

**UTILITY ADVISORY BOARD
MEETING
Monday, August 24, 2009**

MEMBERS PRESENT: Joseph Sabatino, Chairman
Howard Bennett, Thomas Carroll,
John Dauster, Steve Fabian,
Thomas Kessler, Jeff Weiler

OTHERS PRESENT: Tom Jackson, Utilities Director
Steve Adams, Engineering Manager
Councilmember McCormick
Steve Leonard, Sharon Knippenberg,
Danny Nelson, Steve Laidlaw

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting - September 28, 2009

APPROVAL OF MINUTES

- A. Regular Meeting - July 27, 2009
 - Mr. Dauster MOVED, Mr. Fabian SECONDED approval. MOTION CARRIED UNANIMOUSLY.

STATUS REPORT

- A. Utility Operational Data
 - Mr. Jackson displayed the United States Geological Survey (USGS) graph of the reservoir, as delineated in the agenda materials, reporting the reservoir level was 5.36 feet mean sea level (msl) which equated to 240.43 million gallons (mg) of flow over the spillway per day. He stated raw chlorides were low at 112 milligrams per liter (mpl), which was well below the maximum allowed of 250. He displayed the Shell Creek Reservoir Level graph, as delineated in the agenda packet, explaining the data had many peaks and valleys because Shell and Prairie Creeks were shallow and filled and dried up quickly, adding he had been hoping for more rain during the most recent low pressure event; however, the watershed was in great shape and a few more rainfalls would be very beneficial. He displayed the Utility Operational Data for the month of July, 2009, as delineated in the agenda packet, briefly reviewing same. He reported 80 mg had been stored in the Aquifer Storage Recovery Program (ASR) wells as of this date, noting the target was 200 mg. He stated another 60 to 70 mg would be stored next month.

NOTE: Mr. Bennett arrived at 9:12 a.m.

- Mr. Weiler inquired what was being done about inflow and infiltration (I&I).
- Mr. Jackson responded an extensive report was available as a result of the I&I study that was completed six months prior, explaining the study included a course of action which

staff had used to develop the budget. He stated projects included manhole covers and manhole liners, noting staff had been trained to do the lining. He stated the City had contracted out for repair to the linings in the street from manhole to manhole, reporting \$300,000 was being spent annually on lining.

- Mr. Fabian inquired whether the City lost water during construction projects such as the Aqui Esta widening, noting there had been much standing water in that area.
- Mr. Jackson responded there had been a slow leak in a line in that area; however, water loss was not typical.
- Mr. Weiler stated there was much stormwater work being done in the downtown, questioning whether any utility improvements were being made at the same time.
- Mr. Jackson replied in the affirmative.

B. Capital Project Data Sheet – Priority Efforts

- Mr. Sabatino inquired if the Hendrickson Dam project was complete.
- Mr. Jackson replied affirmatively.
- Mr. Sabatino suggested including the words “final report” so that members would not be surprised when a particular project no longer appeared on the report. He then inquired how the East Side Sewer Group force main project bid compared to the estimate.
- Mr. Jackson replied the bid was approximately 50% of the engineer’s estimate of cost, which was originally developed in 2005, reporting that estimate had been \$1.2 million while the median bid was roughly \$600,000.
- Mr. Sabatino stated in previous months members had requested a summary and staff had not yet provided same.
- Mr. Jackson pointed out the bids had not yet been approved.
- Mr. Dauster inquired why there was a budget for Charlotte Park improvements but no costs listed.
- Mr. Steve Leonard replied costs were listed at the top of the page, reporting \$43,125 had been expended to date.
- Mr. Dauster stated he did not see a budgeted or expended amount, questioning the total cost for construction.
- Mr. Leonard replied at present it was \$193,000.
- Mr. Dauster interjected his understanding was \$1 million had been budgeted.
- Mr. Leonard explained it was a phased project which was being completed in-house, adding based on estimates of the amount of time crews would have to spend on the project, \$300,000 would be expended this year.
- Mr. Dauster inquired how staff arrived at \$300,000.
- Mr. Leonard replied he would research same.

