

**UTILITY ADVISORY BOARD
MEETING
APRIL 23, 2018**

MEMBERS PRESENT: Bill Schindler, Chairman
Thomas Dillon, Mike Dougherty, Thomas Feneran,
Haskell Rhett, Christopher Pflaum, Bil Tucker

OTHERS PRESENT: Tom Jackson, Utilities Director
Kristin Simeone, Financial Analyst
Brian Fuller, Water Plant Supervisor
Billy Logan, Bill Harper

CALL TO ORDER/ANNOUNCEMENTS

- Mr. Schindler introduced Mr. Rhett, recently appointed to the Board
- Mr. Rhett briefly reviewed his background and experience.
- A. Roll Call
- B. Next Scheduled Meeting
 1. May 28, 2018 (to be discussed due to Holiday)
- Mr. Jackson noted he would be away on May 28, 2018, proposing the meeting be rescheduled to May 29, 2018.
- Consensus of the Board was to meet on May 29, 2018.

CITIZENS COMMENTS ON AGENDA ITEMS ONLY

- There were none.

APPROVAL OF MINUTES

- A. Review and Approval of Minutes from March 26, 2018
 - Mr. Feneran MOVED, Mr. Tucker SECONDED approval of the March 26, 2018 minutes.
MOTION CARRIED UNANIMOUSLY.

REPORTS

Note: Mr. Pflaum arrived at the meeting at 9:06 a.m.

- A. Utilities Operational Data: Review of Water and Wastewater Flows for March 2018
 - Mr. Tom Jackson, Utilities Director, displayed a graph of Shell Creek Reservoir levels, as delineated in the agenda materials, stating levels were below average for this time of year. He then drew members' attention to the Utility Operational Data Report for March 2018, noting flows were similar to those of the previous year. He announced water had not been stored nor recovered in the Aquifer Storage & Recovery (ASR) system during the reporting period; however, recovery had begun in April 2018 at a rate of 2 million gallons per day.
 - Mr. Tucker inquired as to how customers' bills were calculated.

- Ms. Kristin Simeone, Financial Analyst, reviewed the water and wastewater billing process in detail.
- B. City Council Action on Utilities Agenda: Utilities agenda items presented to City Council in March 2018
 - Mr. Jackson reported at the March 21, 2018 City Council meeting, the master agreement for engineering and design of the wastewater treatment plant expansion had been awarded to CDM Smith, whose report would be submitted in September or October 2018. He then announced the appointment of Messrs. Rhett and Hoffman at the April 4, 2018 City Council meeting.
- C. Utilities Financial Report: Report Monthly and Year-end Revenue and Expenses for Utilities – March 2018
 - Ms. Simeone drew members’ attention to the March 31, 2018 financials, as delineated in the agenda materials, providing a detailed review of revenues and expenses. She announced revenue was slightly more and expenses were slightly less than projected for the year to date, though March 2018’s revenue was \$347,734 less than that of March 2017. She then called for questions.
 - Mr. Pflaum inquired as to significant expenditures in September 2017.
 - Ms. Simeone explained transfers to the Capital Fund accounted for same.
 - Discussion ensued regarding the budget process.
Mr. Dougherty stated bonds and loans generally required a reserve.
 - Mr. Schindler pointed out revenues were applied toward debt service; thus, excess revenue was desirable.
 - Ms. Simeone agreed, adding lenders were wary of institutions whose revenues were consistently under budget. She then provided an overview of recent revenue.
 - Mr. Jackson commented on the budget discussion, clarifying he had asked staff to base their budgets on operating costs.

NEW BUSINESS

- A. RO-CMR Project: Discussion Regarding Construction Manager at Risk Guarantee Maximum Price for Ground Water RO
 - Mr. Jackson introduced Mr. Billy Logan, Wharton-Smith Preconstruction Manager, reminding members Wharton-Smith had been selected as the Construction Manager at Risk (CMAR) for the Water Treatment Plant’s Reverse Osmosis (RO) addition.
 - Mr. Logan reviewed the actions taken to secure the bid, announcing a letter regarding the Guaranteed Maximum Price (GMP) had been submitted to the City, the Southwest Florida Water Management District and the Department of Environmental Protection

(DEP). He pointed out the GMP of \$29,217,649 was \$1.5 million less than estimated in January 2017. He concluded with a review of the project's summary of costs.

