be able to supply Bunker "C" Fuel Oil.

YOUR NAME ARMAN OIL CO INC

Phone (Code) 461-5545

August 16, 1971

TO:

City of Ft. Pierce Fla. from Gulf Oil Co. - 615

Fort Pierce records indicate that on approximately November 5, 1970 your company received a call for bids No. 877 to bid on: Bunker "C" Fuel Oil, number 6 - annual supply.

- (A) Did you receive said invitation to bid?  Yes  No  
 (B) Do you sell Bunker "C" Fuel Oil?  Yes  No  
 (C) Are you associated in any way with a company that sells Bunker "C" Fuel Oil?  Yes  No  
 (D) Please explain association: \_\_\_\_\_

- (E) Did you bid for your company? \_\_\_\_\_ Yes  No  
 (F) If you did not bid, please give reason: \_\_\_\_\_

*My Diesel tank project at nearest terminal  
(Tampa Florida)*

- (G) Did you pass on the invitation to bid to someone else? \_\_\_\_\_ Yes  No  
 If you passed it on, to whom? \_\_\_\_\_

Name of Individual \_\_\_\_\_

Name of Company \_\_\_\_\_

Address \_\_\_\_\_

Phone (Code) \_\_\_\_\_

- (H) Were you aware that the bid called for an estimated 200,000 barrels, sulphur content not to exceed 1.75%?  Yes  No  
*200,000*

Enclosed is the entire list of companies to which the city annually submits invitations to bid.

- Do you think the list is adequate?  Yes  No  
 (I) As you know only one bid was received. Please list any information or suggestions which you think would be helpful to the city of Fort Pierce in: \_\_\_\_\_

- (a) Securing additional sources of supply.  
 (b) Securing more than one bid.  
 (c) Securing a better price.

- (K) Please list the names and addresses of any publications which might give us the names of companies which might be able to supply Bunker "C" Fuel Oil. \_\_\_\_\_

YOUR NAME

*J. L. L...*

Phone (Code)

*(804) 355-6401**P.O. Box 14492**Jacksonville, Fla. 32201*

Exhibit  
#1 Page 8

CITIZENS ADVISORY COMMITTEE QUESTIONNAIRE

August 16, 1971

TO: Mr. Dickson C. Miller

Fort Pierce records indicate that on approximately November 5, 1970 your company received a call for bids No. 877 to bid on: Bunker "C" Fuel Oil, number 6 - annual supply.

- (A) Did you receive said invitation to bid? Yes  No
- (B) Do you sell Bunker "C" Fuel Oil? Yes  No
- (C) Are you associated in any way with a company that sells Bunker "C" Fuel Oil? Yes  No
- (D) Please explain association:

Company's Dept. - American Oil Co - Atlanta, Ga

- (E) Did you bid for your company? Yes  No
- (F) If you did not bid, please give reason:

Bid amount not used - see attached.



AMERICAN OIL COMPANY

- (G) Did you pass on the invitation to bid to:

6 EXECUTIVE PARK DRIVE, N. E., ATLANTA, GEORGIA 30329

H. J. LINDENBAUM  
Staff Engineer

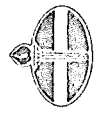
Name of Individual \_\_\_\_\_

Name of Company \_\_\_\_\_

Address \_\_\_\_\_

Phone (Code) \_\_\_\_\_

1711 N.E. 40th COURT • FORT LAUDERDALE, FLORIDA



AMERICAN OIL COMPANY

- (H) Were you aware that the bid called for 2000,000 barrels, sulphur content not to exceed \_\_\_\_\_

Telephone: 305 - 523-0571  
Home: 305 - 564-3605

C. C. SOBECK  
Lubrication Engineer

Enclosed is the entire list of companies to which to bid.

- Do you think the list is adequate? Yes  No

- (I) As you know only one bid was received. Please list any information or suggestions which you think would be helpful to the city of Fort Pierce in:

- (a) Securing additional sources of supply.
- (b) Securing more than one bid.
- (c) Securing a better price.

Whether more bid counts to the proper address of each division as that name must be to those who do handle Bunker C Fuel Oil

- (K) Please list the names and addresses of any publications which might give us the names of companies which might be able to supply Bunker "C" Fuel Oil.

AMERICAN OIL COMPANY  
POST OFFICE BOX 5077  
ATLANTA, GA. 30302  
ATTN: FILE M-2

YOUR NAME H. J. Lindenbaum  
Phone (Code) 404/634-6611

Subject #1  
Page 9

SPECIFICATIONS FOR BUNKER "C" FUEL OIL SENT TO:

THE PURE OIL COMPANY, P.O. BOX 1630, TAMPA, FLORIDA

TEXACO, INC., P. O. BOX 40, ORLANDO, FLORIDA

STANDARD OIL COMPANY, P. O. BOX Z, JACKSONVILLE, FLORIDA

BELCHER OIL COMPANY, P. O. BOX 87, PORT CANERVAL, FLORIDA

BELCHER OIL COMPANY, P. O. BOX 1751, MIAMI, FLORIDA

EARMAN OIL COMPANY, P. O. BOX 1630, VERO BEACH, FLORIDA

TEXACO COMPANY, INC., P. O. BOX 9, FORT PIERCE, FLORIDA

~~AMERICAN OIL COMPANY, P. O. BOX 3310, FORT PIERCE, FLORIDA~~  
AMERICAN OIL COMPANY  
POST OFFICE BOX 5077  
ATLANTA, GA. 30302  
ATTN: FILE M-2

GULF OIL CORPORATION, P. O. BOX 1713, ORLANDO, FLORIDA

TREASURE COAST OIL COMPANY, 911 NORTH 2ND STREET, FORT PIERCE, FLORIDA

MID FLORIDA OIL COMPANY, CAPE KENNEDY, FLORIDA

AMERICAN OIL COMPANY  
POST OFFICE BOX 5077  
ATLANTA, GA. 30302  
ATTN: FILE M-2

FEASIBILITY OF A UTILITIES AUTHORITY

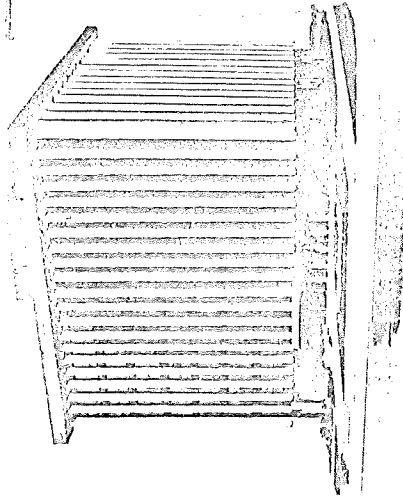
FOR

THE CITY OF FORT PIERCE, FLORIDA

SEPTEMBER 2, 1971

EXHIBIT #2 (10) PAGES

(See notation bottom of page 12 of  
Section 1, Introduction)



