

**UTILITY ADVISORY BOARD
MEETING
MONDAY, APRIL 26, 2010**

MEMBERS PRESENT: John Dauster, Chairman
Howard Bennett, Thomas Carroll,
Joe Sabatino, Thomas Kessler,
Jeff Weiler

MEMBERS ABSENT: Steve Fabian

OTHERS PRESENT: Tom Jackson, Utilities Director
Steve Leonard, Senior Project Manager
Howard Kunik, City Manager
Sharon Knippenberg, Controller
Councilmember Bill Albers

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting – May 24, 2010
 - Mr. Sabatino and Mr. Kessler announced they would not be available for the May meeting.

APPROVAL OF MINUTES

- A. Regular Meeting – March 22, 2010
 - Mr. Tom Jackson drew members' attention to page 5, clarifying the City was granted funding for the surface water plant.
 - Mr. Sabatino MOVED, Mr. Bennett SECONDED approval. MOTION CARRIED UNANIMOUSLY.

STATUS REPORT

- A. Utility Operational Data
 - Mr. Jackson reported according to the United States Geological Survey (USGS), the reservoir was 5.36 feet mean sea level (msl), which equated to approximately 80 million gallons (mg) of flow over the spillway. He stated chlorides had been measured at approximately 128 milligrams per liter (mpl), reporting 2 ¼ inches of rain had been recorded at the water plant between 3:00 a.m. and 7:00 a.m. this morning. He confirmed there had been 9.7 inches of rain in March, 2010. He displayed a graph of Shell Creek Reservoir Levels, as delineated in the agenda materials, briefly reviewing same, reporting the levels were well above the 40 year average. He stated there had been near record rainfall in March, opining April would also be a very wet month. He

displayed the Utility Operational Data for March 2010, as delineated in the agenda materials, briefly reviewing the monthly totals. He reported 22.5 mg of water had been injected into the Aquifer Storage Recovery Program (ASR) wells last month, with a total of 176.6 mg of water now being stored in the wells for the 2010 cycle, adding as of this date, 196 mg had been stored; however, with the high rainfall totals, it was unlikely that water would be needed.

B. Capital Project Data Sheet – Priority Efforts

- Mr. Steve Leonard provided a brief update on the spillway replacement project, noting completion of the first section was anticipated by the end of this week or early next week.
- Mr. Dauster requested an explanation of the construction, confirming cement would be poured between the old and new sheet metal. He inquired if the metal from the old part of the dam was removed.
- Mr. Leonard replied the metal below ground level would remain; however, the metal would be cut off where the concrete was poured, adding that process was slightly more expensive than installing rip rap; however, rip rap required renourishment every few years.
- Mr. Dauster inquired why the old sheet metal was removed.
- Mr. Leonard replied he would have to verify same with the engineer; however, he believed if they created a double overpour, it would be necessary to renourish the rip rap downstream of both of them; otherwise, one could fail.
- Mr. Sabatino inquired if the City was waiting for the County to open bids for the Burnt Store Road widening on the first of the month.
- Mr. Leonard replied affirmatively.
- Mr. Weiler questioned the change in cost for the Phase I Groundwater Project.
- Mr. Leonard replied it had been adjusted down slightly, adding the original figure of \$37.2 million was adjusted down to a range of \$27.2 million to \$37.2 million. He then clarified the bid opening for the Burnt Store Road project was May 5, 2010.

C. City Council Action on Utilities Agenda Status

- Mr. Jackson reported City Council wanted to share the Total Dissolved Solids (TDS) Briefing Memorandum with Charlotte County's Legislative Representative to make them aware of the impacts of the rule, adding he assisted the City Manager in drafting a letter for the Mayor's signature; however, he had not seen the final letter yet. He then announced Finance staff had requested their agenda item be moved to the end of the meeting.

NOTE: Item 3.D. was heard after Item 4.A.

