

**UTILITY ADVISORY BOARD
MEETING
MAY 29, 2018**

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

MEMBERS ABSENT: James Hoffman

OTHERS PRESENT: Tom Jackson, Utilities Director
Kristin Simeone, Financial Analyst
Steve Adams, Utilities Engineering Manager
Klint Keesling

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting
- 1. June 25, 2018

CITIZENS COMMENTS ON AGENDA ITEMS ONLY

- There were none.

APPROVAL OF MINUTES

- A. Review and approval of minutes from April 23, 2018
- Mr. Pflaum MOVED, Mr. Dougherty SECONDED approval of the April 23, 2018, minutes.
MOTION CARRIED UNANIMOUSLY.

REPORTS

- A. Utilities Operational Data: Review of water and wastewater flows for April 2018
- Mr. Tom Jackson, Utilities Director, displayed a graph of Shell Creek Reservoir levels, as delineated in the agenda materials, announcing while same were at the fifty-year average for April, the heavy rainfall in May marked the end of drought conditions. He then reviewed the Utility Operational Data Report, announcing flows were typical and 41.1 million gallons had been recovered from the Aquifer Storage & Recovery system during April 2018.
- B. City Council Action on Utilities Agenda: Utilities agenda items presented to City Council in April 2018
- Mr. Jackson reported Mr. Hoffman was appointed to the Board at the April 18, 2018, City Council meeting, noting the agreement with D.R. Horton had been signed and Amendment Two regarding the Reverse Osmosis Project was awarded to Wharton-Smith at the May 16, 2018, City Council meeting.

- Mr. Feneran inquired as to D.R. Horton's agreement regarding the removal and reinstallation of water and sewer facilities within the Clause Creek Development.
 - Mr. Jackson responded approximately half of the water and sewer facilities had been removed and reinstalled to align with the development's reconfiguration of single-family and condominium units.
 - Mr. Feneran confirmed the City would receive impact fees from this project.
- C. Utilities Financial Report: Report monthly and year end revenue and expenses for Utilities April 2018
- Ms. Kristin Simeone, Financial Analyst, drew members' attention to the April 30, 2018, financials, as delineated in the agenda materials, announcing revenues were greater than predicted while expenses were less than expected. She noted beginning and ending reserves would change in next month's report as the financial audit of Fiscal Year (FY) 2016-2017 was complete, adding the revised projections column would also be updated.
 - Mr. Pflaum stated the Utilities Department's revenues were consistently over budget, inquiring as to the cause of same.
 - Ms. Simeone explained the City budgeted conservatively based on performance over a ten year period, noting the number of users and construction within the City impacted revenues.

NEW BUSINESS

- A. Developers Agreement DRAFT - Indian Springs Center: Review DRAFT Developers Agreement.
- Mr. Jackson announced Mr. Klint Keesling's proposal differed from current policy.
 - Mr. Steve Adams, Utilities Engineering Manager, explained the project proposed by Keesling Construction (Keesling) would bring new sewers to the Indian Springs area. He displayed a map of the project site, as delineated in the agenda material, noting the City typically participated in utilities infrastructure costs only for improvements which allowed offsite parcels to benefit. He summarized the options to reimburse onsite utilities infrastructure were to contribute money during the project's construction, issue a rebate agreement or grant impact fee credits, reviewing the process used to arrive at the proposed Developer's Agreement (Agreement).
 - Mr. Dougherty questioned how many users the project would serve, further questioning the project's estimated cost.
 - Mr. Adams drew attention to a table, as delineated in the agenda material, which outlined the 12 lots 33 acres of and undeveloped land benefitted by the project,

offering to estimate the number of Equivalent Residential Units (ERUs) through zoning and land use.

- Mr. Pflaum inquired as to the density per acre of housing.
- Mr. Adams clarified the properties were commercial except for thirty-three acres, which could be converted to commercial at a later date.
- Mr. Keesling reviewed the history of utilities infrastructure in the area and a 1986 Agreement for a neighboring property which involved a project that was similar to his proposal. He stated his project was designed at 203 ERUs, adding he had crafted the proposed agreement using a connection fee of \$1,300 per ERU, to be rebated as connections occurred within the next 20 years. He opined sewer infrastructure would motivate increased development and investment in the project area, adding the simple question was whether private enterprise could fund the growth of a utility system and then be reimbursed as connections occurred in the future.
- Mr. Pflaum questioned how reimbursement would change from current policy.
- Mr. Jackson responded the City would reimburse sewer impact fees to the developer.
- Mr. Pflaum inquired as to the differences between current policy and the Agreement.
- Mr. Jackson stated City policy did not currently allow reimbursement for on-site benefits.
- Mr. Pflaum suggested a proforma financial statement was needed before the Board could render a decision.
- Mr. Keesling stated he did not want to reserve capacity for Keesling, adding the entire project would be dedicated to the City and anyone could tie in.
- Mr. Dougherty questioned if the proposed infrastructure would serve units currently using septic systems.
- Mr. Keesling replied in the affirmative, suggesting property to the east could be served utilizing gravity or pressure lines.
- Mr. Dougherty inquired if the proposed system would be large enough to accommodate the sewer needs of properties beyond those owned by Keesling Construction.
- Mr. Keesling voiced uncertainty regarding same as he would not be developing the property, noting his project was proposed for 203 ERUs.
- Mr. Pflaum contended State Statute required future development within reach of the City's sewage infrastructure to connect to it, questioning the cost-benefit of the project.
- Mr. Keesling voiced uncertainty regarding the cost benefit for sewer customers.
- Mr. Schindler inquired as to the ownership of the area outlined on the map in orange.