# Orlando Utilities Commission

500 SOUTH ORANGE AVENUE  
P.O. BOX 3193 • ORLANDO, FLORIDA 32802 • TELEPHONE 305/841-1230.  
R. H. LAWRENCE DICK SIMPSON SAM G. WILKINS CARL T. LANGFORD TOM DENMARK  
PRESIDENT FIRST VICE PRESIDENT SECOND VICE PRESIDENT MAYOR COMMISSIONER

CURTIS H. STANTON  
EXECUTIVE VICE PRESIDENT

August 26, 1971

Mr. Hudson Miller  
Radio Station WIRA  
Post Office Box 3032  
Ft. Pierce, Florida 33450

Dear Mr. Miller:

Following is the information you requested concerning our gas costs:

Primary Interruptible Base Price .....30.1¢/M<sup>2</sup>BTU  
Based on a monthly charge of 23¢/M<sup>2</sup>BTU  
to Florida Gas Company by Coastal  
Transmission Corporation

*Less than 10%  
increase in rate, up to  
existing rate.*

Preferred Interruptible Base Price .....34.5¢/M<sup>2</sup>BTU  
Based on a monthly charge of 25¢/M<sup>2</sup>BTU  
to Florida Gas Company by Coastal  
Transmission Corporation

*rate of Gas*

*Present  
Contract  
1969  
signed  
by phone  
(305) 241  
(6M)*

Preferred base price escalates as follows:

There shall be added to the Base Price each month .01587¢ per therm\* for each full one cent per barrel that the monthly average of the daily prices per barrel of Bunker "C" fuel oil for such month (as quoted by Platt's Oilgram, ex-lighterage, for Port of Tampa, Florida) exceeds \$2.34, provided, however, that the total increase of the Monthly Base Rates due to adjustment under this paragraph shall not exceed .6¢ per therm.

\*10 therms = 1 M<sup>2</sup>BTU

Let me know if I can be of any further assistance in any way.

Sincerely,

STEPHEN P. WILLIS  
Manager, Public Relations &  
Staff Operations Department

SPW: hf

*City of Vero Beach*

1053 - 20th PLACE  
VERO BEACH, FLORIDA - 32960  
Telephone 567-5151

KENNETH W. MORGAN  
DIRECTOR OF UTILITIES

September 2, 1971

Mr. Hudson C. Miller  
Radio Station WIRA  
Post Office Box 3032  
Fort Pierce, Florida 33450

Dear Mr. Miller:

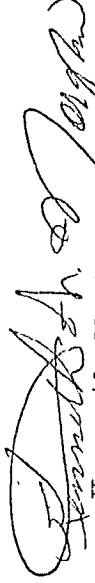
Pursuant to our telephone conversation yesterday and at your request, I am enclosing our gas contract dated March 31, 1959, and the latest amendment dated December 20, 1962.

Also, for your information, I quote our latest oil contract prices: Bunker "C" Fuel Oil--\$3.85/Bbl., and No. 2 Diesel Fuel--\$0.1163/Gal. The above prices contain the usual price escalator clauses as indicated by Humble Oil Company and as shown in Platt's Oilgram for Gulf Coast Deliveries.

Please notify me if I may be of further service. As you may know I have some twenty-two years of utility experience; sixteen with Investors Electric Utilities and five with municipalities. Therefore, I feel that I may be qualified to render assistance in the situation that is currently facing Fort Pierce.

Sincerely,

CITY OF VERO BEACH



Kenneth W. Morgan  
Director of Utilities

KWM/mm  
Encls. two  
cc: File

"City of Beautiful Beaches"

-12.12-

Exhibit #2  
Page 3

PREFERRED INTERRUPTIBLE CONTRACT

(DIRECT SALE)

Vero Beach, Florida, Florida

City Hall,  
(Address)

March 31, 1959  
(Date)

Houston Texas Gas and Oil Corporation  
Post Office Box 10400  
St. Petersburg 33, Florida

Gentlemen:

We are advised that the Federal Power Commission has issued to you a certificate of public convenience and necessity to construct and operate an interstate gas transmission system from Louisiana to Florida and that, in addition to supplying gas at wholesale to distributors, you will make direct sales of gas to industrial customers. We understand that initially you will receive for delivery an average of approximately 280 million cubic feet of gas per day for a term of 20 years from Coastal Transmission Corporation (Coastal) at the point of connection of the two systems in Louisiana, and that you propose to obtain the right to purchase at least 400 billion cubic feet of deliverable natural gas reserves, in addition to your present reserves, over a 20-year period, and to expand your system delivery capacity therefor.

We are the owner and operator of certain industrial facilities, more particularly described as follows:

<u>Plant</u>	<u>Location</u>
Power Plant	Vero Beach, Florida

You (Seller) desire to sell and we (Buyer) desire to purchase from Seller natural gas for our use (and not for resale) in said plant, as herein provided. Therefore, Buyer agrees to purchase from Seller such quantity of natural gas as Seller may have available up to 15,000 therms per day, the maximum daily contract quantity, and Seller agrees to supply the same to the extent that it has gas available, subject to the terms and conditions herein, it being agreed that delivery is subject to curtailment or interruption on a preferred interruptible basis (that is, interruptible at the discretion of Seller but only after all primary interruptible

Htex form 3.2  
2-9-59

gas deliveries of Seller have been interrupted); Buyer to have not less than two hours' notice of curtailment or interruption orally or in writing if reasonably possible; provided that this shall not apply when caused by conditions of force majeure. Whenever, and to the extent that, Seller is unable to deliver such maximum amount requested by Buyer, Buyer shall have the right to purchase gas sufficient to make up such deficiency from such other source as may be available to Buyer.

Any gas taken by Buyer after the effective hour of an order calling for a complete curtailment of all gas deliveries hereunder shall be considered to be unauthorized over-run gas. Seller shall bill, and Buyer shall pay, for such unauthorized over-run gas at the rate of \$1.50 per therm, in addition to the regular charge hereunder for such gas. The payment of an over-run penalty shall not, under any circumstances, be considered as giving Buyer the right to take unauthorized over-run gas, nor shall such payment be considered to exclude or limit any other remedies available to Seller against the Buyer for failure to comply with curtailment orders issued by Seller hereunder.

This agreement shall be effective from the date hereof, and the service hereunder (including the sales of natural gas by Seller to Buyer, and the purchases thereof by Buyer from Seller, as contemplated hereunder) shall continue for a period of twenty (20) years from and after the date delivery of natural gas shall commence hereunder; and from year to year thereafter, provided that at least 90 days prior to the end of any such yearly period either Buyer or Seller may terminate.

The gas shall have a total heating value of not less than 950 BTU per cubic foot of dry gas, and shall be merchantable; provided that moisture, impurities, helium, natural gasoline, butane, propane, ethane and other hydrocarbons except methane may be removed by Seller.

