

**UTILITY ADVISORY BOARD
MEETING
MONDAY, MAY 24, 2010**

MEMBERS PRESENT: John Dauster, Chairman
Howard Bennett, Steve Fabian,
Joe Sabatino, Jeff Weiler

MEMBERS ABSENT: Tom Kessler

OTHERS PRESENT: Tom Jackson, Utilities Director
Steve Leonard, Senior Project Manager
Dave Drury, Finance Director
Sharon Knippenberg, Controller

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting - June 28, 2010

APPROVAL OF MINUTES

- A. Regular Meeting - April 26, 2010
 - Mr. Fabian MOVED, Mr. Bennett SECONDED approval. MOTION CARRIED UNANIMOUSLY.

STATUS REPORT

- A. Utility Operational Data
 - Mr. Tom Jackson reported according to the United States Geological Survey (USGS), the reservoir was 5.29 feet mean sea level (msl), which equated to approximately 182 million gallons (mg) of flow over the spillway, adding same was a very good number for this time of year. He stated Total Dissolved Solids (TDS) had been measured at 473 milligrams per liter (mpl), adding chlorides had not exceeded 150 mpl in two years, which was likely a result of the well backplugging program. He displayed a graph of Shell Creek Reservoir Levels, as delineated in the agenda materials, briefly reviewing same, reporting the stage height levels were well above the 40 year average. He displayed the Utility Operational Data for April 2010, as delineated in the agenda materials, briefly reviewing the monthly totals, noting 17.4 mg of water had been injected into the Aquifer Storage Recovery Program (ASR) wells. He stated the weather had turned hot in May and rainfall had decreased, adding once enough moisture was in the atmosphere, the normal summer rainfall pattern would begin.
 - Mr. Fabian stated water to town for April was 4.098 mg, inquiring as to the difference between that number and the monthly average of 4.434 at the bottom of the report.
 - Mr. Jackson replied 4.434 was the 3 month raw water average, adding 4.098 was finished water to town. He acknowledged the 3 month number appeared incorrect,

noting he would have to review the calculations that were embedded in the report.

- Mr. Bennett inquired as to water hardness.
- Mr. Jackson explained the calculation for water hardness, noting the hardness of the City's water was currently 14 grains.
- Mr. Dauster questioned the cost of treating an extra 20 mg of inflow caused by rainfall as compared to spending additional funds to make repairs to the pipelines.
- Mr. Jackson replied the previous month's flow was artificially increased due to work being done on several clarifiers and pond returns being processed through the system, pointing out staff had studied the issue carefully and the City's inflow was much less than several neighboring municipalities.
- Mr. Dauster inquired whether it was better to continue to treat the extra 20 mg or budget additional funds toward repairs.
- Mr. Jackson replied staff expended up to \$300,000 annually, adding the main lines and the manholes had been sealed; however, the flows were now in the laterals between the homes and the system connections. He advised those were very expensive to repair.
- Mr. Weiler asserted when water was high, it flowed in; however, when the water table was low, sewage was going out, adding he had worked on projects smaller than Punta Gorda where millions of dollars had been saved. He suggested staff determine how much it was costing to treat that water.
- Discussion ensued regarding inflow and infiltration.
- Mr. Jackson agreed to provide information regarding costs; however, this was not staff's highest priority at this time.

B. Capital Project Data Sheet – Priority Efforts

- Mr. Sabatino inquired as to the Burnt Store bids.
- Mr. Steve Leonard replied the bid opening had been extended again.
- Mr. Weiler inquired as to the "SGRW" fee and the developer agreement on the East Side Force Main project.
- Mr. Leonard replied same referred to the railroad permit and the one-time application fee for same.
- Mr. Dauster questioned the actual cost of the Hendrickson Dam project, inquiring when unused funds would be released to other projects.
- Mr. Leonard replied the estimated cost included in the Capital Improvement Program (CIP) budget had been reduced to \$3 million, adding all unused funds would be rolled back into the CIP.
- Mr. Jackson interjected since the intake portion of the project was going well, staff anticipated the total cost to be approximately \$3 million, adding they had notified

Finance staff of same.