- Mr. Kessler recalled members had requested a capital project sheet.
- Mr. Leonard replied that had been provided last month.
- Mr. Kessler agreed, noting it had not been provided this month. He suggested including the proposed budgets for projects as well as the current year numbers, opining it would be helpful for members to understand the big picture.
- Mr. Jackson stated staff continued to work on the Capital Improvement Program (CIP), adding he would be sure to provide the data sheet at the next meeting. He reiterated Charlotte Park was a phased project and was being completed in-house, adding the amount of time crews could spend on the project was limited. He explained it was estimated that \$300,000 that could be expended annually, adding staff could provide an estimate of the project cost at the next meeting.
- Mr. Kessler opined members had a public interface obligation and responsibility, asserting members had to defend the Board's position. He stated having the big picture and being able to communicate to the public that capital expenditures were under control, which was the justification used for the 3% annual increase, would be very useful.
- Mr. Jackson agreed.
- Mr. Leonard questioned how members wanted the budget information presented.
- Mr. Kessler responded it should be simplified, adding it was important to see a list of all capital improvement projects. He suggested the Board be advised of any budget revisions for projects and the reason for same, requesting columns titled "Original Budgeted Amount" and "Current Budgeted Amount" be included with a footnote and an explanation.
- Mr. Sabatino interjected that was similar to what Finance staff already provided, adding members simply wanted an accurate reflection of cost projections, and to know there was sufficient funding for the CIP.
- Mr. Carroll suggested listing where excess funds were spent.
- Mr. Leonard advised staff would be using project level budgeting next year, which would be helpful in keeping members advised as to the status of each project.
- Mr. Weiler stated the last payment for the Hendrickson Dam project was \$197,000; however, the low bid was \$179,000.
- Mr. Leonard explained \$197,000 was the correct figure, pointing out the original contract had been signed with a 10% contingency, which had been utilized. He stated Keesling had done an excellent job, noting their bid had been substantially less than the others.
- Discussion ensued regarding the cost of engineering.

- Mr. Dauster inquired as to the change order for Piper Road.
- Mr. Leonard explained Charlotte County required a change in the location of the pipe after City staff had submitted 100% plans, adding the City paid Giffels Webster to redesign the alignment.
- Mr. Dauster questioned why there was a construction payment of \$419,000 but a construction completion amount of zero for the Aqui Esta widening project.
- Mr. Leonard responded that was incorrect, adding he would update same.
- Mr. Bennett interjected it was common for 40% of construction contract costs to be material, adding contracts typically specified that funds would be paid in advance for purchase of materials and to prepare the site. He then asserted projects should be accounted for on a case-by-case basis rather than drawing funds from a common fund.
- Mr. Jackson advised additional account numbers had been created for project level accounting.

C. City Council Action on Utilities Agenda Status

- Mr. Sabatino requested a status on the fluoridation project.
- Mr. Jackson replied staff was researching capital and operational costs for adding fluoride to the water, adding since there were no funds budgeted for such a project, the City Manager had asked City Council for consensus to move forward. He stated such a project would involved design, construction and purchase of additional equipment, adding when researching completed projects on similar sized plants, he obtained estimates of \$100,000 for design engineering, permitting, and public outreach and another \$100,000 for equipment. He reported City Council had authorized staff to develop a scope to be sent out for bid, adding those bids would then be presented to the Board. He confirmed staff would attempt to obtain grant funding.

D. Utility Fund Balance

- Ms. Sharon Knippenberg, Controller, displayed the Percentage of Fiscal Year Elapsed 83.3% as of July 31, 2009, as delineated in the agenda packet, reporting 85.9% of revenues had been collected, which meant staff anticipated receiving \$200,000 more in revenues than budgeted.
- Mr. Dauster inquired if an annual projection was updated on a monthly basis.
- Ms. Knippenberg replied in the negative, adding the annual projection in the system was referred to as the amended budget. She explained last January when staff realized there would be a shortfall in revenues, the budget was officially amended and the annual revenue number was reduced, pointing out the footnotes to the financials at the bottom were updated. She recalled staff had revised the Board's monthly reports to make them more useful to members; however, she would likely be revising the reports to show

amended budget through the year. She then displayed the Detail and Line Item data, briefly reviewing same.