The total heating value of the gas shall be determined by Seller by using Thomas or other standard type of recording calorimeter, located at a suitable point on Seller's line, in order that the BTU content of the gas delivered may be obtained. The monthly arithmetical average of the daily readings from the records so obtained shall be corrected to the basis of measurement provided, and from a saturated basis to the average moisture content of the gas delivered, the result being the BTU content of the gas delivered during that billing month. In the event that Seller's recording calorimeter has not been installed or is not operating properly, the total heating value shall be determined from a recording calorimeter properly installed and operated by Seller's supplier. The degree of saturation of water vapor of the gas delivered shall be determined at least once monthly, on a day as near the first day of each month as practical, and shall be properly taken into account in determining the total heating value and quantity of gas delivered hereunder. The average absolute atmospheric pressure shall be assumed to be 14.65 pounds to the square inch, irrespective of actual elevation or location of the point of delivery above sea level or variations in such atmospheric pressure. The term "cubic foot of gas" shall mean the amount of gas required to fill a cubic foot of space when the gas is at an absolute pressure of 14.65 pounds per square inch and at a temperature of 60° Fahrenheit, and the term "therm" shall mean 100,000 British thermal units. The measuring equipment shall be installed and maintained by Seller, although Buyer may maintain check measuring equipment on the property of Buyer. Buyer will maintain at its expense facilities from the point of delivery to the point of use, in good condition at all times.

2-9-59 2/19/59  
Buyer agrees to pay Seller each month for gas delivered hereunder or for the minimum monthly quantity specified herein (whether or not taken) whichever is larger, an amount determined from the following Base Price which shall be subject to adjustment as provided below:

BASE PRICE: All therms in any month at 3.45¢ per therm.

If the numerical average monthly price per barrel of Bunker C fuel oil, quoted for the Port of Tampa by Platt's Oilgram, shall exceed \$2.34 (ex lighterage), then for each 6.3¢ per barrel of such excess the base price herein shall be increased by .1¢ per therm, provided, however, that the aggregate of such increases under this paragraph shall never when added to the above Base Price total more than 4.1¢ per therm.

If the numerical average monthly price per barrel of Bunker C fuel oil, as determined above, shall be less than \$2.75 (ex lighterage), and the Base Price per therm of gas has been previously adjusted in accordance with the preceding paragraph, then for each 6.3¢ per barrel of such decrease in price the adjusted Base Price herein shall be decreased by .1¢ per therm, provided, however, that the aggregate of such decreases under this paragraph shall never when added to the above Base Price total less than 3.45¢ per therm.

In the event that Platt's Oilgram shall cease or suspend publications, or shall not quote prices for Bunker C fuel oil, ex lighterage, Port of Tampa, then the numerical average of the highest prices quoted by three major oil companies shall be substituted for the period in which prices are not available from Platt's Oilgram.

It is further provided that, in addition to and independent of any adjustment to the Base Price due to variations in the price of oil as above set forth, the Base Price shall be adjusted if the existing rate of any tax, license, fee or charge applicable to the gas delivered hereunder, imposed on Seller or any party to which Seller may by contractual obligation refund the same, or on the act, right or privilege of production, severance, gathering, transportation, handling, sale or delivery of such gas, now in effect, be hereafter increased or decreased, or if any new taxes are imposed or repealed, the resulting increase or decrease, computed on a cents per therm basis, shall be added to or subtracted from the Base Price. In the event any monthly charge of Coastal to Seller, made pursuant to the Rate Schedule of Coastal then applicable to Seller and from time to time permitted by the Federal Power Commission, is increased above or decreased below 25¢ per MCF (provided that adjustments in said 25¢ per MCF as between Coastal and Seller, due to variation in the BTU content of the gas shall not apply to the provisions of this paragraph) the amount of such increase above or decrease below 25¢ per MCF shall be added to or subtracted from, as the case may be, the price of gas to Buyer as set forth herein.

The minimum monthly quantity of gas which Buyer shall be obligated to take, and pay for each month, or pay for whether taken or not, from the date of first delivery hereunder, shall be 75% of the maximum daily contract quantity, the "minimum daily quantity", multiplied by the number of days in each month, subject to the following adjustments:

Htex form 3.2  
2-9-59

12.15-

(1) In the event that Seller is unable to deliver hereunder a quantity of natural gas equal to 75% of the maximum daily contract quantity on any day or days, the minimum daily quantity with respect to such day or days shall be the actual quantities of gas delivered by Seller on such day or days.

(2) During periods when the plant of Buyer is out of operation due to maintenance requirements, which periods shall not exceed thirty (30) days in any year with respect to each plant, the minimum monthly quantity hereunder shall be reduced by an amount equal to the number of days such plant is so out of operation times the daily average therms used by such plant during the preceding month, unless Seller is unable to deliver such quantity of gas, in which event the provisions of subparagraph (1) immediately preceding shall apply.

Buyer's minimum monthly bill, commencing with the first delivery of gas hereunder, shall equal the minimum monthly quantity of gas (adjusted, as in this paragraph permitted), multiplied by the then applicable price of gas per therm.

If, in any month, the quantities of gas purchased hereunder by Buyer should be less than the applicable minimum monthly quantity, as above provided, and as a consequence Buyer is required to pay for gas not taken, then and in that event, Buyer shall be entitled to receive delivery from Seller of such gas paid for but not taken without further charge at any time within the following eleven months by taking gas in such months in excess of the minimum daily quantity.

Buyer shall, on request, furnish Seller estimates of daily, monthly and annual gas requirements, as far in advance as reasonably possible.

Seller shall render bills to Buyer on or before the 10th day of each month for all gas delivered hereunder during the preceding month, and Buyer shall pay Seller, at its designated office, on or before the 15th day of each month, for such gas (including any minimum monthly bill), according to such statement, all sums past due to bear interest at the rate of 6% per annum, and if any default in payment continues for thirty (30) days after payment is due, Seller in addition to any other remedy it may have, may, without damage and without terminating this agreement, suspend further delivery of gas until such amount is paid; provided that in case of a disputed bill, if Buyer shall pay Seller such amount as it concedes to be correct and furnishes Seller with a good and sufficient surety bond, within thirty (30) days of such due date, in amount and with surety satisfactory to Seller, conditioned upon the payment of any amounts ultimately found due, Seller shall not suspend further delivery of gas unless and until default be made in the conditions of such bond.

The point of delivery shall be at the outlet side of the meter to be installed by Seller at or adjacent to Buyer's plant (such meter and other facilities of Seller, if located on property of Buyer, to be on an easement furnished to Seller by Buyer). Seller shall be deemed to be in control and possession of the gas up to such point of delivery, after which Buyer shall be deemed to be in control and possession thereof, and Seller shall have no responsibility with respect thereto or on

account of anything which may be done, happen or arise with respect to said gas after said delivery, and Buyer shall indemnify and hold harmless Seller from any and all loss or damage in this connection.

