

**UTILITY ADVISORY BOARD
MEETING
MONDAY, OCTOBER 25, 2010**

MEMBERS PRESENT: John Dauster, Chairman
Howard Bennett, Steve Fabian,
Thomas Kessler, Terry Miller,
Joe Sabatino

OTHERS PRESENT: Tom Jackson, Utilities Director
Steve Leonard, Senior Project Manager

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting
 - 1. November 22, 2010
 - Mr. Kessler announced he would not be available for the next meeting.

APPROVAL OF MINUTES

- A. Regular Meeting - September 27, 2010
 - Mr. Kessler MOVED, Mr. Sabatino SECONDED approval. MOTION CARRIED UNANIMOUSLY.

REPORTS

- A. Utility Operational Data
 - Mr. Tom Jackson reported according to the United States Geological Survey (USGS), the reservoir was 5.22 feet above mean sea level (msl), which equated to approximately 131.50 million gallons per day (mgd) of flow over the spillway, reporting the current levels were very close to the average for this time of year. He stated Total Dissolved Solids (TDS) were low at approximately 340 and raw chlorides were 96 milligrams per liter (mpl). He stated he recently attended the annual Southwest Florida Water Management District (SWFWMD) meeting where utility staff were invited to discuss their programs and grants, as well as the drought and emergency drought orders, as the dry season approached, opining SWFWMD was concerned about the coming dry season, and it was likely the Board would soon declare Stage 1 drought conditions in the northern section of the District. He stated the southern region was where it was expected to be at this time of year, pointing out watering restrictions did not occur until Stage 3. He explained Stage 1 affected commercial water use and agricultural well activity. He then displayed a graph of Shell Creek Reservoir Levels, as delineated in the agenda materials, briefly reviewing same, noting stage height was hovering close to the 40 year average and staff would be monitoring same closely; however,

there was water in the Aquifer Storage Recovery (ASR) wells. He displayed the Utility Operational Data for September 2010, as delineated in the agenda materials, briefly reviewing the monthly totals, reporting that 59.8 mg had been stored in the ASR wells.

- Mr. Fabian inquired as to the total amount of water stored.
- Mr. Jackson replied 200 mg could be withdrawn before elevated TDS became a problem, noting that was approximately 50 days of water. He explained the City was only permitted to withdraw 2 mg per day; however, in an emergency situation, more could be withdrawn. He concluded his review of the monthly report.

B. Capital Project Data Sheet

- Mr. Kessler questioned if the Bal Harbor main projects were being completed concurrently.
- Mr. Steve Leonard replied affirmatively.
- Mr. Fabian inquired as to change order number 4 for the Burnt Store Road improvements, questioning if money had been spent before that change was cancelled.
- Mr. Leonard replied with uncertainty.
- Mr. Fabian stated the report indicated \$1.3 million had been budgeted for two years, inquiring if the total was \$2.6 million.
- Mr. Leonard responded the revised budget was \$1.360 million, adding expenditures to date were \$1.357 million. He stated the original budget was \$2.6 million.
- Mr. Fabian inquired if funds would be carried over for the Hendrickson Dam project since the original budget was \$5 million and only \$2.6 million had been expended.
- Mr. Leonard replied there were no funds to transfer back into reserves since the City would have borrowed the funds for that project.
- Mr. Sabatino inquired as to the status of the Burnt Store Road project.
- Mr. Leonard replied the easements obtained by Charlotte County did not include utilities; therefore, the City was working with the property owners to obtain permission for same.
- Mr. Jackson explained this had happened before as the County had not used the appropriate language in the easement, adding the Legal Department's concern was that language did not allow for utility pipelines and other utilities such as power and cable lines. He stated the City was taking the lead to get the project back on track by editing the language and having the owners approve same.
- Mr. Sabatino inquired when the project would begin.
- Mr. Jackson replied he believed utility work would begin sometime in late December, 2010 or early January, 2011.

