

**Memorandum of Understanding between  
City of Fort Pierce and Fort Pierce Utilities Authority  
relating to the  
Interpretation of the Charter Provisions Governing the FPUA Distribution to the City**

**THIS MEMORANDUM OF UNDERSTANDING (“MOU”)** is made this \_\_\_\_ day of \_\_\_\_\_, 2025 by and between the City of Fort Pierce, hereinafter referred to as “City,” and Fort Pierce Utilities Authority, hereinafter referred to as “FPUA.”

**WHEREAS**, the FPUA was created and established by the City Commission of the City of Fort Pierce, Florida, through a referendum election held in said City on May 30, 1972; and

**WHEREAS**, the Charter of the City of Fort Pierce, Florida, Article XII (“Charter”), grants to the FPUA the powers and duties possessed by the city to construct, acquire, expand and operate utility systems, and to do any and all acts or things that are necessary, convenient or desirable in order to operate, maintain, enlarge, extend, preserve and promote an orderly, economic and businesslike administration of the utility systems; and

**WHEREAS**, Section 178 of the Charter requires that the FPUA transfer to the City 6% of “gross revenue” as defined therein (“City Distribution”); and

**WHEREAS**, the City Commission requested that City and FPUA staff review the FPUA distribution to the City to ensure that it was made in accordance with provisions of Section 178 of the Charter; and

**WHEREAS**, during the course of review by staff, it was determined that it would be beneficial to memorialize a mutual understanding of certain categories of “gross revenue” as set forth in Section 178 of the Charter; and

**WHEREAS**, the City Commission and FPUA Board desire to enter into this MOU to set forth the agreed understanding of the definition of “gross revenue” and the calculation of the City Distribution pursuant to Section 178 of the Charter beginning with the City Distribution for FY2024.

**NOW, THEREFORE**, the City and FPUA agree to the following:

**1. Incorporation of Recitals.** The foregoing recitals are true and correct and are hereby ratified and confirmed by the parties and made an integral part of this MOU; as such, the recitals shall be used in any construction of this Agreement, especially as it relates to the intent of the parties.

**2. Definition of Gross Income for Purposes of the Distribution.**

**A.** Both parties have concluded that “gross revenue”, as defined by Section 178 of the Charter, is comprised of the following categories:

1. Retail sales of electricity, gas, wastewater disposal, and water;
2. Wholesale sales of water;
3. Gains on sales of assets;
4. Interest;
5. Rents;
6. Royalties;
7. Dividends; and
8. Management fees

- B.** The Charter's definition of "gross revenue" is different than the Uniform System of Accounting for public utilities ("USOA") and generally accepted accounting principles ("GAAP"), which the FPUA follows pursuant to sections 176(12) and 178(a) of the Charter.
- C.** Because of the specific definition set forth in the Charter, the FPUA excludes some categories of revenue as defined by the USOA and GAAP from gross revenue for purposes of calculating the City Distribution.

**3. Revenue Currently Included and to be Included in Gross Revenue for Purposes of Calculating the City Distribution.**

- A. Definition Categories.** The following are currently and will continue to be included in the calculation of "gross revenue" pursuant to the Charter definition:
1. Retail sales of electricity, gas, wastewater disposal, and water;
  2. Wholesale sales of water;
  3. Gains on sales of assets;
  4. Interest;
  5. Rents;
  6. Royalties;
  7. Dividends; and
  8. Management fees
- B. Florida Municipal Power Agency O&M Contract Income.** The Treasure Coast Energy Center ("TCEC") is owned by the Florida Municipal Power Agency (All-Requirements Power Supply Project) ("FMPPA"). When the King Power Plant closed, the FPUA positions were relocated to the TCEC instead of eliminated. As a result, some of FPUA's employees still work at the TCEC. As FPUA employees separate employment or retire, these positions will likely be filled by FMPPA employees. FMPPA reimburses the FPUA for its personnel costs and miscellaneous out-of-pocket expenses. The FMPPA reimbursement currently includes a 4% fee reimbursement. The parties agree the 4% fee reimbursement could be categorized in multiple different ways, but for purposes of the City Distribution only, the 4%, or as it may be amended hereafter, fee reimbursement shall be considered a management fee by City and shall be included in "gross revenue" for purposes of calculating the City Distribution. The parties agree that

once all FPUA employees are fully replaced by FMPA employees, no reimbursement will occur and no City Distribution will occur at that time for the 4% fee reimbursement. The parties also agree that this characterization of the 4% fee reimbursement is made for purposes of entering into this MOU only, and will not establish a precedent for any other type of FPUA revenue or internal transfer (including shared services costs) that City could characterize, now or in the future, as a management fee.

**C. Wholesale Sale of Wastewater.** Wholesale sale of wastewater has been included as “gross revenue” for purposes of the City Distribution since 2012 and shall continue to be included in the calculation as “gross revenue” for purposes of calculating the City Distribution.