Seller shall use due care and diligence to furnish gas at such uniform pressure as Buyer may require, up to but not exceeding 100 pounds per square inch gauge at the point of delivery, and Buyer shall install, operate and maintain such regulating devices as may be necessary to regulate the pressure.

If at any time or times during the period this contract is in effect, Seller also has in effect any arrangement with Buyer for the delivery of primary interruptible gas to Buyer at the same delivery point in this contract provided, it shall be assumed for all purposes that all gas delivered by Seller to Buyer at said delivery point on any given day is preferred interruptible gas until the maximum daily contract quantity under this contract is reached.

In the event of either party hereto being rendered unable wholly or in part by force majeure to carry out its obligations hereunder, other than to make payments due hereunder, it is agreed that such party giving notice and full particulars of such force majeure in writing or by telegraph to the other party as soon as reasonably possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch; provided that this shall not obligate a party to settle strikes or lockouts against it by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

If the proposals and agreements contained herein are acceptable to you, please so indicate by signing this letter in duplicate and promptly returning to us one copy thereof.

Very truly yours,

ATTEST:

Mary M. Davis  
Secretary  
CITY CLERK

CITY OF VERO BEACH, FLORIDA

By:

[Signature]  
Mayor  
President  
"BUYER"

ACCEPTED this 20 day of May, 1959.

HOUSTON TEXAS GAS AND OIL CORPORATION

ATTEST:

[Signature]  
Secretary

By:

[Signature]  
Vice President  
"SELLER"

CITY OF VERO BEACH, FLORIDA

Council-Manager Form of Government

December 20, 1962

Mr. H. L. Wilhite, Senior Vice President  
Florida Gas Transmission Company  
P. O. Box 44  
Winter Park, Florida

Dear Mr. Wilhite:

On March 31, 1959, the City of Vero Beach, Florida entered into a Preferred Interruptible Contract (Direct Sale) with Houston Texas Gas and Oil Corporation (now named Florida Gas Transmission Company) for the sale and delivery of natural gas for use in the City's municipal power plant. This contract has been amended by Letter Agreement dated October 5, 1961 to provide that all deliveries of gas under the contract will be made to the new municipal electric plant located north of 17th Street, adjacent to the Indian River. Since October 5, 1961, we have completed our plans to install a second unit in the new plant during the year 1963. This additional unit will require an increase in the volumes provided for by our contract dated March 31, 1959.

Accordingly, we propose that the second paragraph on page 1 of the contract be amended to read as follows:

"We are the owner and operator of certain industrial facilities, more particularly described as follows:

<u>Plant</u>	<u>Location</u>
Power Plant	Vero Beach, Florida

You (Seller) desire to sell and we (Buyer) desire to purchase from Seller natural gas for our use (and not for resale) in said plant, as herein provided. Therefore, Buyer agrees to purchase from Seller such quantity of natural gas as Seller may have available up to 21,600 therms per day and 1,750 therms per hour until a date which shall be the earlier of the date Buyer's second unit is installed in said plant and ready to use gas, or January 1, 1964, and thereafter up to 30,000 therms per day and 3,750 per hour (the maximum daily contract quantity to remain 21,600 therms per day during the first period and 30,000 therms per day thereafter), and Seller agrees to supply the same to the extent that it has gas available, subject to the terms and conditions herein, it being agreed that delivery is subject to curtailment or interruption on a preferred interruptible basis (that is, interruptible at the discretion of Seller but only after all primary interruptible gas deliveries of Seller have been interrupted); Buyer to have not less than two hours' notice of curtailment or interruption orally or in writing if reasonably possible; provided that this shall not apply when caused by

conditions of force majeure. Whenever, and to the extent that, Seller is unable to deliver such maximum amount requested by Buyer, Buyer shall have the right to purchase gas sufficient to make up such deficiency from such other source as may be available to Buyer."

We further propose that the second complete paragraph on page 2 of said hereinabove described contract be amended to read as follows:

"This agreement shall be effective from the date hereof, and the service hereunder (including the sales of natural gas by Seller to Buyer, and the purchases thereof by Buyer from Seller, as contemplated hereunder) shall continue for a period of ten (10) years from and after the date delivery of natural gas shall commence hereunder; and from year to year thereafter, provided that at least 90 days prior to the end of any such yearly period either Buyer or Seller may terminate."

If the foregoing proposals are satisfactory and acceptable to you, would you please signify your acceptance thereof by signing this letter and returning a signed copy thereof to us.

CITY OF VERO BEACH

By *J. C. ...*  
Mayor

ATTEST:

By *Mary M. Diers*  
City Clerk

The foregoing letter consisting of two pages is accepted this 20th day of December, 1962.

FLORIDA GAS TRANSMISSION COMPANY

By *W. C. ...*  
Senior Vice President

ATTEST:

By *E. P. ...*  
Assistant Secretary

FEASIBILITY OF A UTILITIES AUTHORITY

FOR

THE CITY OF FORT PIERCE, FLORIDA

SEPTEMBER 2, 1971

EXHIBIT #3 (3) PAGES

(See notation bottom of page 13, Section 1,  
Introduction)

EXHIBIT # 5  
PAGE

*Jacksonville Electric Authority*

220 EAST BAY STREET JACKSONVILLE, FLORIDA 32202

OFFICE OF THE  
MANAGING DIRECTOR

September 2, 1971

Mr. Hudson Miller, Chairman  
Citizens Advisory Committee  
Box 3032  
Ft. Pierce, Florida 33450

Dear Mr. Miller:

We are attaching a tabulation of bids received for fuel oil on August 20th. The notes which say "see attached letter, etc." refer to such things as escalation in terms of the fluctuation of the dollar in Europe, the Tehran Agreement, bids received in Deutsche marks or Swiss francs, metric tons in lieu of barrels, import duties, freight costs, etc.

The price shown, however, can be used as a rough current cost, bearing the above in mind.

Very truly yours,  
*Louis H. Winnard*  
Louis H. Winnard  
Managing Director

LHW:ks

Attach.

