

**UTILITY ADVISORY BOARD
MEETING
MONDAY SEPTEMBER 26, 2011**

MEMBERS PRESENT: John Dauster, Chairman
Steve Fabian, Dean Ferd,
James Hoffman, Frank Mazur,
Terry Miller, Joe Sabatino

OTHERS PRESENT: Tom Jackson, Utilities Director
Steve Adams, Engineering Manager
Steve Leonard, Senior Project Manager
Sharon Knippenberg, Controller
Kristin Simeone, Finance

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting
 - 1. October 24, 2011
 - Mr. Dauster confirmed members had no conflict with the next meeting date.

APPROVAL OF MINUTES

- A. Regular Meeting - August 22, 2011
 - Ms. Miller MOVED, Mr. Sabatino SECONDED approval. MOTION CARRIED UNANIMOUSLY.

REPORTS

- A. Utility Operational Data
 - Mr. Tom Jackson displayed the United States Geological Survey (USGS) graph of the reservoir, as delineated in the agenda materials, reporting the current stage height of the spillway was 5.56 feet above mean sea level (msl) which equated to approximately 440.40 million gallons per day (mgd) of water flow. He added raw chlorides were low at 96 parts per million (ppm) with finished chlorides at 90 ppm, noting these numbers were very typical for this time of year. He stated water was being injected into the Aquifer Storage and Recovery System (ASR) to take advantage of the good water quality, recalling the rainy season had been slow getting started this year; however, just enough rain fell at the right time to avoid peril with the water supply. He opined it was unusual to have this much rain in September unless there was a tropical system in the area. He displayed the graph of the Shell Creek Reservoir Levels, as delineated in the agenda packet, briefly explaining same, observing the numbers were hovering slightly above the 40 year average. He stated forecasters varied on their rainfall predictions for the coming winter, adding November was historically the driest month

in Punta Gorda. He displayed the Utility Operational Data for August, 2011, as delineated in the agenda packet, reviewing same, stating despite the September rainfall, there would still be a slight deficit due to drought conditions in recent years.

- Mr. Fabian inquired why water was not injected into the ASR during August.
- Mr. Jackson replied water was not injected when Total Dissolved Solids (TDS) were above 400, adding a previous staff member that studied this type of data felt that the source of TDS was sulfides in the Creek. He pointed out TDS did not necessarily correlate with rainfall.

B. City Council Action on Utilities Agenda Status

- Mr. Dauster recalled the Utility Advisory Board (UAB) had recommended that City Council retain the 3% rate increase.
- Mr. Jackson noted that Council's agenda included a number of routine consent items in addition to the rate discussion and the appointment of a new UAB member.

C. Capital Projects Data Sheets – Priority Efforts

- Mr. Jackson reported many large projects had been closed out during the previous month.
- Mr. Steve Leonard offered to answer questions.
- Mr. Fabian questioned the status of the Bal Harbor project.
- Mr. Jackson explained before the project began, it had been necessary to construct a 2,700 foot segment of sewer force main and put it in service so that the old one could be removed to make room for a new water line, adding some crews worked 30 continuous hours to complete five tie-ins. He stated now that the force main work was done, the project could proceed normally.
- Mr. Fabian inquired if funding for recurring maintenance should appear on the five-year Capital Improvement Program (CIP), asserting the \$1.12 million that would be spent each year should be reflected in the CIP.
- Ms. Sharon Knippenberg replied it was included, explaining the recurring annual capital improvements of \$200,000 to \$300,000 amounted to \$1,120,000, and would be funded with cash instead of financing. She stated staff attempted to fund those projects with cash as long as adequate impact fees were being received, pointing out impact fee receipts had decreased dramatically and recurring items had been scheduled to be financed; however, staff had delayed financing for two years and, with the new policy in place to retain those revenues, it was possible to pay cash. She displayed several pages from the newly adopted FY 2012 budget book, briefly reviewing same, noting the information was available on the website; however, she would supply members with a hard copy of the two sections related to the utility

system. She stated paying for routine repair and replacement with funds from operations made sense fiscally and for long range planning, adding these projects should be anticipated and therefore, should be in the revenue structure and affordable. She said if impact fee revenues returned, staff could fund projects from the list which were currently being financed, noting the filtration project was the largest for this year at a cost of \$2.4 million. She stated the City Manager had requested that staff update the financial policies, which were currently very generic to operations City-wide, adding UAB members would have an opportunity to review same before they were presented to Council.