- Mr. Keesling responded Subway, Burger King, WaWa and the Keesling family.
- Mr. Schindler questioned if the Agreement concerned only the properties outlined in orange.
- Mr. Jackson explained Keesling's draft agreement contended there was benefit to the City in allowing reimbursement for the area outside that boundary.
- Mr. Keesling clarified he was only requesting reimbursement for connections to the pump station, whether they were off-site or not.
- Mr. Dougherty inquired as to the amount the City would reimburse.
- Mr. Keesling responded the maximum reimbursement amount would be approximately \$200,000, noting the total outlay was approximately \$300,000 to build the gravity sewer and force main.
- Mr. Feneran questioned why the properties outlined in orange had not been asked to connect to existing sewer within their reach.
- Mr. Jackson explained there was an existing force main; however, the State had not required individuals to connect to force mains.
- Mr. Feneran inquired if the City could construct the project for \$200,000.
- Mr. Jackson replied with uncertainty.
- Mr. Rhett questioned if this Agreement would set precedent for future Agreements.
- Mr. Jackson responded same was a legal issue.
- Mr. Rhett questioned a connection fee which was greater than the City was willing to reimburse and why Agreements required approval if there was a standard.
- Mr. Jackson responded each agreement required approval, explaining the reimbursement amount had been established many years ago.
- Mr. Pflaum suggested the Utilities Department needed a policy regarding reimbursement.
- Mr. Rhett inquired as to other regional municipalities' reimbursement practices.
- Mr. Jackson replied the City's reimbursement rate was typical, emphasizing the intent of this item was for the Board to decide whether the developer should be reimbursed for onsite improvements.
- Mr. Tucker opined the Board required more information before making a recommendation.
- Mr. Pflaum concurred.
- Mr. Schindler voiced concern regarding approving an Agreement that could affect future utility functions, adding the Board needed to know what was being agreed to for a 20 year period.

- Mr. Jackson reiterated the City would be agreeing to reimburse \$1300 per ERU, noting the City took on no risk since reimbursements would not be made if no one connected to the lift station.
 - Mr. Dougherty inquired if the lift station would serve the areas outlined in blue and yellow.
 - Mr. Keesling reiterated it would serve those areas as well as the area to the east.
 - Mr. Tucker questioned if construction of the lift station would require properties outlined in orange to connect to the City's sewer system.
 - Mr. Jackson replied the next agenda item would address same.
 - Mr. Tucker inquired as to the timing of plumbing the area highlighted in blue.
 - Mr. Keesling responded same would happen as each property was developed.
 - Discussion ensued with regard to State Statute which required properties to connect to available sewer infrastructure.
 - Mr. Schindler inquired if this Agreement would impact future Agreements.
 - Mr. Jackson explained Agreements had not set precedent previously, pointing out the development of a policy regarding reimbursement was the domain of City Council.
 - Mr. Dougherty questioned the size of the pump station.
 - Mr. Keesling reiterated the pump station was designed to serve 203 ERUs.
 - Mr. Jackson elaborated the pump station was designed to handle 770 gallons per acre.
 - Mr. Dougherty questioned if the design would accommodate future expansion.
 - Mr. Jackson replied there was limited potential to upgrade pumps.
 - Mr. Schindler submitted the existing force main would limit the pump station.
 - Mr. Jackson countered same was true for any parcel in the area.
 - Mr. Schindler inquired as to what action was required by the Board.
 - Mr. Jackson requested the Board make a recommendation to support or deny the draft Agreement.
 - Mr. Feneran MOVED, Mr. Pflaum SECONDED to recommend City Council approval of the draft Developer's Agreement and review of the legal questions regarding precedent. MOTION CARRIED UNANIMOUSLY.
 - Mr. Pflaum suggested the Utilities Department develop a policy to evaluate future Agreements.
- B. Septic to Sewer Master Plan: Review & Discuss Master Plan Report by Jones Edmund
- Mr. Adams announced the Septic-to-Sewer Project began October 2017 based on the Charlotte County (County) Board of County Commissioners' investigations into septic-to-sewer conversion. He reviewed a map which identified the proposed project area, as delineated in the agenda materials.