Exhibit # 3 - Pg 2

JACKSONVILLE ELECTRIC AUTHORITY  
 BID TABULATION FORM - RESIDUAL NO. 6 FUEL OIL

REQUEST TO RE-  
 J.E.A. SPECIFICA

VENDOR	BID BOND YES OR NO	QUANTITY BID	ONE YEAR UNIT PRICE	TOTAL	QUANTITY BID	TWO YEAR UNIT PRICE	TOTAL	QUANTITY BID	THREE YEAR UNIT PRICE
		Refer to Telegrams							
<i>Petrobay Ltd.</i>		8,000,000			8,800,000	<del>3.7000</del> 3.7000		9,700,000	3.7000
<i>BP North American Inc.</i>		Refer to Bid 1.2 mil. ton			1.37 mil. ton	3.7000 1.2 mil. ton		1.4 mil. ton	3.7000
<i>Howard Fuel Corp.</i>	yes	+ 30% 4 mil. BBL.	3.85	\$15,800,000.00	4,400,000 5 mil. BBL.	3.85	\$16,980,000.00	4,900,000 <sup>SS1</sup>	3.85
<i>Coastal States Refining</i>	yes	5,600,000	4.35	\$24,360,000.00	5,600,000	4.49	\$25,140,000.00	5,600,000	4.62
<i>Tec International Oil</i>	yes	4,000,000	3.85	\$15,400,000.00	4,400,000	3.85	\$16,940,000.00	4,850,000	3.85
<i>New England Pet. Corp.</i>	yes	8,000,000	3.95	\$31,600,000.00	8,800,000	3.95	\$34,760,000.00	9,700,000	3.95

Exhibit #3-R/S

NO. S-1110-70/12  
 ITEM NO. 26A-71

TOTAL	% SULPHUR BID 1% MAX.	VISCOSITY (SSF @ 122° F)		FOUR POINT OF	BID PRICE FIRM		IF "NO" DESCRIBE ESCALATOR
		MIN.	MAX. 300		YES	NO	
	1%			93°			
	1%	min. max.					
	1%	80 300		105°		No	Escalator clause
\$18,865,000.00	1%	min. max.					subject to 20/6/12 O.K. see letter
	1%	35 300		105°		No	
\$25,872,000.00	1%	min. max.					
	1%	80 300		90°		No	see exhibit "B"
\$18,672,000.00	1%	min. max.				1st year yes and 3rd No	see attached sheet
	1%	55 300		100°		and 3rd No	O.K. clause
\$22,315,000.00	1%	min. max.				1st yr yes	see exhibit "A"
		15 100		90°-110°			

(B) 3.

This Committee has been advised by Mr. Louis H. Winnard, Managing Director of the Jacksonville Electric Authority, in a telephone conversation on Sep't. 1, 1971 that Jacksonville is currently paying \$1.92 a bbl. for Number 6, 1% sulphur rated fuel oil delivered Jacksonville.

The Purchasing Agent of Fort Pierce advised this same date that Fort Pierce is currently paying \$3.83 a bbl. for the same fuel oil which goes up and down with Platts Oil Gram on a base of \$3.98.

Mr. Winnard advised that Jacksonville recently received six bids for fuel oil ranging in price from \$3.65 to \$4.40 a bbl. It cannot be anticipated what the new base price in the forthcoming Fort Pierce contract will be until bids are let and one is accepted.

In comparing the two prices, it should be pointed out that there are many differences in storage capacity, usage, port facilities and shipping costs. Jacksonville uses approximately 8 million bbls. a year and receives shipment in full tanker loads, whereas Fort Pierce has limited storage capacity and receives shipment in 15,000 bbl. barge loads.

4.

VITAL MISTAKE NUMBER FOUR

Failure of the management system to anticipate the interruption problems in the Data Processing Department, where utilities are billed, in the conversion from the IBM Key Punch System to the NCR Computer. Management's poor judgement in this area in not duplicating cards and keeping the IBM in operation, regardless of whether petitions in Customer Service had to be knocked out and replaced to make room, is estimated to cost the City \$90,000 to \$100,000 in lost accounts receivable by Mr. Evert Young of the consultant firm of Reynolds, Smith & Hills.

5.

VITAL MISTAKE NUMBER FIVE

Failure of the management system to convince the City Commission to take immediate action some seven months ago, when the price of fuel oil began rising, to head off loss of revenues which would affect the ability of the electric plant to expand its facilities according to the recommendations of its consultants.

(A) As previously outlined herein, the City could have raised rates, realigned the balance of taxes and established new taxes, reduced expenses or a combination thereof, which would have allowed holding the line on electric rates.

(B) It should be noted that the City of Jacksonville under its electric authority had sufficient reserves so that it did not raise the rates for home customers and absorbed the increased price of fuel, although Mr. Evert Young of Reynolds, Smith & Hills told our Committee on July 29th, that a rate increase was anticipated. Unless Jacksonville raised their rates prior to the wage-price freeze, they are bound in at the same low rates for the 90-day period.

(C) The loss to the City of Fort Pierce as anticipated by Reynolds, Smith and Hills is estimated to be \$500,000. Combine this with the estimated loss on Accounts Receivable from bad management decisions in the Data Processing Department and the total loss for the fiscal year is estimated at \$600,000, thus the total net operating income of the electric plant will be thus much less.

6. VITAL MISTAKE NUMBER SIX

Failure of the management process to allocate adequate funds to reserves so that recommendations of the utility consultants can be carried out to meet anticipated future expansion needs. Too high a percentage of revenues is siphoned off for management services, to acquire facilities other than for the production and distribution of electricity and as a draw into the general fund.

As a result of management decisions, net revenue is estimated by Reynolds, Smith & Hills to be decreased some \$600,000. As a consequence of reduced revenues over the last three-year period, the consultant's recommended 50,000 KW generator has had to be reduced to a 40,000 KW generator. This means that Fort Pierce in the mid '70's will undoubtedly have insufficient electric power.

This policy of "milking the electric system," which has been going on for approximately half a century, has not only resulted in more costly financing and has endangered reserves of electricity for home consumption, but has also led to the establishment of a policy within the City of Fort Pierce to discourage industry, particularly that which requires any substantial amount of power for the simple reason that power reserves have never been adequate to supply it. Even with the installation of the new 40,000 KW generator, engineers have advised this Committee that it is their opinion that it would be impossible to supply an industry asking for 5,000 KW.

The policy of discouraging industry, and thus jobs, is brought about by the management process which places political expediency ahead of practical necessity and proper planning. Instead of allowing for additional reserves so that future needs of both homes and industry can be met, management has found it easier to draw off these reserves and profits and discourage industry by not being able to furnish electric power needed. This Committee maintains that this policy inhibits the growth of Fort Pierce and limits the job market and thus the flow of capital.

This Committee has spent considerable time in trying to ferret out weaknesses in the management and decision-making process. Mr. Evert Young, of Reynolds, Smith and Hills, stated to the Citizens Advisory Committee on July 29th, "I possibly have been associated with Fort Pierce since 1955. I have seen some golden eras and some horrible periods. It is all a matter of philosophy of citizens and government as to how it works... We, as consultants, have learned to live with a changing boss every year or so.

I see new faces on the Commission ... Periodically, the Managing Director of the System, the City Manager, designs to move on to greener pastures. The new man won't like what the predecessor does and he changes everything. This shakes people up. For running a \$5 - million dollar business, where your top management is constantly changing, it kind of makes you live within narrow limits ... When I see the Electric System of this city become a political football, and it being the financial backbone of the community, I recognize that you need another type of management." (Emphasis added)

## II PROPOSALS

The alternatives 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 favoring as well as basing management decision 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 would still be 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.

This Committee deliberated long and hard to evolve a decision and often over the five-months period wavered back and forth between the three alternatives. Always, however, it kept coming back to one criteria -- Management. Without efficient management, the consumer and taxpayer will always end up paying more for his utilities. Witness the current high electric bills.