- Mr. Fabian inquired if that meant that only \$474,000 was spent in 2011 and the other projects were not done.
- Ms. Knippenberg explained the only projects included in the prior year funding column were being carried forward for completion in 2012, adding the individual project page depicted the entire cost of the project, including any prior year funding.
- Mr. Mazur inquired as to the amount of past impact fee revenues.
- Ms. Knippenberg replied approximately \$4 million annually; however, that figure had been reduced to less than \$1 million, pointing out 65% of impact fee revenues could be used toward debt service, which represented a tremendous shift in burden to operating revenues. She stated staff was making up the difference by using operating reserves.
- Mr. Mazur stated the rate increase was helping to offset the loss of impact fees.
- Ms. Knippenberg agreed. She then stated City Council had adopted the FY 2012 budget this past Wednesday, noting same became operational October 1 and did not contain anything that would surprise UAB members. She stated staff had anticipated that projects would be moving forward more quickly, and that financing would be necessary October 1st; however, it now appeared no financing would be needed until January or February when the bids were received for the filtration project.

D. Utility Fund Balance

- Ms. Kristin Simeone displayed the financial statements for August, 2011, as delineated in the agenda packet, reporting revenues were over budget for the year at 114% for water and 103% for sewer. She added departmental operating expenses were at 86% with 91.7% of the year expended, noting capital outlay was almost complete at 99.7%. She stated debt service and transfers had been completed for the year.
- Mr. Dauster inquired if the year-to-date (YTD) encumbrances were \$20,000 ahead for the year.
- Ms. Simeone replied affirmatively, pointing out the information being presented was only through August and there would be another month of revenues.

- Mr. Fabian inquired how much of the \$2 million transfer had been spent.
- Ms. Simeone replied the entire amount had been expended, noting it was transferred to utilities construction to complete projects. She then continued reviewing the financial data.
- Mr. Dauster inquired what water distribution encompassed.
- Mr. Jackson explained that division was responsible for maintaining all 30 square miles of water distribution lines, 1,100 fire hydrants and 4,000 valves, adding wastewater collection was the largest utility division and included sewer lines, valves and pumping stations.
- Mr. Hoffman requested an explanation of “with” and “without” encumbrances.
- Ms. Simeone explained “with” encumbrances occurred when a division planned to make a purchase and obtained a purchase order for the entire project or the entire expenditure, adding blanket purchase orders (BPO) were for a 12-month period, and the encumbrance was reduced as funds were expended. She stated “with” encumbrances meant the City was committed to making the purchase, adding those encumbrances were included in the second column. She stated BPOs were closed at the end of the year; however, certain items could be carried over if they were not completed as of September 30th. She then continued reviewing the financial data.
- Mr. Dauster inquired who was using more than 80,000 gallons of water per month.
- Ms. Simeone replied the jail, hospital and some farming entities.
- Mr. Leonard explained that data was tracked and reported to the Southwest Florida Water Management District (SWFWMD), adding there were residents in Punta Gorda Isles that used more than 80,000 gallons per month on a regular basis. He explained there were 80,000 gallons per equivalent residential unit (ERU), adding a 2-inch commercial meter could be 8 ERUs, which meant they were using 8 x 80,000 gallons. He stated a multi-family building with four units was allowed 80,000 for each unit in the current rate structure, reiterating the biggest users were the jail and the hospital as well as the County Courthouse.
- Mr. Sabatino suggested showing the entire year on the next report, opining that would provide a much clearer indication of where the changes were occurring.
- Mr. Fabian confirmed the utility was almost \$1.2 million under budget.
- Ms. Simeone agreed.
- Mr. Jackson explained the surplus was due to a combination of higher than anticipated water usage and the Utility divisions only spending what was necessary.