- Mr. Fabian inquired whether the Charlotte Park project should continue to be done in-house.
- Mr. Jackson replied the project had been broken into phases, adding Phase I was continually changing since it was being done in conjunction with road work; however, it was nearing completion. He stated he would review the final figures closely before proceeding with Phase II, noting the second phase was a larger project. He concluded staff would prepare a recommendation shortly.
- Mr. Fabian stated a recent newspaper article accused the City of dumping sewage into the canals in Charlotte Park.
- Mr. Jackson explained it was stormwater associated with the roadwork being done, pointing out there were no sewer lines in Charlotte Park.

C. City Council Action on Utilities Agenda Status

- No Discussion.

D. Utility Fund Balance

- Ms. Sharon Knippenberg displayed the Utilities OM&R Fund Revenue & Expense reports as of April 30, 2010, as delineated in the agenda materials, briefly explaining the new format of the report and reviewing the data, reporting revenues had been reduced by \$199,000 over the original budget; however, revenues were actually down by \$405,000 for this year. She advised this was a fund balance issue rather than an issue of balancing current revenues and expenses, adding current revenues were down 1.5% over the original budget. She stated the 7.4% increase to expenses was a result of staff moving the fund balance into the CIP to reduce the amount of debt and the need for financing. She displayed the related detail page, explaining although there were quite a few fluctuations in the expenses column, changes to expenses were only driven by a re-appropriation of funds from the previous year for unfinished projects as well as a decrease to actual health insurance costs.
- Mr. Dauster inquired as to a minimum reserve.
- Ms. Knippenberg explained staff looked at reserves when re-appropriating funds for unfinished business for the prior year, adding same was a bookkeeping procedure to meet Governmental Accounting Standard Board (GASB) standards. She noted staff also looked at reserves for the purpose of reducing debt financing when they were developing the five year pro forma. She displayed the Monthly Comparison of Water Revenues graph, briefly reviewing the data, noting April revenues were below budget but greater than staff's estimate. She displayed the Major Water and Sewer User Fee Revenue data, noting same was a snapshot of important revenues rather than every line

item of the utility budget. She pointed out staff reviewed capital projects regularly and reduced project expenditures if and when it was appropriate, adding if the positive revenue trend continued, it might be possible to delay a cash inflow from financing until October, 2010, which would save interest expense.

BUSINESS ITEMS

- None.

DISCUSSION ITEMS

A. Phase I-A Pipeline Status

- Mr. Fabian stated he had received an interoffice memorandum from the City Manager regarding the Southwest Intermodal and Logistics Center, inquiring if same was just informational.
- Mr. Jackson replied it was financial in nature, adding Mr. Dave Drury would explain same in a few moments. He then distributed three reports related to the Reverse Osmosis Project, as delineated in the agenda materials, which included a Preliminary Design Report, a cost analysis of ground water versus purchasing water from the Peace River Manasota Regional Water Supply Authority (PRMWSA) and a pro forma. He stated the City Manager would set a joint meeting date with City Council when he returned from vacation, requesting members review the information in time for a June meeting. He stated PRMWSA was not moving forward on the Phase IA pipeline due to budgetary constraints, noting bids had met or exceeded the engineer's cost estimate of \$19 million. He stated Mr. Pat Layman had expressed concern regarding the cost of the project and had suggested reducing the number of facilities on the south side of the river, adding same would reduce the capabilities of the pipeline. He clarified it would not be possible to receive water from PRMWSA; therefore, it would be necessary to either construct the Phase I pipeline or construct both pipelines, adding that was not likely to happen in this economic climate with the funds that were available. He concluded due to PRMWSA's delay of the project, members now had sufficient time to make a recommendation.
- Mr. Sabatino suggested the Phase I interconnect was better for the City.
- Mr. Jackson stated that was a relevant point of discussion for the joint meeting. He stressed Mr. Layman's proposal changed the entire project, voicing concern the result would be a \$19 million emergency interconnect which would not serve either utility.
- Mr. Drury reported he and the City Manager would be meeting with the Florida Rural Water Association on June 8, 2010, adding Mr. Weiler would be attending the meeting on behalf of his company. He explained Weiler Engineering would be borrowing money for the project; however, the City would be giving a stamp of approval.