This Committee ascertained that the Charter of a Utilities Authority can be written to guarantee the City its fair share of revenue so that it can continue to provide adequate services to the people and yet at the same time assure the people of fair and equitable electric rates along with the setting aside of proper reserves so that the expansion plans of the consultants can be carried out.

This Committee therefore recommends to the City Commission that it establish a Utilities Authority for the electric, water, gas and sewage and related utilities as outlined herein.

## III UTILITIES AUTHORITY

### A. CREATION

1. Ordinance of the City Commission under Section 33 of the City Charter calling for a referendum no later than December 31, 1971.

### 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, which is hereby authorized to own, manage and operate electric, water, gas, sewage and any other related utilities supplied by the City, in the City of Fort Pierce and in any or all of St. Lucie County or the counties adjacent thereto, which shall consist of five members.

- (4) The term "CITY MANAGER" shall mean the Chief Operating Executive of the City of Fort Pierce.
- (5) The term "AUTHORITY" shall mean the Fort Pierce Utilities Authority.
- (6) The term "SYSTEM" shall mean the Electric, Gas, Water, Sewage and related Utilities Systems of the City of Fort Pierce.
- (7) The term "CHARTER" shall mean the Charter of the City of Fort Pierce.
- (8) The term "MEMBER" shall mean a Member of the Authority.
- (9) The term "MANAGING DIRECTOR" shall mean the Managing Director of the Fort Pierce Utilities Authority.
- (10) The term "CITY COMMISSION" shall mean the City Commission of the City of Fort Pierce.
- (11) The term "UTILITIES" shall mean, electric, water, gas, sewage and related utilities under the Authority.
- Section 3. The City Commission shall within fifteen days upon this Act becoming law, elect by a majority vote four citizens with such qualifications as are provided for herein as interim members of the Authority, to serve until the last day of the current fiscal year and until their successors are elected and said City Commission shall then elect the four interim members as members of the Authority, one of whom shall serve for one (1) year; one of whom shall serve for two (2) years; one of whom shall serve for three (3) years; one of whom shall serve for four (4) years, each of such term to commence on the first day of each new fiscal year.

Every Member elected on the Authority shall be a qualified <sup>(M)</sup> elector of said City of Fort Pierce and shall have resided in the City of Fort Pierce for no less than three years and shall not be an officer of said city, whether elected or appointed. Thereafter, the term of office of each Member shall be for four (4) years, but each elected member shall hold such office until his successor has qualified and been elected and furthermore the said Authority shall, by a majority vote, nominate, and the City Commission elect all new Members of the Authority; however, no Member shall vote to nominate his successor. It at any time during his term of membership on the Authority, any member shall cease to be a resident of the City or shall hold any other public office or position, he shall cease to be a member and a vacancy on the Authority, however created, shall be filled for the unexpired term in the same manner as provided for herein, and the person so nominated and elected shall have and retain all the qualifications prescribed for election to membership on the Authority. Any member elected to the Authority for two (2) consecutive full terms shall not be eligible for the succeeding term.

The Mayor shall be an ex-officio member of said Authority and shall serve until his successor is duly elected and sworn in and in the event the Mayor retires or otherwise relinquishes his office, either voluntarily or involuntarily, the Mayor Pro-Tem of the City Commission shall serve on the Authority until a new Mayor is duly elected and sworn in.

The Members of the Authority shall not be entitled to compensation, pension or other retirement benefits on account of service on the Authority, but shall be

entitled to receive their traveling expenses and other actual and necessary expenses incurred in the performance of their duties of office in a sum per diem equal to and computed in the same manner as the amount allowed state officials from time-to-time by law for subsistence while traveling on state business.

The Authority shall elect a Chairman, Vice-Chairman and Secretary, none of whom shall be the Mayor and each of whom shall serve for one (1) year or until his successor is chosen and said officer of the Authority may succeed himself.

The Authority shall hold regular meetings at least twice a month at such times and places as it may designate and may hold more frequent regular meetings. Special meetings may be held upon the call of the Chairman or any three (3) members of the Authority. A majority of the membership shall constitute a quorum for the purpose of meeting and transacting business. Each member of the Authority shall have one (1) vote. The Authority may adopt by-laws and make rules and regulations not inconsistent with this Act or general law.

Section 4. The Authority shall have full power and authority to fix, regulate and collect rates and charges for the services governing the sale and use of electricity, power water, gas, sewage or related utilities under the Authority, to impose sanctions to enforce compliance with any rule or regulation which the Authority may adopt in the management and operation of, or the sale or use of electricity, water, gas sewage or related utilities under the Authority. 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. In the event the City of Fort Pierce or any department, agency, instrumentality, officer, or employee thereof, shall avail itself of the facilities or services provided by the said electric and water system, or any part thereof, in excess of the sum of \$70,000 annually, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the City and any such department, agency, instrumentality, officer or employee. After payment of all the outstanding bond certificates and the interest due thereon has been made or irrevocably provided for and all reserve requirements have been met, the City shall have the right thereafter to receive free services for electricity and power and water, the value of which, when combined, shall not exceed the sum of \$200,000 annually and shall be determined through the use of meters at the prevailing rates.

The Authority shall have the following additional powers, in addition to powers otherwise conferred:

- (1) To construct, acquire, establish, improve, extend, enlarge, reconstruct, re-equip, maintain, repair and operate the electric, water, gas, sewage, and other related utility systems of the City;
- (2) To acquire for the use of the utilities system by grant, purchase, gift, devise, condemnation by eminent domain proceedings, exchange or in any other manner, all property, real or personal, or any estate or interest therein, and to sell or otherwise transfer, with or without consideration, any such property when in the Authority's discretion it is no longer needed or useful, all upon such terms and conditions as the Authority shall by resolution fix and determine. The right of eminent domain conferred herein shall be exercised by the Authority in the manner provided by law;
- (3) To furnish electricity, gas, water, sewage and related utilities to private persons, firms and corporations, the City, and any other public or private body, organizations, or unit, in any part of the City of Fort Pierce or the County of St. Lucie or in any adjacent county or to another electric or water service, utility or Authority, corporation, firm or organization and for said purposes, shall have the right to construct and maintain electric lines in and along and under all public highways and streets throughout the City of Fort Pierce and

County of St. Lucie and said adjacent counties;