- Mr. Dauster inquired as to the status of the expenditures for the groundwater treatment plant, adding there had been some discussion regarding moving forward with permitting.
- Mr. Jackson replied the City had requested a 90 day extension to respond to the Request for Additional Information (RAI), adding that extension expired at the end of November.

C. City Council Action on Utilities Agenda Status

- Mr. Jackson stated the Strategic Plan presented to City Council on October 6, 2010 would be revised to eliminate performance guidelines and operational plan items, adding same would be presented to the Utility Advisory Board (UAB) at a later date.

NOTE: Ms. Miller arrived at 9:19 a.m.

- Mr. Fabian voiced concern that the Utility Department (UD) was omitted from the Table of Contents and had been included under Administration, asserting the UD represented 24% of the revenue of the City.
- Mr. Jackson agreed. He then distributed copies of City Manager's Kunik's letter to the Florida Department of Environmental Protection (DEP) South District office, noting on October 20, 2010, City Council had approved moving forward with requesting an exemption. He explained DEP had 30 days to respond to the request.

D. Utility Fund Balance (To Be Distributed via Email)

- Ms. Sharon Knippenberg displayed several graphs of financial data for period ending September 30, 2010, as delineated in the agenda materials, noting this was also end-of-year data; however, the figures were preliminary as the audited reports for the year would not be available until March, 2011. She opined the overall picture for 2010 was encouraging, adding the original budget for revenues was \$13,523,000 and the actual year-to-date revenues were \$13,515,000. She stated water revenues were down 2.4% while sewer and other revenues were up.
- Mr. Dauster interjected it was his understanding that water and sewer were related.
- Ms. Knippenberg explained sewer was only billed on the first 10,000 gallons of usage, pointing out the variances occurred at higher levels of usage. She stated it was irrigation rather than in-house water that had fluctuated so dramatically.
- Mr. Fabian inquired as to the preliminary revenue in excess of expenses in the amount of \$67,000, opining if it was an excess in revenue, it should add to revenue in excess of expenses rather than deduct from it.
- Ms. Knippenberg explained it was a continuing mathematical computation. She continued reviewing the monthly data, reporting it had not been necessary to obtain any financing for 2010, explaining financing would be necessary for several projects

that were being carried forward to 2011; however, staff would be recommending to City Council that \$1 million be carried forward to 2011 to reduce financing. She briefly reviewed the Monthly Comparison of Water Revenues FY06 to FY10, concluding although the figures went up and down during the year, staff was comfortable with the end of year figures. She confirmed the 3% rate increase had made a positive difference in the 2010 budget, adding the rate increase for 2011 was also critical since the Five Year Capital Improvement Program was significant. She stated staff was attempting to use the money wisely, adding whenever possible, the City would pay cash rather than obtaining financing.

- Mr. Dauster inquired as to the meaning of PRTS.
- Ms. Knippenberg replied it was that portion of a bill that was charged regardless of the amount of water consumption, adding the City had plant and infrastructure in place to provide water regardless of consumption and was promised to residents when they paid impact fees. She stated it was a fixed cost which included paying for all of the debt that went along with having the plant in place as well as basic staffing.
- Mr. Sabatino opined it would be helpful to see the entire 12 months worth of data at the end of the year. He then questioned whether anyone had ever challenged the City of Punta Gorda on the sewer charges, explaining that he might be consuming more water for such things as filling the pool and irrigating; however, he was being charged a corresponding increase in sewer charges.
- Ms. Knippenberg stated the City used a nationally accepted rate system.
- Mr. Fabian interjected it was possible to meter sewer usage; however, the cost of installing dual meters was prohibitive.
- Ms. Knippenberg stated with regard to capital improvements, staff was working on the cash flow now, and had met with Mr. Jackson and his planners and were developing the expenditures from now to January, adding it appeared to be time to get project financing by means of Council authorization. She explained once authorization was granted staff would begin designing the methodology for going out to bid and getting proposals.
- Mr. Sabatino inquired what would be financed.
- Ms. Knippenberg replied it was estimated to be approximately \$12 million, adding staff had been working their way down from that with the projects that appear to be going out to bid and coming in lower and the ones that have been put on hold, adding they would also be subtracting the extra \$1 million that would be carried over from 2010. She then stated a separate section was being added to the budget notebook for the strategic plan, adding a strategic plan was done for information technology; however,

it was not taken to Council. She stated she could discuss with the City Manager breaking out utilities as a separate strategic plan.