UNFINISHED BUSINESS

- Mr. Dauster inquired as to the status of the SWFWMD discussion.

- Mr. Jackson recalled Ms. Terry Behling from SWFWMD had presented information to the members and explained local input was needed since the Basin Boards had been dissolved, adding one idea was to develop local committees to discuss local projects. He stated SWFWMD had selected Mr. Blake Gillory as their new director, adding Mr. Gillory was an engineer from the private sector who had much experience developing new water resources. He concluded there was nothing new to report since SWFMWD still needed to determine how they would proceed.
- Mr. Dauster inquired as to inviting the Charlotte representative.
- Mr. Jackson clarified Mr. Dauster was referring to the SWFMWD Governing Board representative for Charlotte County, adding he was waiting for Ms. Behling to provide some direction as that Board was still in turmoil, and members would likely not have many answers at this time.
- Mr. Dauster suggested holding a joint meeting with City Council to meet with the representative.
- Mr. Jackson commented City Council might be interested since the Water Management Districts had gone through the most substantial change since their inception, reiterating it was not the right time to extend an invitation because the Governing Board was uncertain what direction the district was going in, and that was being dictated by Tallahassee.
- Mr. Sabatino stated according to the Sarasota Herald Tribune, there was a report due tomorrow on the potential sale of some surplus lands, opining that would be an interesting topic to be included in the discussion as a source to raise funds, but at the same time, giving up land in terms of watershed protection.
- Mr. Jackson stated the Water Management District was second only to the Fish and Wildlife Conservation Commission in the amount of land that they owned and protected.
- Mr. Mazur requested an explanation of how the water boards related to each other.
- Mr. Jackson replied same could be a discussion item for the next agenda, at which time more information might be available from Ms. Behling. He stated the Water Management Districts permitted and controlled raw water while the Department of Environmental Protection (DEP) permitted and controlled finished water, adding before water was delivered to someone's home, there must be a water source. He stated in Florida, the Water Management Districts issued permits for wells greater than 4 inches in diameter as well as all surface water, adding the City obtained a permit from them to withdraw and treat water out of Shell Creek. He stated a permit from DEP was also necessary to treat and distribute that water, explaining the Water Management Districts

were part of DEP, which was concerned with treated water and discharge of waste. He offered to develop an outline, noting the Water Management Districts were actually developed to protect the water resources for the farmers during the heyday of Florida when towns were growing rapidly and big wells were being drilled, thereby draining the aquifers that supplied water to the public.

- Mr. Dauster inquired how a joint meeting could be scheduled.
- Mr. Jackson replied he would discuss same with the City Manager, who would speak with each Councilmember to determine their interest.
- Mr. Dauster inquired whether utilities were being extended through the railroad crossing at Burnt Store Road, noting the crossing would be closed for 6 months.
- Mr. Jackson replied affirmatively, explaining the City had designed a force main for that intersection as part of the Burnt Store Road Project, and the CIP included a project to change out the old force main that was undersized. He stated at the last possible minute, the railroad decided they needed to install two spur lines at that location, adding staff was concerned that the City's utility lines located under that land could break under the weight of the trains. He stated the City proposed drilling a new line which consisted of a giant metal pipe with a line inside it to support the additional weight. He stated the designing, drawing and permitting was done by Mr. Leonard in a ten day period, adding a change order was made to Charlotte County's project, and the County's contractor was going to build it.
- Mr. Dauster inquired if this project was in anticipation of development along Jones Loop.
- Mr. Jackson replied with uncertainty, adding his understanding was the Jones Loop development had been cancelled. He clarified the City's upsizing of the force main was because the capacity was needed immediately, adding it would allow more efficient routing.
- Mr. Fabian questioned if the Zemel Road area was in the City's utility service area, adding he heard a developer was requesting rezoning from Charlotte County.
- Mr. Jackson replied in the negative, adding the developer would need to drill wells for water and install septic tanks for sewage.

