

**UTILITY ADVISORY BOARD  
MEETING  
Monday, July 27, 2009**

**MEMBERS PRESENT:** Joseph Sabatino, Chairman  
Howard Bennett, Thomas Carroll,  
John Dauster, Steve Fabian,  
Thomas Kessler, Jeff Weiler

**OTHERS PRESENT:** Tom Jackson, Utilities Director  
Steve Adams, Engineering Manager  
Steve Leonard, Sharon Knippenberg,  
Kristin Simeone

**CALL TO ORDER/ANNOUNCEMENTS**

- A. Roll Call
- B. Next Scheduled Meeting - August 24, 2009

**APPROVAL OF MINUTES**

- A. Regular Meeting - June 22, 2009
  - Mr. Dauster requested when a doctor was present, such as Mr. Mike Markgraf, that his title be used in the minutes.
  - Recording Secretary Smith advised titles other than Mr. and Ms. were not used in the minutes.
  - Mr. Kessler opined there was a technical implication since in this case, Mr. Markgraf was the subject matter expert, adding using the title reinforced same.
  - Recording Secretary Smith offered to use the title in the heading under "Others Present".
  - Mr. Dauster MOVED, Mr. Carroll SECONDED approval. MOTION CARRIED UNANIMOUSLY.

**STATUS REPORT**

- A. Utility Operational Data
  - Mr. Tom Jackson noted Ms. Sharon Knippenberg was attending the City Manager's staff meeting with the City Manager and might be late arriving; thus it might be necessary to delay the budget discussion.
  - Mr. Sabatino requested the finance data be provided to members prior to the meeting.
  - Mr. Jackson displayed the United States Geological Survey (USGS) graph of the reservoir, as delineated in the agenda materials, reporting the reservoir level was 5.47 feet mean sea level (msl) which equated to 344.29 million gallons (mg) of flow over the spillway. He stated raw chlorides were low at 96 milligrams per liter (mpl), adding chlorides were a simple way to measure dissolved solids and chlorides and reflected the amount of rainwater dilution in the water versus groundwater. He explained the rainy season had

been unusual so far this year due to numerous high pressure systems in the Gulf of Mexico, adding this was an el nino year which usually created more moisture. He reported water was being injected into the Aquifer Storage System (ASR) wells; however, it was necessary to monitor Total Dissolved Solids (TDS) levels, adding a good rain would reduce same.

- Mr. Fabian inquired if there was still a rain deficit.
- Mr. Jackson replied the watershed had received 85.3% of the normal rainfall.
- Mr. Bennett countered that was not true for areas west of I-75 where only 3/10 inch of rain fell during July.
- Mr. Jackson stated this was an ideal scenario since there was plenty of water in the reservoir and the utility was selling lots of water because it was not raining.
- Mr. Carroll commented the City would sell more water without the restrictions.
- Mr. Bennett pointed out the City had attempted to obtain a special exemption from Southwest Florida Water Management District (SWFWMD); however, they had not listened.
- Mr. Carroll asserted in the past, SWFWMD's reasoning was drought conditions; however, the City was no longer in a drought, opining the subject should be discussed again.
- Mr. Jackson announced SWFWMD's Governing Board would meet the following day to discuss the modified phase III restrictions which ended this month, noting although he was not aware of what recommendations would be made by SWFWMD staff, he would email members with that information when it was available. He displayed a graph of Shell Creek Reservoir Levels, as delineated in the agenda packet, briefly reviewing same, explaining the reservoir elevation had exceeded the average reservoir elevation more days in May and June of this year than any other time during the past few years; however, more rain was needed.
- Mr. Fabian confirmed the plant capacity was now 10 million gallons (mg).
- Mr. Jackson reported the City had recently received its grant funding for same; thus, that project was complete. He then displayed the Utility Operational Data for June, 2009, as delineated in the agenda packet, briefly reviewing the monthly totals.
- Mr. Carroll questioned the report that the raw water figure was high compared to last year because much water had been stored, adding it did not appear that any water had been stored.
- Mr. Jackson agreed that statement was likely incorrect, adding he would research same.
- Mr. Fabian inquired if that could be a result of storage in the tanks.
- Mr. Jackson replied affirmatively, reiterating he would research the issue.