- (4) To sue and be sued, implead and be impleaded, complain and defend in all courts; to adopt and use a corporate seal; to make and enter into all contracts, agreements, and leases and to do and perform all other acts and deeds necessary and incidental to the performance of its duties and the exercise of its powers;
- (5) To make or cause to be made such surveys, investigations, studies, borings, maps, drawings and estimates of cost and revenues as it may deem necessary, and to prepare and adopt a comprehensive plan or plans for the location, relocation, construction, improvement, revision and development of the utilities system.
- (6) a. To issue revenue bonds of the Authority for the purpose of paying all or a part of the cost of any one or more enlargements, expansions, developments or replacements or modernizations of the utilities system which in the opinion of the Authority constitutes an obstruction or hazard to the safe or efficient operation of the systems, and for the purpose of paying off and retiring any bonds issued or assumed under this Act, and for any combination of one or more such purposes in any single issue of revenue bonds.
- b. The bonds of each issue shall be authorized by resolution of the Authority and shall be dated, shall bear interest at such rate or rates not exceeding the then prevailing interest rates, shall mature at such time or times not exceeding forty (40) years from their date or dates, as may be determined by the Authority, and may be made redeemable before maturity, at the option of the Authority, at such price or prices and under such terms and conditions as may be fixed by the Authority prior to the issuance of the bonds. The Authority shall determine the form of bonds, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the state. The Resolution authorizing the issuance of the Bonds shall contain such provisions relating to the use of the proceeds from the sale of the bonds and for the protection and security of holders of the bonds, including their rights and remedies, and the rights, powers, privileges, duties and obligations of the authority with respect to the same, as shall be determined by the Authority. In case any officer whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. All bonds issued under the provisions of this Act shall have and are hereby declared to have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the state. The bonds may be issued in coupon or in registered form, or both, as the Authority may determine, and provisions may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest and for the reconversion into coupon bonds of any bonds registered as to both principal and interest. The issuance of such bonds shall not be subject to any limitations or conditions contained in any other law.
- c. Prior to any sale of bonds, the Authority shall cause Notice to be given by publication in some daily newspaper published and having a general circulation in the city that the Authority will receive bids for the purchase of the bonds at the office of the Authority in the City. Said Notice shall be published twice and the first publication shall be given not less than fifteen (15) days prior to the date set for receiving the bids. Said notice shall specify the amount of the bonds offered for sale and shall state that the bids shall be sealed bids, shall give the schedule of the maturities of the proposed bonds and such other pertinent information as may be prescribed in the Resolution authorizing the issuance of such bonds or any Resolution subsequent thereto. Bidders may be invited to name the rate or rates of interest and invite bids thereon. In addition to publication of Notice of the proposed sales, the Authority shall also give notice in writing of the proposed sale enclosing a copy of such advertisement to the Chairman of the Florida Development Commission and to at least three (3) recognized bond dealers in the state, such notices to be given not less than (10) days prior to the date set for receiving the bids.
- d. All bonds and refunding bonds issued pursuant to this Act shall be sold at public sale and shall be awarded to the bidder whose bid produces the lowest net interest cost to the Authority. The net interest cost of bonds shall be determined by taking the aggregate amount of interest at the rate or rates specified in the bonds, computed from the date of the bonds to the date of the various stated maturities thereof, and deducting therefrom the amount of any premium offered in excess of the par value of the bonds or adding thereto

the amount of any discount offered below the par value of the bonds, with interest computed on a three hundred sixty (360) day year basis. The Authority shall reserve the right to reject any or all bids. In no event shall said bonds be sold at a net interest cost to the Authority in excess of the then prevailing interest rates. Pending the preparation of definitive bonds, interim bonds may be issued to the purchaser or purchasers of such bonds, and may contain such terms and conditions as the Authority may determine.

e. The Authority shall require all bidders for said bonds to enclose a certified or bank cashier's check, in the amount of two (2) percent of the total par value of the bonds offered for sale, drawn on an incorporated bank or trust company payable unconditionally to the order of the Authority as a guarantee of good faith in the performance of each bid; the checks of the unsuccessful bidders shall be returned immediately upon the award of the bonds and the check of the successful bidder shall be retained by the Authority and credited against the full purchase price of the bonds at the time of delivery or retained as and for liquidated damages in case of the failure of such bidder to fulfill the terms of his bid.

f. In no event shall general obligation bonds be issued hereunder.

g. Bonds or revenue certificates may be issued by the Authority only upon approval by Ordinance of the City Commission.

7. To borrow money and to issue notes for any purpose or purposes for which bonds may be issued under the provisions of this Act and to refund the same; to issue notes in anticipation of the receipt of the proceeds of the sale of any such bonds.

Section 5. Bonds eligible for legal investments. Notwithstanding any provisions of any other law or laws to the contrary, all revenue bonds including refunding bonds issued pursuant to this Act shall constitute legal instruments for savings banks, banks, trust companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency or instrumentality of the State of Florida, or of any county, municipality, or other political subdivision of the State of Florida; and shall be eligible as security for deposits of state, county, municipal and other public funds.

Section 6. The Authority shall employ and fix the compensation of a Managing Director provided said compensation is within the limits as specified in writing to the Authority by the electrical system consultants and said limits are dated not over ninety days (90) prior to said hiring. The Managing Director shall manage the affairs of the Utility Systems under the supervision and direction of the Authority. The Managing Director shall devote his entire working time to the performance of his duties and shall have no outside employment or business. The Managing Director shall be a graduate electrical or mechanical engineer with at least five (5) years experience in the field of engineering, operation and management of an electric utility or comparable enterprise and shall be a registered professional engineer. The Authority shall also employ and fix the compensation of the department heads and assistant department heads of the Utilities. Neither the Managing Director nor the assistant department heads or assistant department heads so employed shall be included within the Civil Service System of the City, but shall be subject to the Code of Ethics, provided for in Article \_\_\_\_\_ of the Charter. The Authority may employ such certified public accountants, consultants and other employees for special purposes not within the Civil Service System of the City, as it may require, and fix and pay their compensation.

Section 7. All employees of the electric, water, gas, sewage and related utilities of the City of Fort Pierce on the effective date of this Act shall continue without any loss of right or benefits as employees of the electric, sewage, water or gas systems under the supervision of the Authority. The transfer of such employees shall be governed by Article \_\_\_\_\_ of the City Charter.

Section 8. The City of Fort Pierce shall transfer to the Authority all the physical properties, cash accounts receivable and all other assets relating to the electric, water, gas, sewage and related utility systems in existence on the date of transfer, and the Authority shall assume all the obligations of the City of Fort Pierce relating to the electric, water, gas, sewage and related utility systems on such date including bonded indebtedness. Such transfer shall take effect at such time and date as set forth in writing by the Authority to the City Commission and in no event shall the transfer take effect later than ninety (90) days after this Act becomes law.

Section 9. The Authority may at its discretion at any time after this Act becomes law employ any of the departments of the City of Fort Pierce to perform services for the said Authority and the City shall provide to the Authority a monthly statement for all services and after the expiration of a six (6) month period from the time this Act becomes law the City shall provide said monthly statements only on a cost accounting basis according to standard acceptable cost accounting practices and procedures.

Section 10. The Authority shall have fiscal and budgetary functions, subject to the limitations expressed.

(1) The fiscal year of the Authority shall coincide with that of the City of Fort Pierce and shall commence on October 1 of each year and end on the following September 30.