- Mr. Fabian stated he assumed the fiscal year 2009 budget reflected the 15% increase.
- Ms. Knippenberg agreed, adding the increases depicted here were in excess of the 15%. She then displayed the Monthly Comparison of Water Revenues FY06 to FY09, briefly reviewing same.
- Mr. Kessler reiterated the Board had recommended a 3% rate increase due to the cost of the upcoming CIP, opining at some point it was necessary to revisit the revenue trends.
- Ms. Knippenberg agreed, advising staff's planning tool, the 5 year proforma, was frequently updated. She stated in the near future she would distribute a budget book that provided a big picture summary, adding the individual line items would be distributed in the fall after the budget was approved; however, today she would present several overviews so that members would understand their purpose when they received the budget book. She displayed the Utilities O M & R Fund Proforma for FY 2007 through FY 2014, as delineated in the agenda materials, briefly reviewing same. She stated the City Manager had made his first calculation for 2011 and indicated personnel expenses would be flat; however, final decisions regarding the budget had not been made.
- Mr. Sabatino pointed out there was a \$700,000 reduction in operating expenses next year.
- Ms. Knippenberg stated it was likely some major cost items had been pulled, adding staff had identified the one time expenditures from 2010 that would not be repeated in 2011; however, it was possible that staff would identify new one time expenditures. She pointed out even though staff was holding the line on operating expenses, debt service was changing dramatically.
- Mr. Fabian voiced concern there was no change in administrative charges.
- Ms. Knippenberg stated it was necessary to recognize there was a substantial administrative cost associated with \$14 million in utility construction.
- Mr. Sabatino voiced concern regarding the lack of income from fines for watering restriction enforcement.
- Ms. Knippenberg stated it was a minor amount as far as the budget was concerned.
- Mr. Carroll agreed it should be included, asserting there were egregious violators.
- Ms. Knippenberg displayed a Utilities Construction Fund Proforma Schedule of Revenues and Expenses FY 2007 through FY 2014, as delineated in the agenda materials, briefly reviewing same.
- Mr. Carroll inquired whether staff anticipated receiving revenue from the Southwest

Florida Water Management District in 2010 or 2011.

- Ms. Knippenberg replied in the negative.
- Mr. Sabatino inquired if the data being shown was the most likely scenario.
- Ms. Knippenberg replied in the negative, explaining it was a flat compromise between the worst case and the best case. She stated staff was comfortable with 2010 and 2011; however, beyond that was uncertain. She then displayed the Capital Improvements Program for FY 2010 – 2014, as delineated in the agenda materials, briefly reviewing same.
- Mr. Sabatino inquired whether the Phase I Groundwater Project could be moved into an earlier year.
- Ms. Knippenberg replied same would require financing to be moved to an earlier year, voicing concern the proforma and rate increases were not constructed to allow for same.

DISCUSSION ITEMS

A. Groundwater RO Project Update

- Mr. Jackson introduced Mr. Danny Nelson, Tetra Tec, Inc. (TTI) and Mr. Scott Laidlaw, ENTRIX.
- Mr. Nelson briefly explained the first phase of the Scope, noting members had been provided with a copy of the Agreement, as delineated in the agenda materials. He stated TTI would be completing the preliminary design that would lead into the final design of the facility, which would include addressing the City’s administrative orders, adding their scope of work included working on the Water Use Permit, evaluating locations and depths for the deep injection well and testing for supply wells, which included testing the ASR wells to determine if they could be used as supply wells. He stated that work would be completed near the end of the next fiscal year, at which time they would move into the final design phase for the new facility and blending it with the existing facility.
- Mr. Jackson clarified the scope included the permitting and final design for the deep injection well, advising it would take SWFWMD 36 months to permit same.
- Mr. Nelson pointed out the deep injection well was the most critical component since the reverse osmosis (RO) plant could not run without it. He then stated one of the City’s administrative orders was to address the arsenic in the existing ASR wells, adding the one way to dispose of the arsenic was to send it to the surface water; however, the most logical way was to send it to the deep injection well. He stated part of the remediation activities required for the ASR wells was to get them back to their natural state, adding the deep injection well was needed for that whether or not the RO plant was operating.