B. Capital Project Data Sheet – Priority Efforts

- Mr. Kessler inquired as to the status of Charlotte Park.
- Mr. Jackson replied there was an ongoing line replacement and some expenses had been incurred, adding he would provide that data at the next meeting. He distributed a revised Capital Improvement Program (CIP) to members, as delineated in the agenda materials.
- Mr. Steve Leonard explained the Charlotte Park project was unique since it was being completed internally by City staff, noting it was necessary to capture the cost of supplies.
- Mr. Fabian clarified the project was being done as funds became available.
- Mr. Sabatino asserted the comments on the report were not up to date, opining it would have been simple for staff to transfer the data provided to the City Manager to this report.
- Mr. Jackson agreed to update same.
- Mr. Weiler inquired if \$197,000 had been spent on construction and \$126,000 on the engineering of the dam rehabilitation project.
- Mr. Leonard opined same was accurate, adding construction services cost approximately \$30,000.
- Mr. Weiler inquired if the engineering fee was 60% or 70% of the construction cost.
- Mr. Jackson pointed out the cost also included development of an inspection program and protocol on a five year cycle.
- Mr. Weiler asserted engineers could take as much as they could get, suggesting the Department of Environmental Protection and SWFWMD would not like to see that type of thing when the City was applying for grants.
- Mr. Carroll stated the Board did not receive the weekly reports that were sent to the City Manager, nor did they receive monthly reports, opining members might not be receiving information that might be useful to them.
- Mr. Jackson explained staff provided a weekly activities report to the City Manager which captured much information specific to the Charlotte Park project; however, the remainder of the report related to treated water figures and maintenance activities. He stated he could provide that information to the members.
- Mr. Carroll opined staff should err on the side of providing too much information than not enough.
- Mr. Sabatino countered the monthly report was sufficient provided it represent the most current snapshot on a project by project basis.
- Mr. Jackson reiterated he would provide the weekly activities report.
- Mr. Sabatino stated the estimated cost for the Hendrickson Dam improvements did not

match the worksheet figures.

- Mr. Leonard pointed out \$60,000 was spent on the spillway replacement.
- Mr. Sabatino stated members wanted project cost estimates and the final figures.
- Discussion ensued regarding providing project costs.
- Mr. Kessler stated it would be useful for members to know when project costs were under or over the budget, adding same could affect whether a rate increase was needed.
- Mr. Sabatino interjected underestimating a budget was just as problematic as exceeding it, adding members wanted to see a snapshot of each individual project. He stated members wanted to understand how actual costs compared to the estimate by looking at the summary sheet.
- Mr. Leonard inquired if members wanted encumbrances or outflow figures.
- Mr. Sabatino replied monies committed contractually should be reflected, adding however, it was done, it was important to do it consistently.
- Mr. Kessler stressed the Board did not want to create a full-time staff position for the purpose of tracking expenses, adding for completed projects, it was possible to show the end result. He stated staff would point out situations where a significant variance occurred in the estimate and actual costs.
- Mr. Bennett and Mr. Fabian agreed.

C. City Council Action on Utilities Agenda Status

- Mr. Jackson confirmed there were no questions.
- Mr. Sabatino reported Mr. Markgraf contacted him and indicated he was prepared to attend the meeting, adding he informed Mr. Markgraf that he would be notified when staff was ready to discuss fluoridation again.
- Mr. Carroll stated he also spoke to Mr. Markgraf, who confirmed using fluoride toothpaste was as good as drinking fluoridated water.
- Mr. Bennett agreed, stressing fluoridating the water because it was inexpensive to do so was not a valid reason. He stated a very small percentage of the world's industrialized nations mandated fluoridation.
- Mr. Jackson announced staff toured the plant with Mr. Markgraf, adding staff would continue to research the issue and would have the information in the near future.

