

**UTILITY ADVISORY BOARD  
MEETING  
AUGUST 24, 2020**

**MEMBERS PRESENT:** Bil Tucker, Chairman  
Dennis Cafaro, Mike Dougherty,  
James Hoffman, Paul Jones, George Ruchti

**MEMBERS ABSENT:** Cynthia Blondin

**OTHERS PRESENT:** City Manager Howard Kunik  
Chuck Pavlos, Interim Utilities Director  
Steve Leonard, Senior Utilities Project Manager  
Kristin Simeone, Finance Director  
Steve Adams, Utilities Engineering Manager  
Jeff Dykstra, Andy Burnham

**CALL TO ORDER/ANNOUNCEMENTS**

- Mr. Tucker called the meeting to order at 9:00 a.m.
- A. Roll Call
- B. Next Scheduled Meeting
- 1. September 28, 2020

**CITIZENS COMMENTS ON AGENDA ITEMS ONLY**

- None.

**APPROVAL OF MINUTES**

- A. Review and Approval of Minutes from May 26, 2020
- Mr. Hoffman MOVED, Mr. Dougherty SECONDED approval of the May 26, 2020, minutes.  
MOTION CARRIED UNANIMOUSLY.

**NOTE: Septic to Sewer Presentation/Discussion heard following Approval of Minutes.**

**REPORTS**

- A. Utilities Operational Data: Review of Water and Wastewater Flows from July 2020
- Mr. Chuck Pavlos, Interim Utilities Director, provided a detailed summary of the July 2020 report from the agenda material, noting staff was attempting to lower the Total Dissolved Solid levels at the Surface Water Plant to meet criteria.
- Mr. Hoffman questioned how arsenic levels effected the blended water and if the City was still under a variance for same.
- Mr. Steve Leonard, Senior Utilities Project Manager, explained same was in reference to the Aquifer Storage and Recovery Wells which the City no longer utilized.
- Mr. Dougherty confirmed the City did not currently have a flow equalization basin at the Wastewater Plant.

- B. City Council Action on Utilities Agenda: Utilities Agenda Items Presented to City Council in August 2020
- Mr. Pavlos reported City Council would be presented with the Septic to Sewer Update and the Utility Rate Study in August 2020.
- C. Utilities Financial Report: May, June and July 2020
- Ms. Kristin Simeone, Finance Director, reviewed the July 2020 reports from the agenda material, noting all divisions remained closely within budget, with administrative costs being slightly over due to the transformation between utility directors. She stated the Transfer to Construction Fund was paid in full, concluding same would be a general accepted accounting principle entry for revenues moving forward.

### **UNFINISHED BUSINESS**

- A. Septic to Sewer Presentation/Discussion
- City Manager Howard Kunik presented the Septic to Sewer Implementation Plan (Plan) for the City's utility service area, as delineated in the agenda material, noting same would assist with considerations for converting septic to sewer (STS) in Charlotte Park and would coincided with the following rate study. He stated the Plan would be presented to City Council at the August 26, 2020, meeting as well as to the Charlotte County Commissioners (County). He then provided a detailed review of the Plan, including the objectives, actions already completed, prioritized project areas, build-out status of project areas 1-3 and the tentative schedule of events, concluding an assessment of developed and undeveloped lots would be performed prior to the STS project in order to assist in limiting costs.
  - Mr. Hoffman verified the City typically implemented a 20 year payback with interest.
  - Mr. Dougherty opined the City should be granted more authority with the system choice since the City was financially at risk and would be responsible for operating and maintaining the system.
  - City Manager Kunik explained the City would be responsible for any additional costs beyond what the County would assess.
  - Mr. Cafaro questioned whether residents of Charlotte Park were in support of the STS conversion.
  - City Manager Kunik replied in the negative, briefly reviewing previous STS proposals which were denied by residents. He explained that although residents were not in favor of same, prior studies revealed the project was needed environmentally, particularly for those who resided on the canal near Charlotte Harbor.

- Discussion ensued regarding potential challenges with the STS conversion, the selection process for construction managers and possible funding sources through grants from the State of Florida.

### **NEW BUSINESS**

#### **NOTE: Utility Rate Study heard following Septic to Sewer Presentation/Discussion.**

- A. Utility Rate Study - Presentation of Utility Rate Study by Burton & Associates
- Mr. Jeff Dykstra, Stantec, presented the Fiscal Year (FY) 2020 Utility Rate Study (Study), denoted in the agenda material, noting the scope for same included the development of a multi-year financial management plan, evaluation of the existing rate structure and to assist with updating impact fees and miscellaneous fees. He then provided a detailed review of the Study, summarizing the recommendations based on same were as follows: the rate index required a 3.75% annual increase (additional \$2.90 per month) beginning January 1, 2021; no adjustments be made to the current rate structure; updated impact fees be adopted to reflect current costs, with water reduced to \$1,497 and sewer increased to \$2,760; impact fees be reviewed periodically (3-5 years); 3 months of operating reserves be maintained; the rate index be reviewed annually. He explained staff was currently collecting data and populating cost templates to assist with updating miscellaneous fees and charges, noting Stantec would review and assist with recommendations once same was available.
- Mr. Dougherty expressed concern regarding the proposed 3.75% rate increase, comparing same to the Consumer Price Index (CPI) which was previously 1.0%.
- A lengthy question and answer session took place regarding the details of the Study, with members confirming the following: the process Stantec utilized to assist with rate predictions, including information based on historical data and normal inflation; the City's current level of rates were favorable compared to local municipalities; however, same would not generate sufficient revenue if not increased; water impact fees required a decrease and could not remain the same due to legislative limitations.
- Mr. Tucker requested a table be included in the presentation to City Council relating to the CPI compared to the proposed rate increase.
- Mr. Hoffman MOVED, Mr. Ruchti SECONDED to approve the FY 2020 Utility Rate Study presentation as received and to move same forward to City Council for approval, with the understanding that same would be reviewed again the following year.
- Mr. Dougherty spoke against the 2.0 debt service coverage.
- Mr. Tucker clarified the recommendation to City Council was to approve the general concept, approach and technical information in the Study.
- VOTING AYE: Cafaro, Hoffman, Jones, Ruchti, Tucker.

- VOTING NAY: Dougherty
- MOTION CARRIED.
- Mr. Hoffman MOVED, Mr. Dougherty SECONDED to approve the decrease in water impact fees.
- A brief discussion ensued regarding the effects of the change in fees.
- MOTION CARRIED UNANIMOUSLY.

**NOTE: Utilities Operational Data: Review of Water and Wastewater Flows from July 2020 heard following Utility Rate Study.**

**STAFF COMMENTS**

- None.

**COMMITTEE/BOARD COMMENTS**

- None.

**CITIZENS' COMMENTS**

- None.

**ADJOURNMENT**

- Meeting Adjourned: 10:44 a.m.

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Bil Tucker, Chairman

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Leah Pues, Recording Secretary