

**UTILITY ADVISORY BOARD
MEETING
JUNE 25, 2018**

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

MEMBERS ABSENT: Bil Tucker

OTHERS PRESENT: Tom Jackson, Utilities Director
Kristin Simeone, Interim Finance Director
Robert Berntsson, Jeff Weiler, Bill Harper

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
 - B. Next Scheduled Meeting
 - 1. August 27, 2018 (no July Meeting summer break)
 - Mr. Feneran MOVED, Mr. Dougherty SECONDED approval of the next meeting date.
- MOTION CARRIED UNANIMOUSLY.

CITIZENS COMMENTS ON AGENDA ITEMS ONLY

- There were none.

APPROVAL OF MINUTES

- A. Meeting of May 29, 2018
 - Mr. Pflaum MOVED, Mr. Feneran SECONDED approval of the May 29, 2018 minutes.
- MOTION CARRIED UNANIMOUSLY.

REPORTS

- A. Utilities Operational Data: Review of Water and Wastewater Flows May 2018
 - Mr. Tom Jackson, Utilities Director, reviewed operational data reports, as delineated in the agenda materials, announcing heavy rainfall in May 2018 set several reservoir stage height records. He reported recovery of 52.05 million gallons from the Aquifer Storage & Recovery system during May 2018, remarking recent rainfall in June 2018 had been exceptional.
 - Mr. Pflaum confirmed increased wastewater flows resulted from heavy rainfall.
 - Mr. Jackson remarked the Utilities Department was well below the national average for inflow and infiltration; however, rainfall still impacted wastewater intake.

NOTE: Item B was heard following Item A, New Business.

- B. City Council Action on Utilities Agenda: Utilities Agenda Items Presented to City Council in May 2018
- Mr. Jackson reported City Council accepted a utility easement from Howard Management and heard the presentation of the Capital Improvements Program on June 6, 2018, noting the Sewer Master Plan was presented that date as well.
 - Mr. Dougherty questioned the status of the Fiscal Year (FY) 2018/2019 budget.
 - Ms. Kristin Simeone, Financial Analyst, responded same was almost finalized. She then mentioned the Automated Meter Infrastructure (AMI) Project would affect the beginning balance of FY 2018/2019.
 - Mr. Dougherty requested clarification of the “E-logger” Contract.
 - Mr. Jackson explained same provided an integrated electronic logging system for operations, maintenance, inventory and asset management.
 - Mr. Dougherty drew attention to a 24% increase in computer overhead for the Utilities Divisions.
 - Ms. Simeone explained same was related to increased personnel and capital projects in the Information Technology Division.
 - Mr. Dougherty noted the budgets for the Utilities Administration and Wastewater Collection Divisions increased 16% and 9%, respectively.
 - Mr. Jackson replied the Administration Division’s increase was related to hiring a Geographic Information System specialist whereas the Wastewater Collection Division’s increase resulted from rising material costs.

NOTE: Item C was heard following Item A.

- C. Utilities Financial Report: Report of Monthly and Year End Revenue and Expenses for Utilities May 2018
- Ms. Simeone drew members’ attention to the May 2018 financials, as delineated in the agenda materials, stating mid-year adjustments were now reflected in the annual budget. She then announced revenues were greater than expected, noting outstanding encumbrances of \$835,000. She concluded all expenditures remained within their budgets.
 - Mr. Feneran inquired as to the “Non-Departmental” line item.
 - Ms. Simeone replied same constituted administration expenses as well as lobbyist fees.
 - Mr. Feneran opined the administrative expenses seemed high.
 - Ms. Simeone responded administrative expenses were based on the total Utilities Department budget; however, the charges were applied only to the Operations Fund. She then announced City Council would grant an additional appropriation for the AMI

project on July 3, 2018, to cover an approved cost which had been omitted from the Purchase Order in error.

- Mr. Schindler questioned the status of the AMI project.
- Mr. Jackson responded same was approximately 30% complete. He acknowledged progress was slower than anticipated, speaking in favor of careful, steady work.
- Mr. Feneran questioned if property owners had expressed opposition to AMI.
- Mr. Jackson replied no more than expected.

UNFINISHED BUSINESS

NOTE: Item A was heard following Item B, Reports.

- A. Strategic Plan FY 2019: Staff has initiated development of the FY 2019 Strategic Plan and is requesting recommendations from the public to facilitate the development of a potential list of strategic objectives for the coming fiscal year. Attached is the most recent strategic plan progress report to assist in the formulation of your ideas. Recommendations can be submitted by the board/committee as a whole or by individual members to the City Manager's Office by July 31, 2018. City Council will be apprised of all recommendations during its Strategic Plan discussion to take place in August or September 2018.
- Mr. Feneran questioned the use of the word "disparaging" in the second paragraph on page two.
 - Mr. Jackson offered to investigate same.