(2) The Authority shall prepare a budget for the ensuing year and shall send a copy thereof to the City Commission on or before July 1st of each year setting forth its estimated gross revenues, and estimated requirements for operating and maintenance expenses, debt service, and depreciation. A copy of said budget shall be published once in a newspaper of general circulation in the City during the month of July.

(3) The Authority shall submit to the City Commission a monthly statement on the 15th day of each and every month showing for the previous month, the year to date and the same month last year the revenues received, operating expenses, amount charged to depreciation and extensions, reserve fund and amount placed in reserve, and amount appropriated to interest and sinking funds, in all a complete statement of the general financial condition of the Authority, except that inventory shall be estimated as shall partially constructed facilities, and shall, at the time of making of such report, pay into the Interest & Sinking Fund of the utility bonds such monthly appropriations and shall furthermore pay into reserves such amounts as are required by the bonds or this Act, and shall each year file with the City Commission a complete audited report of all its transactions for the previous year with a copy of said report being put on file with the City Clerk who shall record same in his office in a book kept for that purpose.

(4) The City Commission shall have the power to appropriate up to forty percent (40%) of the estimated net revenues of the Authority for the uses and purposes of the City and the Authority shall pay over to the City such portion of the funds actually appropriated by the City Commission at such times as the City Commission may request, but not in advance of collection. The Authority shall submit monthly accountings to the City Commission of its actual net revenues, and appropriations of the City Commission shall be adjusted to reflect increases or decreases in actual net revenues from estimated net revenues.

(a) Net revenues shall be defined as the revenues remaining after providing for Sinking Fund Interest and annual expenses for operation and maintenance of the said several utilities after adding any non-operating income and providing for all non-operating expenses and deducting required reserves and depreciation.

(5) 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. Funds set aside in said depreciation and reserve account shall be used exclusively for enlargements, extensions, improvements and replacements of the electric, water, gas, sewage and other related utility systems.

#### Section II. AWARDS OF CONTRACTS.

(1) All construction, reconstruction, repairs or work of any nature made by the Authority, where the entire costs, value or amount of such construction, reconstruction, repairs or work, including the labor and materials, shall exceed two thousand (\$2,000.00) dollars except construction, reconstruction, repairs or work done by employees of the Authority, or by labor supplied under agreement with federal government or state government, with supplies and material purchased as hereinafter provided, shall be done only under contract or contracts to be entered into by the Authority with the lowest responsible bidder upon proper terms,

after due public notice has been given asking for competitive bids as hereinafter provided. No contract shall be entered into for construction, or improvement, or repair of the utilities, or any part thereof, unless the contractor shall have given an undertaking with a sufficient surety or sureties, approved by the Authority, and in an amount fixed by the Authority, for the faithful performance of the contract. All such contracts shall provide among other things that the person or corporation entering into such contract with the Authority will pay for all materials furnished and services rendered for the performance of the contract, and that any person or corporation furnishing such materials or rendering such services may maintain an action to recover for the same against the obligor in the undertaking, as though such person or corporation was named therein, provided the action is brought within one (1) year after the time the cause of action accrued. Nothing in this section shall be construed to limit the power of authority to construct, repair or improve the electric, water, gas, sewage and other related utility systems, or any part thereof, or any addition, betterment or extension thereto, directly by the officers, agents and employees of the Authority, or otherwise than by contract.

(2) All supplies, equipment, machinery and materials costing fifteen hundred dollars (\$1,500.00) or more, shall be purchased only after due advertisement as provided hereinafter. The Authority shall accept the lowest bid of bids, kind, quality and material being equal, but the Authority shall have the right to reject any or all bids or select a single item from any bid. The provision as to bidding shall not apply to the purchase of patented and manufactured products offered for sale to a competitive market or solely by a manufacturer's authorized dealer.

(3) The term "advertisement" or "due public notice" wherever used in this section shall mean a notice published at least once a week for two (2) consecutive weeks before the award of any contract, in a daily newspaper published and having a general circulation in the city, and in such other newspapers or publications as the Authority shall deem advisable.

(4) No member of the Authority or officer or employee thereof shall either directly or indirectly be a party to, or be in any manner interested in, any contract or agreement with the Authority for any matter, cause or thing whatsoever in which such member shall have a financial interest or by reason whereof any liability or indebtedness shall in any way be created against such authority. If any contract or agreement shall be made in violation of the provisions of this section, the same shall be null and void and no action shall be maintained thereon against the Authority.

(5) Subject to the aforesaid provisions, the Authority may (but without intending by this provision to limit any powers of the Authority), enter into and carry out such contract, or establish or comply with such rules and regulations concerning labor and materials and other related matters in connection with any construction project, or portion thereof, as the Authority may deem desirable; provided that the provisions of this section shall not apply to any contract or agreement between the authority and any engineers, architects, attorneys, or for other professional services, or to any contract or agreement relating to fiscal advisors, fiscal agents, or investment bankers, relating to the financing of projects herein authorized.

Section 12. All instruments in writing necessary to be signed by the Authority shall be executed by the Chairman and Secretary, or by such officer, agent or employee of the Authority as it may by resolution designate. The Authority shall provide for the examination of all payrolls, bills and other claims and demands against the Authority to determine before the same are paid that they are duly authorized, in proper form, correctly computed, legally due and payable, and that the Authority has funds on hand to make payment.

Section 13. Any member may be removed from the Authority upon a four-fifths (4/5ths) vote of the City Commission for malfeasance, misfeasance, nonfeasance, conviction of a felony or upon recommendation of a majority of the members of the Authority and said removal shall be a suspension until the lapse of ten (10) days has passed during which time the suspended member may in writing request a public hearing where he may be represented by counsel. The Commission shall then hold said hearing within thirty (30) days from the date of the member's suspension and at the end of said hearing upon a four-fifths (4/5ths) vote either lift said

suspension and return said member in good standing on the Authority or remove said member permanently from the Authority. Any member so removed shall have the right of appeal to the Courts and the burden of proof of malfeasance, misfeasance or non-feasance shall be on the City. Should a member so suspended fail to request a hearing in the time allocated, he shall be permanently removed.

Section 14. If any section, clause or provision of this chapter shall be held unconstitutional or ineffective in whole or in part, to the extent that it is not unconstitutional or ineffective, it shall be valid and effective, and no other section clause or provision shall, on account thereof, be deemed invalid or ineffective.

Section 15. Before this Act shall become operative, a referendum shall be held in the manner of holding elections as now authorized in the City of Fort Pierce to comply with Section 33 of the City Charter and said Act shall not become operative unless a majority of qualified voters voting on said question shall vote "yes" and the determination of the results of said election by the City Commission of the City of Fort Pierce shall be conclusive and the City Commission shall call such election prior to December 31, 1971.

Section 16. This Act shall take effect immediately upon becoming a law.

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\* Malfeasance is wrong doing or misconduct; Misfeasance is unlawful Act in unlawful manner, infringing on rights of another or others; non-feasance is failure to perform a duty.