- Mr. Dillon confirmed the City would benefit from its tax exempt status by making direct purchases.
 - Mr. Rhett questioned how the CMAR Contingency was determined.
 - Mr. Logan responded same was based on overall costs. He then reviewed the purchase orders, subcontracts and allowances, as delineated in the agenda materials, pointing out many items would be eligible for the City's tax exemption. He explained he would speak with the Procurement Division to determine how aggressively the City wished to utilize its tax exemption.
 - Mr. Tucker confirmed additional CMAR staff was part of Wharton-Smith's 5% fee.
 - Mr. Feneran inquired as to how many change orders would be considered standard.
 - Mr. Logan voiced uncertainty regarding same, explaining it depended on whether construction adhered to the scope of work.
 - Mr. Feneran questioned the RO plant's operating costs.
 - Mr. Jackson responded Tetra Tech's study concluded costs would be negligible, noting the RO addition required only one additional staff member.
 - Mr. Pflaum confirmed the design drawings, specifications and GMP schedule were 100% complete, questioning what would require a change order.
 - Mr. Logan speculated adjustments to the project's scope or the plant's physical design would necessitate a change order, opining some changes could not be predicted.
 - Mr. Dillon requested unforeseen weather be provided as a contingent in the contracts.
 - Mr. Logan replied Wharton-Smith specified schedules needed to account for an appropriate number of rainy days.
 - Mr. Schindler requested clarification of "notice to proceed".
 - Mr. Jackson explained the City would provide notice to Wharton-Smith once City Council approved the GMP. He noted the 700 days to substantial completion would then take effect, adding final completion would occur 730 days following the notice to proceed. He explained the plant would produce water at substantial completion. He then reviewed in detail the process to secure an additional \$8 million in funding for the plant.
- B. FY 2019 Budget: Review of Utilities Capital Improvement Projects (CIP) FY 2019
- Mr. Jackson reviewed the proposed five-year Capital Improvements Program, as delineated in the agenda, outlining regularly scheduled projects under Utility Operations Transfer Funding (UOTF). He drew attention to the Waste Water Treatment Plant expansion, pointing out the tentative funds set aside for same.

- Ms. Simeone noted unspent money from the \$1.1 million identified under UOTF would remain in the construction fund's reserve; however, the Loop Force Main Extension Project would require a portion of those funds due to increased costs related to the lift station re-build. She explained the City would eventually be reimbursed for the project through impact fees.
- Mr. Schindler requested the presentation focus on FY 2018/2019.
- Mr. Jackson reviewed the expected projects and related expenses for FY 2018/2019.
- Ms. Simeone noted Mr. Jackson was attempting to complete the lift station re-build in FY 2017/2018.
- Mr. Tucker confirmed this project would provide wastewater service to the area surrounding the Loop properties.
- Mr. Jackson noted construction was paused pending permitting and easement negotiations.
- Mr. Pflaum drew attention to complaints of poor water pressure in Punta Gorda Isles, questioning if current projects would alleviate same.
- Mr. Jackson replied in the affirmative, stating the proposed Bal Harbor Pressure Study and evaluation in particular would address pressure issues. He then announced inspections were being scheduled for the Hendrickson Dam's spillway, and the Burnt Store Road Water Treatment Plant's elevated tank would be repainted to meet DEP requirements, at which time the new City logo would be included.
- Ms. Simeone reviewed budget and costs related to the RO project.
- Mr. Feneran confirmed the RO project costs totaled approximately \$40 million.
- Mr. Pflaum asked when the Board would be able to review the ten year pro forma and other financials regarding the impact of CIPs and rate increases.
- Ms. Simeone explained rate studies were usually examined in conjunction with the ten year pro forma, noting more information would be presented at the Board's next meeting.
- Mr. Schindler opined members should attend City Council meetings.

STAFF COMMENTS

- Mr. Jackson announced the draft Septic-to-Sewer Conversion Plan and developer's agreements would be presented at the Board's next meeting. He pointed out State Statute mandated properties within reach of the City's sewer system to convert from septic.
- Mr. Feneran questioned the automated meter conversion progress.
- Mr. Jackson replied 25% of the units had been installed.
- Mr. Dillon inquired if his water's unusual odor was related to recent algae treatments.

- Mr. Jackson replied in the negative, stating Mr. Brian Fuller, Water Plant Supervisor, would obtain additional information from Mr. Dillon after the meeting. He opined the smell was likely caused by the water heater.

CITIZENS' COMMENTS

- Mr. Bill Harper welcomed Mr. Rhett to the Board, presenting him with a book on the history of Punta Gorda's utilities system.

ADJOURNMENT

- Meeting Adjourned: 10:31 a.m.

Bill Schindler, Chairman

Sara Welch, Recording Secretary