NEW BUSINESS

NOTE: Item A was heard following Item C, Reports.

- A. Developers Agreement 1775, LLC – Review & Discuss Draft Developers Agreement provided by 1775, LLC.
- Mr. Jackson announced construction of a forcemain along Riverside Drive was proposed, noting same would allow four existing mobile home parks (Parks) to decommission their on-site wastewater treatment plant (WWTP) facilities and connect to the City's sewer system.
 - Mr. Dougherty confirmed the four Parks plus the applicant's property would have separate pumping stations, inquiring as to the timing of the collection of connection fees.
 - Mr. Jackson replied fees would be collected at the time of connection to the forcemain.
 - Mr. Dougherty questioned the willingness of the Parks to connect.
 - Mr. Jackson responded the majority were willing, pointing out State Statute required connection to a sewer system when available.

- Mr. Pflaum confirmed the developer was requesting reimbursement of \$2.7 million, opining same was a major departure from standard industry practice. He expressed concern with regard to the timing of collection of approximately \$1.6 million in capacity charges, specifically asking how and when the balance would be collected.
- Ms. Simeone responded same had not yet been determined. She stated wastewater impact fees could fund a portion of the cost, suggesting grants might be available.
- Mr. Pflaum summarized the project would be funded by the City with the hope of receiving enough capacity charges to recover a portion of the City's costs.
- Mr. Schindler expressed concern in that reimbursement was undefined, concluding the project was not ready for approval.
- Mr. Feneran questioned why terms of this agreement differed from standard practice.
- Mr. Jackson responded the City desired a forcemain in the subject area, and the agreement aligned with the intentions of the Septic-to-Sewer Plan. He maintained the City could not achieve this project at comparable costs due to the constraints of the bidding process.
- Mr. Robert Berntsson, applicant's attorney, announced the forcemain was proposed to extend beyond his client's property at the southern end of Riverside Drive in order to assist connecting the Parks to the City's sewer system. He advised the private sector always completed projects at a lower cost than the public sector, suggesting the public-private partnership spirit of this agreement accounted for its difference from other agreements.
- Discussion ensued with regard to construction specifics and the potential negative impact of the Parks' on-site WWTP facilities on the Peace River.
- Mr. Pflaum stated the agenda materials did not include an environmental cost-benefit analysis, questioning the cost for the developer to install a forcemain to serve his property only.
- Mr. Weiler replied approximately \$150,000.
- Mr. Pflaum spoke against establishing City infrastructure through developer's agreements.
- Mr. Schindler acknowledged the project was desirable, expressing concern the agreement did not include a plan to recover the City's costs.
- Mr. Jackson countered the Utilities Department had the ability to force properties using septic systems to connect to available sewer, suggesting the political will to enforce same was growing. He guaranteed the Department of Environmental Protection (DEP) would not renew the Parks' permits once the forcemain was established.
- Mr. Schindler spoke against increasing the Utilities Department's debt service.

- Mr. Hoffman MOVED, Mr. Pflaum SECONDED to reject the draft Developer's Agreement until more financial information was received.
- VOTING AYE: Dougherty, Feneran, Hoffman, Pflaum, Rhett.
- VOTING NAY: Schindler.
- MOTION CARRIED.
- Mr. Schindler opined the agreement should move forward with the Board's concerns.
- Mr. Feneran voiced he had changed his opinion regarding the motion, agreeing with Mr. Schindler.

STAFF COMMENTS

NOTE: Staff Comments was heard following Committee/Board Comments.

- Mr. Bill Harper pointed out pages 155 to 160 of his publication on the history of the City's utilities addressed the situation described under the earlier discussion of the developer's agreement.

COMMITTEE/BOARD COMMENTS

NOTE: Committee/Board Comments was heard following Item A, Unfinished Business.

- Mr. Schindler commented on the developer's agreement with 1775 LLC, confirming the Board rejected the agreement pending clarification of funding and recovery of costs, expressing hope the Board would have another opportunity to review same.
- Mr. Hoffman concurred, speaking in favor of a formal guarantee the Parks would connect upon the project's completion in addition to a guaranteed price from the contractor. He voiced concern regarding nearby buildings which used septic tanks.

ADJOURNMENT

- Meeting Adjourned: 11:11 a.m.

Bill Schindler, Chairman

Sara Welch, Recording Secretary