D. Utility Fund Balance

- Ms. Sharon Knippenberg displayed several financial reports for the month of March, 2010, as delineated in the agenda materials, briefly reviewing same, noting due to a continued trend of reduced consumption, staff had lowered the current year revenue projection by \$405,808. She explained the net change was a reduction of \$199,808 from the original budget, adding staff expected the trend to continue until the rainy season began. She stated it was uncertain if users would reduce consumption even further at that time, advising a further cut of \$200,000 was possible. She stated staff hoped this was an unusual year, adding it was uncertain how it would affect revenue projections for 2011 through 2015.
- Mr. Dauster opined as rates increased, there would be less consumption.
- Mr. Sabatino asserted the shortfall was mostly caused by users inside the City.
- Ms. Knippenberg opined those who had less disposable income cut their consumption first, adding those cuts were now moving into other areas. She stated she was researching the number of foreclosures and bank owned properties, adding the banks would likely be lowering their operating costs by immediately turning off electricity and irrigation systems.
- Mr. Sabatino opined cuts were due to increased rainfall rather than the economic situation.
- Ms. Knippenberg countered there were three factors, including increased rainfall, economic conditions and people returning to the north earlier than usual. She stated the data was being analyzed closely in order to develop the five year pro forma, explaining staff looked at the best and worst case scenarios to reach a point in the middle, while still being as conservative as possible. She reiterated this was a very unique year and projections could not be based upon same.
- Mr. Kessler questioned why the actual and projection figures on the chart did not match.
- Ms. Knippenberg explained the chart was not all inclusive, but rather contained the most important items, adding when the entire list was added, it matched the footnote that was on the first page.
- Mr. Kessler stated user fees had gone up, questioning what went down so dramatically to justify the chart on page 3.
- Ms. Knippenberg responded that was the revised projection, explaining the footnotes on the front page referred to the original projections. She stated staff was careful when reporting a variance; however, based on what was occurring, staff had reduced the current projection column to bring it in line with actual.

- Mr. Sabatino voiced concern that information was only in the footnotes, suggesting the original column be left on top as well.
- Ms. Knippenberg pointed out the summary page contained the original budgeted figures, adding she was trying to avoid including too many columns; however, she could include a percentage change column. She stressed the footnotes were important, noting staff attempted to explain with as few words as possible and without too much repetition. She stated she would always take the time to review the data during the Board meetings.
- Mr. Sabatino stated City Council would not have somebody reminding them.
- Ms. Knippenberg pointed out Councilmembers met with the City Manager at least every two weeks, adding the City Manager always included information about a downturn in revenue projections in his weekly report. She then stated consumption was slightly higher in April than in March; however, she did not want to be overly optimistic, adding staff was watching it very closely.
- Mr. Kessler suggested including a summation column on the fourth page for projected and actual revenues as well as footnoting that projection similar to the first page.
- Ms. Knippenberg agreed. She finished reviewing the monthly reports, concluding staff would consider all of the revenue information when developing the pro formas for the 2011 budget, the five year budget and the analysis of the executive summary.

BUSINESS ITEMS

NOTE: Item 4.A. was heard after Item 3.C.

- A. Concerns about Funding
 - Mr. Dauster thanked Mr. Sabatino for writing a letter to City Council regarding the Board's grant funding concerns, inquiring if members had questions or comments regarding same. He stated it had been suggested that the letter be sent on; however, in his opinion, the Utility Advisory Board's (UAB) capacity was advisory and any additional action should be taken by City Council.
 - Mr. Sabatino stated in some instances where he referenced the Southwest Florida Water Management District (SWFWMD), the letter should be corrected to say the Peace River Manasota Regional Water Supply Authority (PRMRWSA), opining SWFWMD had indicated they would consider 50/50 funding favorably; however, the City Manager's weekly report seemed to indicate that had changed.
 - Mr. Jackson reported Mr. Pat Layman of PRMRWSA had requested the meeting, which was attended by County Commissioner Dick Loftus, City Manager Howard Kunik, Mayor Harvey Goldberg, Mr. Steve Adams and Mr. Dauster, noting Mr. Layman felt statements he made in an editorial printed in *The Sun Herald* had antagonized the situation and he

wanted to address same. He stated PRMWSA's message was that water could be made available in the short term that might help the City solve its TDS problem. He explained SWFWMD's cooperative funding process, noting the Governing Board had the largest percentage of funding available while the Peace River Basin Board, which represented the City, had the smallest amount of funding. He stated the Basin Board had always supported the City's groundwater project; however, they could only afford to contribute minimal funding for same, adding PRMWSA's argument against the City's project was that an additional supply of water was not necessary. He stated the City's project was not a new water supply, but rather it was replacing the ASR program and solving the TDS problem. He stated because the City was solving its minimum flow and level (MFL) regulatory requirement, and because a portion of the groundwater plant flows would offset water that was normally taken out of Shell Creek, SWFWMD agreed to consider it an MFL recovery project and fund it with MFL recovery funds; however, that funding was 25% rather than 50%, adding that 25% made up what was not forthcoming from the Governing Board. He stated the Peace River Basin Board would still contribute whatever funds they had available, concluding the PRMWSA Board was no longer involved.