**D. Manatee Observation and Education Center (MOEC) Sales of Assets.** Any gains on the sales of assets distributed to the MOEC as non-operating revenue shall be included in “gross revenue” for purposes of calculating the City Distribution. However, any gains on the sale of gift shop inventory shall not be include in “gross revenue” for purpose of calculating the City Distribution until MOEC operating income is greater than \$0.

**E. Retails Sales of FPUAnet.** FPUAnet Operating Income is not currently included as “gross revenue” for purposes of the City Distribution, but both parties agree that the likely intent of the Charter language was to include retail sales of all utilities as part of the calculation. The City agrees to waive distribution of 6% of these fees pursuant to Section 178(c) of the Charter until the operating income for FPUAnet exceeds \$5 million dollars or at the maturity date of the Series 2022 B bonds, whichever occurs sooner.

**F. Gas Piping and Appliance Gains on the Sale of Assets.** FPUA’s gas utility system provides a service to customers by installing piping and natural gas appliances that ultimately become the customer’s property. The parties agree to include any gains on the sale of assets associated with this program as “gross revenue” for purposes of calculating the City Distribution.

**G. Revenue for City Billing.** Revenue for City Billing represents the fee the FPUA receives for billing and collecting payment for the City’s solid waste services. The solid waste services are provided by the City and are unrelated to the FPUA’s business. Both parties agree that said revenue should be classified as a management fee and will be included in “gross revenue” for purposes of calculating the City Distribution.

**4. Revenue Excluded from Gross Revenue for Purposes of Calculating the City Distribution.** The following categories of revenue as defined by the USOA and GAAP are excluded from the calculation of “gross revenue” for purposes of calculating the City Distribution:

**A. Capital Contributions.** Capital Contributions include:

1. Water/wastewater capital improvement charges (“CIC”),
2. Electric/gas contribution-in-aid of construction (“CIAC”), and
3. Non-cash asset contributions for local infrastructure from developers.

**B. Grant Revenue.**

**C. Power Cost Adjustments and Purchase Gas Adjustments.** The Charter further provides: “Where a power cost adjustment or purchase gas adjustment is utilized, ‘gross income’ shall mean the amount billed based upon the applicable rate without a debit or credit for the cost adjustment.” City Charter § 178(d)(ii). An Interlocal Agreement dated May 2, 2011 was entered into between the City and FPUA and recorded at Official Records Book 3289, Page 1243 of St. Lucie County, which addressed the Power Cost Adjustment. The Purchase Gas Adjustments have historically been treated the same as the Power Cost Adjustments and not included in the distribution calculation. The parties hereby agree that the Power Cost Adjustments and Purchase Gas Adjustments are not included as “gross revenue” for purposes of the City Distribution under the current wording of the Charter.

7. **Term and Termination.** The effective date of this Agreement shall be the date the Agreement is last executed and shall remain in effect until terminated by either party. Either party may terminate this MOU with or without cause upon 30 days’ written notice to the other party.

8. **Notices.** All notices or other communications hereunder shall be in writing and shall be deemed duly given if delivered in person or sent by certified mail, return receipt requested, and addressed as follows:

If to City:  
City Manager  
100 North US Highway 1  
Fort Pierce, FL 34950

With copy to:  
City Attorney  
100 North US Highway 1  
Fort Pierce, FL, 34950

and

City Clerk  
100 North US Highway 1  
Fort Pierce, FL 34950

If to Fort Pierce Utilities Authority:  
Director of Utilities  
206 South 6<sup>th</sup> Street  
Fort Pierce, FL 34950

With copy to:  
FPUA Attorney  
206 South 6<sup>th</sup> Street  
Fort Pierce, FL, 34950

9. **Counterparts.** This MOU may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF this MOU has been signed and sealed by the respective parties hereto as of the dates set forth below.

ATTEST:

\_\_\_\_\_  
CITY CLERK

CITY OF FORT PIERCE

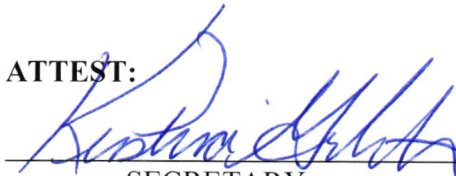
BY: \_\_\_\_\_  
MAYOR

DATE: \_\_\_\_\_

APPROVED AS TO FORM AND  
CORRECTNESS:

BY: \_\_\_\_\_  
CITY ATTORNEY

ATTEST:

  
\_\_\_\_\_  
SECRETARY

FORT PIERCE UTILITIES AUTHORITY

BY:   
\_\_\_\_\_  
CHAIRMAN

DATE: 12/17/2024

APPROVED AS TO FORM AND  
CORRECTNESS:

BY:   
\_\_\_\_\_  
FPUA ATTORNEY