- Ms. Lisa Ray, Jones Edmunds, provided a detailed presentation of the Sewer Master Plan (Plan), as delineated in the agenda material, reviewing the impetus for the Plan and the methodology used to select the project areas. She concluded the Plan's implementation would benefit homeowners, the environment, and the economy, suggesting the Southwest Florida Water Management District (SWFWMD) may offer shared funding and grant opportunities.
- Mr. Schindler recalled failed attempts to convert Project Areas 1, 2, and 3 to sewer, suggesting County and City Ordinances required amendment before the City attempted to compel properties outside the City limits to connect to the City's sewer system.
- Mr. Pflaum inquired as to the enforcement of State Statute which required homeowners to connect to available sewer systems.
- Mr. Jackson stated State Statute had not been enforced by the County Health Department which administered the septic tank program, clarifying septic systems which were failing were required to convert to sewer. He inquired as to how the Board wished to proceed.
- Mr. Pflaum spoke regarding the need to publicize the decimation of Charlotte Harbor's fish population and the importance of taking action to clean up the water. He stated the 1% of the total loading of Charlotte Harbor was Punta Gorda's service area versus Port Charlotte. He stated he did not see mention of the Waste Water Treatment Plant (WWTP) capacity on a peak day and the need to consider same in the future.
- Ms. Ray noted Chapter Five of the report addressed the WWTP, adding due to the phasing of the projects, they would not require separate upgrades to the WWTP.
- Mr. Jackson interjected a capacity analysis was underway, agreeing it would be necessary to determine impacts of the project to the WWTP.
- Mr. Pflaum confirmed the final report would be posted on the City's website.
- Mr. Rhett inquired if the City cut off the water supply to homes with inoperable septic systems.
- Mr. Jackson responded the County Health Department enforced septic tank regulations,
- Mr. Adams advised the Health Department could institute enforcement action to require repair or replacement of failed septic systems.
- Mr. Schindler inquired if the City had the authority to install main lines in the proposed areas.
- Mr. Jackson responded septic tanks had to be addressed through the Charlotte County Board of County Commissioners and Health Department as they were outside City limits, explaining the City selected Jones Edmunds to prepare the Plan for the City's

utility service area in order to be consistent with the process currently underway in Charlotte County.

- Mr. Pflaum MOVED, Mr. Tucker SECONDED to recommend adoption of the Septic to Sewer Conversion Project recommendations as outlined in the report and to implement them as soon as possible. MOTION CARRIED UNANIMOUSLY.
- C. Sewer Connection Policy: Discussion
 - No discussion.
- D. FY 2019 Operational Budget: Review of Departmental Operation Budget for FY 2019. (To Be Distributed Separately When Ready)
 - Ms. Simeone drew attention to the preliminary Proforma for the Utilities Operations Maintenance and Repair Fund, as delineated in the agenda material, reviewing line items in detail. She explained the Utilities Department budgeted conservatively to account for the possibility the Southwest Florida Water Management District (SWFWMD) would not approve the \$3.9 million grant to meet the additional cost projection for the Reverse Osmosis (RO) Water Treatment Plant. She concluded with a review of the assumptions used to create the current revenue projections.
 - Mr. Schindler confirmed the Proforma would be presented to City Council on June 6, 2018, inquiring whether any decisions would be made that date.
 - Ms. Simeone replied in the negative, clarifying the Proforma was intended to inform City Council of current budget projections.
 - Mr. Schindler requested the next Board meeting focus on examination of the Proforma.
 - Mr. Jackson responded the only change would be the addition of one employee.
 - Mr. Schindler opined growth was affecting budget projections.
 - Mr. Feneran inquired if changes related to insurance costs were consistent across the City's budget.
 - Ms. Simeone responded affirmatively, noting same was an estimate; however, the final budget would include actual figures.

STAFF COMMENTS

- A. Council breaks for the summer from July 12th through August 21st. During their break there will likely be construction work scheduled in Chambers/City Hall. Therefore, the July meetings scheduled between Monday, July 23rd and Friday, July 27th will need to be cancelled or rescheduled to an earlier date (no later than Friday, July 13th).
 - Mr. Jackson confirmed consensus of the Board was to cancel the July meeting.

COMMITTEE/BOARD COMMENTS

- Mr. Tucker announced he would not be able to attend the Board's June 25, 2018, meeting, noting he would email his comments on agenda items.

- Mr. Feneran stated he also would be unable to attend the Board's next meeting.
- Mr. Dougherty requested an update on the Automated Meter Infrastructure project.
- Mr. Jackson responded approximately 28% of the meters had been replaced, offering to forward the exact count.
- Mr. Dougherty requested a summary of the funding status for the RO Project.
- Ms. Simeone replied the project cost was approximately \$40 million, outlining outside funding as follows: \$900,000 from a State grant for the design plans, \$15,650,000 from a SWFWMD grant, and a State Revolving Fund (SRF) loan of \$15,650,000. She noted project costs had increased; therefore, the City requested an additional \$3.9 million grant from SWFWMD. She stated same was not guaranteed; therefore, it was included as part of the SRF loan.

ADJOURNMENT

- Meeting Adjourned: 11:18 a.m.

Bill Schindler, Chairman

Sara Welch, Recording Secretary