- Mr. Weiler interjected the loan would be bonded, noting the City had requested a guaranteed maximum. He explained his company was going to build a sewer line that would provide connections at a cost of \$2,500 each, asserting the County was charging approximately \$14,000 per connection. He stated 100% of the park communities involved approved of the project, adding the parks were currently dumping into the Peace River and were non-compliant. He stated the project would initially result in approximately 550 new customers, noting those connections would pay for the system. He stated the pipeline was designed to connect up to 2,000 customers, commenting the rationale for the project was it was good for the community, the City supported it and it made sense. He asserted federal stimulus funds were available, adding communities that did not utilize those funds would no longer receive them. He stressed it was necessary to have projects ready to go when the funds became available.
- Mr. Sabatino inquired whether the City would have any liability if the developer defaulted, questioning whether the City's RO project would qualify for stimulus funding.
- Mr. Drury replied he would ask those questions at the meeting.
- Mr. Weiler reiterated it was necessary to have projects ready to go in order to receive any stimulus funding, adding funding was available, but it was necessary to lobby the appropriate people.
- Mr. Sabatino suggested the joint meeting with City Council take place immediately after the June 8th meeting.
- Mr. Dauster inquired if Mr. Jackson had any further comments regarding the A1 Pipeline.
- Mr. Jackson replied it was a developing story, adding staff had been taken aback by Mr. Layman's request for a meeting to discuss the project costs. He stated PRMWRSA's Board would meet in June; thus, he would have more information in time for the Board's joint meeting with Council.
- Mr. Sabatino opined the City had every right to revisit the decision if it was no longer valid and try to make economic sense of one that benefitted all the potential users.
- Mr. Dauster confirmed members should email suggested joint meeting agenda items to Mr. Jackson, requesting Mr. Jackson share with members any agenda items that were already scheduled.

PUBLIC COMMENTS

- None.

MEMBER COMMENTS

- Mr. Sabatino suggested a discussion regarding backflow preventers which residents were being required to install at a cost of \$400 per connection.
- Mr. Jackson explained staff had not broached the subject recently as they were still

waiting on a rulemaking by the Department of Environmental Protection (DEP), adding he would put the item on the Board's regular June meeting agenda for discussion.

- Mr. Fabian questioned why some residents were already receiving letters.
- Mr. Jackson responded the reduced pressure zone preventer mandated by the plumbing code had to be tested and certified annually, adding if residents had a system that predated the plumbing code that was not testable, they would not receive a letter.
- Mr. Fabian stated a resident who was purchasing a home in Burnt Store Meadows received a letter indicating they were required to install a backflow regulator, questioning why residents were receiving letters if the City did not yet have a program.
- Mr. Jackson replied he would research same with the Building Department.
- Mr. Dauster inquired when the plumbing code went into effect.
- Mr. Jackson replied approximately 2003.
- Mr. Sabatino questioned the status of the notification system.
- Mr. Jackson replied an internal procedure and policy had been devised, adding he needed to draft a write-up for the website. He stated he would add this item to next month's agenda.
- Mr. Fabian reported a broken sprinkler head at the corner of Aqui Esta and Bal Harbor Boulevard.

ADJOURNMENT

- Meeting Adjourned: 10:13 a.m.

John Dauster, Chairman

Karen Smith, Recording Secretary