STAFF COMMENTS

- Mr. Jackson explained although all small projects were currently done in-house, the City had very talented staff and in the near future, they would be completing larger projects, such as the replacement of force mains, in-house as well.
- Mr. Mazur requested a dollar figure.

- Mr. Jackson agreed to research same, inquiring how many years of data was being requested.
- Mr. Mazur replied the previous budget year and projections for the next year.

COMMITTEE/BOARD COMMENTS

- Mr. Hoffman inquired as to status of backflow preventers.
- Mr. Jackson replied staff attended a conference in February 2011, at which time the DEP indicated they were going to strengthen the rules and enforce them in the immediate future; however, it was necessary for DEP to clarify some ambiguous language in the rules about levels of hazard. He stated he did not intend to move forward until DEP provided the clarification.
- Mr. Hoffman stated the City was not moving forward with requiring residential customers to install backflow preventers.
- Mr. Jackson countered the Plumbing Code now required installation of backflow preventers, clarifying the City was not moving forward on developing a level of hazard and requiring testing on residential devices. He stated he had not contemplated going backwards; however, the UAB could make that recommendation if they wished.
- Mr. Hoffman opined it was unfair if it was not required of everyone, adding he did not see the justification for some people not doing it if it was a safety factor to the water supply.
- Mr. Jackson explained that was related to the level of hazard, adding staff was waiting for clarification on that issue as their interpretation of the rule differed from that of the State. He stated this would be discussed again in the future.
- Mr. Sabatino questioned why sewer manholes were in the middle of the street rather than on the side, asserting there was more standing water temporarily when there was a heavy rain.
- Mr. Jackson clarified Mr. Sabatino was referring to stormwater, adding the developer constructed it in the least expensive manner, which was not ideal. He pointed out not all manholes were done that way, as some had proper ditches and proper drainage.
- Mr. Dauster inquired if backflow preventers could be installed or moved to the side of the house.
- Mr. Jackson replied that had been discussed that with Building Division staff, reiterating those rules were in the Plumbing Code and were intended to help protect the water supply. He stated the manufacturers' instructions indicated an RP should be installed against the meter, adding as a matter of practical application, it did not have to be right against the meter; however, that could result in an exposed, unprotected piece of line. He stated the City had allowed the RP to be installed next to the house

but the homeowner had to agree not to tie into the line, clarifying the technical answer was no.

- Mr. Fabian stated they were required to have a backflow preventer on an irrigation system.
- Mr. Jackson agreed; however, that type was not testable; thus, it was not possible to verify whether they were working correctly.
- Mr. Dauster inquired if the City was requiring retrofitting on multi-family units.
- Mr. Jackson replied the City had been requiring that they be tested to follow the Code for two or three years.
- Mr. Hoffman suggested if the City wanted to make sure the testing was done, they should do the testing and charge the tenant rather than making the resident do it, asserting staff was qualified to do the testing as they were testing City meters all the time.
- Mr. Jackson stated that suggestion could be entertained.
- Mr. Hoffman inquired how to entertain that, inquiring if he should tell City Council this should be done because some residents were not complying with it due to local plumbing concerns.
- Mr. Jackson replied Mr. Hoffman was free to do whatever he would like, adding if the Board was recommending he put a recommendation before City Council, he would be glad to do so.
- Mr. Dauster stated he did not believe this was the time to do that, reiterating Mr. Hoffman could do what he wished as an individual; however, the Board needed much more information before making a decision.
- Mr. Jackson stated he understood Mr. Hoffman's concerns; however, staff was concerned they would do something that would need to be undone should the regulators move forward in a different direction.

ADJOURNMENT

- Meeting Adjourned: 10:06 a.m.

John Dauster, Chairman

Karen Smith, Recording Secretary