- Mr. Dauster stated the concern expressed at the meeting was that blending water provided by PRMWSA would not be sufficient to resolve the City's TDS problem.
- Mr. Sabatino questioned if the City would be more likely to obtain cooperative funding if blending water was not an option.
- Mr. Dauster replied in the negative, voicing disappointment that Commissioner Loftus appeared to be representing the PRMWSA Board rather than supporting the City's position.
- Mr. Jackson noted the City Manager had noted same.
- Mr. Dauster stated with regard to the question of funding, the answer seemed to be 25% could be expected along with Basin Board funding.
- Mr. Sabatino questioned if it was necessary to reevaluate the project given the change in grant funding available, suggesting one strategy was to revisit the interconnect project with Charlotte County prior to the bid opening to discuss the possibility of not proceeding. He stressed that leverage would disappear if the City did not move forward quickly.
- Mr. Dauster stated during the meeting with Mr. Layman there had been some discussion regarding the interconnect and the fact that funds had been allocated to the City based on a regional partnership.
- Mr. Jackson clarified the City had received 50% cooperative funding for the filter upgrades to rerate the plant from 8 mg to 10 mg.

- Mr. Sabatino asserted the interconnect was not an optimum solution since it tied in to a distribution system rather than being a plant-to-plant connection, adding same did not provide the desired flexibility and versatility. He opined that was one of the reasons for including that tactic for reevaluation, reiterating the City would lose leverage once the contract for the interconnect was awarded.
- Mr. Dauster stated that was a City Council decision.
- Mr. Sabatino stated it was necessary for the Board to understand the status of the project in dollars and cents in order to decide what kind of tactic to take, suggesting the Board might want to send a letter directly to the various water boards to add more pressure and speak on behalf of City ratepayers.
- Mr. Dauster reiterated PRMWRSA had offered to supply the City with water at \$3 per 1,000 gallons for up to five years if they chose to delay construction of an RO plant, pointing out the cost of construction would not be as favorable in the future.
- Mr. Jackson advised that water rate was high.
- Mr. Sabatino inquired what price the City was going to charge the County for water for the 1A interconnect.
- Mr. Jackson replied he believed it was \$2.09; however, as that agreement had sunsetted, that price would need to be renegotiated, adding the point was that blending PRMWRSA's water would not solve the City's problem. He voiced surprise that Mr. Layman made that offer without approval from his Board since that water was already under contract, adding there was no assurance PRMWRSA could maintain the supply for four years.
- Mr. Dauster stated after hearing what transpired at the meeting, it would be prudent for the Board to move forward and consider how the project could be funded, suggesting they look at the worst case funding scenario and proceed from there. He stated the City would be lucky to receive anything more than 25%, adding after all the discussion at the meeting, nothing had changed.
- Mr. Jackson agreed.
- Mr. Sabatino questioned if Finance staff could review the numbers for the Board's clarification.
- Mr. Jackson replied staff had a preliminary design report (PDR) that delineated the costs for various options, adding the total impact going forward with construction of the facility would be finalized shortly; however, Finance staff was not prepared to discuss that today.
- Ms. Sharon Knippenberg stated staff had received the PDR from TetraTec, adding Mr. David Drury, Finance Director, met with the City Manager on Friday, and she would meet

with the City Manager this date to determine how to proceed. She stated there had been a significant change; however, since the project was part of the five year plan, staff could strategize the timing with the funding and the amount of revenues they could anticipate receiving over that period of time. She stated that information would be presented to the Board within the next 60 days or at least prior to finalizing the operating budget for 2011.

- Mr. Dauster stated it would be necessary to perform outreach to explain the situation to the ratepayers, opining ratepayers understood they would have to pay now or later; however, the Board wanted to see how they could offset that.
- Mr. Sabatino reiterated it was necessary to put pressure on the water authorities, suggesting a public outcry from the ratepayers could pressure them to reconsidering their position. He stated waiting another 60 days to receive the numbers dissipated any negotiation leverage on the 1A pipeline, adding that was one less negotiation chip available, which made it more difficult to protect the ratepayers.
- Mr. Dauster inquired as to City Council's opinion, questioning how the Board should proceed at this time.
- Mr. Albers stated he was concerned about the issues of water quality and rates; however, he did not have much confidence in the water boards' funding process, adding he favored self reliance. He stated he supported the pipeline as a backup, asserting it was never intended for purchasing water. He agreed the Board should move forward with the understanding that the City would not receive the anticipated funding, adding the City should fight for same. He opined the City was in a perfect spot to negotiate, especially now that it was known the TDS problem could not be fixed by blending water. He stressed the City should make it loud and clear that they wanted their share of funding, adding if the situation was discussed during a City Council meeting, it might received some press coverage. He stated it could also be included in the weekly reports.
- Mr. Dauster questioned how to get the issue before City Council for discussion.
- Mr. Albers stated there was no reason it could not be brought through the Utility Director or via a presentation by a Board member, suggesting a joint meeting might be necessary. He concluded it was necessary to move quickly.
- Mr. Dauster commented a meeting would be better than exchanging letters.
- Councilmember Albers agreed, clarifying the Board's need to meet with City Council regarding concerns about the lack of grant funding being received by the City could get some publicity.
- Mr. Dauster inquired if Mr. Jackson could arrange the meeting.