- Mr. Fabian stated it seemed unusual that there was a strategic plan for stakeholders and quality of life; however, the utility's enterprise fund, which represented approximately 24% of the income of the City, was buried under administration. He opined the Utility Department should have a strategic plan specific to their Department.
- Ms. Knippenberg stated the City Manager was responsible for presenting it to City Council, adding it could be given full disclosure in the budget document so as not to be overlooked by staff who worked with it frequently.

NEW BUSINESS

A. Responsibility of Utility Bills

- Mr. Jackson explained this item had been included at the request of the City Manager, drawing members' attention to Finance's policy in the agenda materials, which required that the property owner be responsible for opening and maintaining the utility account. He recalled a telephone conversation with an individual who resided in New York but owned property in the City, noting this individual had spoken to numerous staff throughout the City. He stated he had requested a written statement explaining her position, adding she was asking that the City collect utility deposits from tenants. He reported approximately 50% of utilities in Florida required the property owner to pay impact fees and be responsible for the bill, opining from a legal standpoint, it made placing a lien on the property a cleaner process. He stated he would not recommend making any changes at this time, noting to his knowledge, this person was the only one that had ever complained. He concluded he had never received anything in writing from the property owner.
- Mr. Dauster stated she also complained about the minimum charge that accrued even though the property was not rented.
- Mr. Jackson stated the base charge helped cover the expenses of infrastructure costs, adding base charges were common practice among all utilities.
- Mr. Dauster inquired if utilities could be disconnected when residents left the area for long periods of time.
- Ms. Knippenberg replied that was not possible unless they had the meter removed, adding if they did so, they would pay an impact fee when the meter was reinstalled. She suggested one analogy was the property tax bill, adding if a rental property was vacant, the tax collector would not pro-rate the tax bill. She stated the City had a commitment to keep the water turned on for its residents.

- Mr. Jackson stated following Hurricane Charley, the City suspended the sewer charge for those buildings that had been destroyed.
- Ms. Knippenberg stated landlords would approve of the City assigning the responsibility of the utility bill to their tenants; however, that would require obtaining deposits, adding that was not an effective or efficient way to do business.
- Mr. Jackson stated he had suggested the caller collect a deposit from her renters, adding she indicated she did so, but felt the City had more authority and could require them to do so. He concluded the City could not obtain deposits any easier if people did not have the money.

UNFINISHED BUSINESS

- Mr. Kessler inquired as to the result of the cul de sac policy discussion.
- Mr. Jackson replied he emailed members, explaining he was partially mistaken in his understanding since Public Works was still paying for that water. He stated the meters with no usage had been pulled and were slowly being added back as they were requested. He stated staff was comfortable they could devise an air gap or double check mechanism that would provide complete protection; therefore, the cost would be less than previously anticipated.

COMMITTEE/BOARD COMMENTS

- Mr. Bennett questioned the correlation between the peak water per day and the water that went to the Waste Water Treatment Plant (WWTP), adding the peak water to the WWTP was almost consistently 1.5% of the average flow which seemed unusual.
- Mr. Jackson replied approximately two thirds of total water use was irrigation; therefore, that would not necessarily go back to the WWTP.
- Mr. Bennett stated if there was explanation for the correlation, he would be interested in knowing what it was.
- Mr. Jackson agreed.

ADJOURNMENT

- Meeting Adjourned: 10:03 a.m.

John Dauster, Chairman

Karen Smith, Recording Secretary