- Mr. Sabatino interjected SWFWMD had indicated they supported this approach.
- Mr. Nelson agreed, adding it was also supported by other local agencies.
- Mr. Sabatino opined there was a comfort level that grant funding would be received.
- Mr. Nelson agreed. He then stated TTI had suggested pilot testing to help gather data that would assist with the final design, adding it would also be a learning tool to help the operators transition to the new system. He stated a side benefit was using the water for some current ammonia injection issues.
- Mr. Jackson stated the Peace River Basin Board and the Governing Board had approved cooperative funding for the project contingent upon staff working out the details with the Peace River Manasota Regional Water Supply Authority (PRMRWSA), adding staff met with PRMRWSA last week and would continue to meet with them to discuss the issues.
- Mr. Bennett suggested including language regarding a release of lien for the contractor and all of the subcontractors.
- Mr. Jackson agreed to review the contract for same.
- Mr. Sabatino questioned the lump sum cost of \$1.2 million.
- Mr. Jackson explained it was not a lump sum contract, adding the payment arrangement was by invoice for work completed.
- Mr. Sabatino suggested that be clarified.
- Mr. Leonard countered the company was assuming some risk as parts of the contract were lump sum, explaining there were individual tasks and costs associated with each that were based upon an estimated number of hours for completion.
- Mr. Sabatino countered the contract was not worded that way.
- Mr. Leonard agreed to research same.
- Mr. Weiler stated man hours were spelled out; however, nothing else was, inquiring why it was done that way.
- Mr. Leonard replied it was not required of the subcontractor, noting ENTRIX was a subcontractor.
- Mr. Weiler confirmed the hydrogeologist was employed by ENTRIX and clarified their office was located in Sarasota, noting the contract specified they must be accessible and located within 120 miles.
- Mr. Nelson advised TTI had hydrogeologists on staff, pointing out ENTRIX had two offices located within the 120 mile range, one of which was their headquarters in Ft. Myers. He stated TTI would be working side-by-side with ENTRIX on the project, adding ENTRIX was an important component based on their history with existing facilities here and Mr. Laidlaw's knowledge of the area. He acknowledged TTI had qualified staff; however, they were responsible for ENTRIX and their performance.

- Mr. Jackson stated Mr. Mark Pierce and ENTRIX fixed the ASR in 2001 by advising staff to recomplete the wells, pull them back up into the confinement and seal them so they would work, adding ENTRIX had a long history with ground water and the City's facility.
- Mr. Weiler inquired if \$103,000 would be paid when the Water Use Permit was complete.
- Mr. Nelson replied it was necessary to review the language with the Procurement Division, adding the billing would be done on a percentage of completion basis as the company could not wait to be paid \$103,000 until the end of the project.
- Mr. Weiler suggested including more milestones, adding he assumed permitting was complete when final plans were submitted.
- Mr. Nelson offered to include language that referenced percentages of completion for each individual task, pointing out it would have to be agreed upon by staff that TTI had actually reached those percentages of work completed. He confirmed the contract specified percentages of 30, 60 and 90 for the design of the deep injection well.
- Mr. Bennett reiterated it was necessary to define the contract pricing, opining the billing process was typically standard language in a contract.
- Mr. Dauster inquired if it was a stand alone facility and whether sufficient power was available.
- Mr. Jackson replied affirmatively, noting power requirements, including back-up power, were included in the initial design.
- Mr. Bennett suggested due to its importance, a decision regarding the agreement be deferred until next month so members had a chance to review it more thoroughly.
- Mr. Sabatino opined this was a draft and staff was looking for input rather than a decision.

PUBLIC COMMENTS

- Councilmember McCormick stated the RO plant was punching into the Mississippian layer for the source water, inquiring if there was any other RO plant on the Peace River utilizing the same source water.
- Mr. Laidlaw replied the zone of production was the Suwannee Limestone, adding the closest system similar to that proposed for the City was the City of Venice; however, their system was open to the Tampa zone which was directly above the Suwannee zone.
- Councilmember McCormick stated SWFWMD supported the project because this was a new source of water rather than coming out of the Peace River; however, the bad side of the equation was the project involved going where no man had gone before, and there could be something there like arsenic.
- Mr. Laidlaw countered Charlotte County Utilities and the Burnt Store facility tapped the same aquifer that was being considered for the City.

MEMBER COMMENTS

- Mr. Fabian opined the weekly report being provided by Mr. Ed McCampbell was not useful.
- Mr. Jackson stated he would be glad to discontinue sending the report; however, he did not want to generate another report specific to the Board, adding Brian provided updates regarding water sent to town and the amount of injected water, which was useful information.
- Mr. Bennett commented if staff was willing to take the time to send the report, he was willing to take the time to read it.
- Mr. Weiler stated if the information could be expanded, it would be more useful, otherwise, he did not want the report.
- Mr. Carroll stated he did not need the report.
- Mr. Dauster stated the hydrants near his home were being flushed, recalling discussion regarding coordinating flushing with Public Works so they could fill the water truck.
- Mr. Jackson stated that had been done; however, it could not be done every time.
- Mr. Bennett stated a fire hydrant had been relocated on Monaco, inquiring as to the reason for same.
- Mr. Jackson explained 25% of the City's hydrants were privately owned; however, he could research same.

ADJOURNMENT

- Meeting Adjourned: 10:26 a.m.

Joseph Sabatino, Chairman

Karen Smith, Recording Secretary