- Mr. Jackson replied in the negative, adding that was up to the City Manager. He stated the City Manager's plan was to put it before the City Council immediately for discussion, adding staff was working as fast as possible to draft a final of the financial figures as well as an executive summary of the PDR.
- Mr. Dauster clarified Mr. Jackson was suggesting to wait until the executive summary was finalized, which would occur shortly.
- Mr. Jackson concurred, noting without that summary, he could not answer any of the Board's questions. He opined it would be available sooner than Ms. Knippenberg suggested since it was needed quickly in order to meet the schedule set for compliance.
- Mr. Sabatino MOVED, Mr. Carroll SECONDED to formally request a joint meeting with City Council and the City Manager to discuss the executive summary as soon it became available.
- Mr. Bennett opined a timeframe should be included.
- Mr. Dauster stated a timeframe had been included by the reference to the summary being available.
- Mr. Jackson announced the City Manager was on his way to the meeting to discuss the issue.
- Mr. Sabatino interjected the Board had an obligation to do what was best for the City and its ratepayers, adding regardless of how the City Manager moved forward, the Board could make its opinion known to the public.
- Mr. Bennett stressed the ratepayers should not be burdened with the additional 25% of the cost, reiterating it was necessary to confront the water boards.
- Mr. Dauster confirmed the City Manager was amenable to a joint meeting with City Council once the summary was available, adding several members had voiced concern there would be a quantum leap for rates depending upon what was in the report.
- City Manager Howard Kunik stated it was always known there would be a rate increase with any expansion project, adding the question was how much. He stated the technical and financial report that would be finalized soon would help answer that question. He agreed a joint meeting was a good idea.
- Mr. Dauster stated one of the topics for the meeting was what sort of leverage, if any, the City had with SWFWMD or any of the funding agencies.
- City Manager Kunik confirmed members had discussed the Basin Boards, adding SWFWMD supported the City's project and was trying to persuade PRMRWSA to support the project as well as attempting to obtain additional funding from the Manasota Basin Board. He confirmed it was not a substantial amount of money; however, it was something, adding all the City could count on at this time was some funding from the

Peace River Basin Board; however, that did not amount to much.

- MOTION CARRIED UNANIMOUSLY.

DISCUSSION ITEMS

A. Water Break Notifications

- Mr. Jackson stated he would address the Code Red system and answering services as well as the City's existing notification system and modifications to that system. He explained Code Red was purely a law enforcement tool which was not allowed to be owned or used by anyone who was not a sworn officer in the State of Florida, adding after Utility staff geographically identified the areas affected and recorded a script explaining the situation, they had to notify specific Police Department staff who had access to the system and could launch the recording. He reported Code Red had a limited number of minutes allowed for the \$5,000 paid monthly; therefore, although it would continue to be used for breaks affecting a large number of residents, it could not be used for every line break, noting if residents were not in the Code Red database, they would not receive the information. He explained Charlotte County used a local answering service, adding same cost up to \$800 per month based on the level of activity. He stated the major drawback was the caller could get a busy signal rather than being able to leave a message if the operator was busy; thus, this was not the best option. He stated in the past the City had relied upon the Water Plant staff to deal with breaks, adding a breakdown in that system had occurred when staff received over 200 calls in a two-hour period. He stressed the Plant staff's first responsibility was running the Plant and making water; however, they could call in on-duty personnel to help with phone calls, adding the system had been extensively revamped so that callers either talked with someone or heard a recording that provided detailed information. He stated there were a few glitches that were being resolved; however, he anticipated it would be a good system, explaining it would be labor intensive. He stated he was working out the details with Police Department staff, concluding he preferred this system to a phone answering service.
- Mr. Dauster inquired if information could be posted on the City's website.
- Mr. Jackson replied affirmatively, noting there was already a section dedicated to water line breaks, which included boil water notices. He advised staff was looking at ways to improve the site and to utilize it more.
- Mr. Sabatino requested Mr. Jackson provide the procedure in writing to Board members so they could disseminate it, suggesting the City Manager include that information in a weekly report. He opined only 80% to 85% of resident had computer access.
- Mr. Jackson stated door hangers were required by law under the boil water notification,

adding staff would continue to do that; however, it was necessary to have a multi-faceted approach. He agreed to disseminate the information when it was available.

- Mr. Sabatino inquired as to a timeframe.
- Mr. Jackson replied by the next Board meeting.

OTHER BUSINESS

- None.

PUBLIC COMMENTS

- None.

MEMBER COMMENTS

- None.

ADJOURNMENT

- Meeting Adjourned: 10:22 a.m.

John Dauster, Chairman

Karen Smith, Recording Secretary