NOTE: This item was heard after Item 4.

D. Utility Fund Balance – Not Available

- Ms. Sharon Knippenberg introduced Ms. Kristin Simeone, adding Ms. Simeone developed the Board's reports and had been prepared to present the data.
- Mr. Sabatino reiterated members wanted the reports prior to the meeting.
- Ms. Knippenberg stated the intent had been to email the reports, adding she would

research why that had not been done. She stated typically finance staff emailed the reports to Utility staff who then forwarded same to members.

NOTE: The following discussion took place after Item 5.A.

- Ms. Knippenberg distributed the Revenue & Expenses reports, as delineated in the agenda materials, displaying the Utilities OM&R Fund Summary and briefly reviewing same, noting to date revenues were exceeding the budget by \$154,000 and operating expenses were under budget. She stated since some of the capital projects had not begun when anticipated, no funds had been borrowed this year and the debt service projection had been decreased. She then displayed the Line Item data, briefly reviewing same.
- Mr. Carroll inquired if the difference between the budget and projections for fleet was related to this being the first year of operation.
- Mr. Jackson replied affirmatively, noting there had been expenses related to relocating the shop.
- Ms. Knippenberg stated departments had been given the option of utilizing fleet services or outsourcing, adding although there was less revenue being received due to outsourcing, the Utility Department was operating the division more efficiently.
- Mr. Jackson explained they had changed to an industry standard billing system, adding costs had been reduced City-wide.
- Mr. Carroll questioned whether the Utility Department benefitted from having fleet as part of the department.
- Mr. Jackson replied when fleet was not working on other City vehicles, they were working on utility equipment rather than those jobs being contracted out, adding it was necessary to compare the resulting savings to previous years expenses.
- Discussion ensued regarding the budget.
- Ms. Knippenberg displayed the Monthly Comparison of Water Revenues graph, confirming members had no comments regarding same, noting the City Manager's budget message was on the website.

NOTE: Item 5.A. was heard prior Item 3.D.

#### **DISCUSSION ITEMS**

##### **A. DEP & SWFWMD Structure and Funding Overview**

- Mr. Jackson explained SWFWMD regulated the City's water use and issued the City's Water Use Permit. He stated water management districts (WMDs) were established in Florida approximately 40 years ago for the purpose of protecting water resources for agriculture, advising SWFWMD regulated those wells with a diameter of 4 inches or greater. He noted they also regulated all of the surface water in the State, adding

Florida's WMDs were regulated by the DEP. He displayed several overheads depicting the reporting structure and district maps of the various regulatory agencies, as delineated in the agenda packet, briefly reviewing same.

- Mr. Fabian inquired if all of the Peace River Board basins had the same millage rate.
- Mr. Jackson replied affirmatively.
- Mr. Carroll inquired if the Boards developed regulations.
- Mr. Jackson replied in the negative; however, they developed policies.
- Mr. Carroll suggested the City's Basin Board might have a better understanding of the uniqueness of the City's watershed, questioning if the Boards made recommendations to the Governing Board regarding rules.
- Mr. Jackson replied affirmatively.
- Mr. Carroll confirmed they voiced their opinion regarding restrictions.
- Mr. Jackson stated Mr. Rufus Lazelle and Mr. James Hageman represented the City on the Peace River Basin Board, adding he lobbied these two individuals on behalf of the City. He continued the presentation, explaining there were other entities that regulated water treatment and finished water. He displayed an overhead map of DEP districts, noting the City and Charlotte County were in the South District.
- Mr. Kessler inquired if Basin Boards were geographic.
- Mr. Jackson replied they were based on watersheds.
- Mr. Weiler inquired as to the status of funding.
- Mr. Jackson replied the City had submitted an application for cooperative funding on December 2, 2008, requesting \$36 million for the ground water reverse osmosis (RO) plant, adding SWFWMD was amenable to the project as it would take stress off of the resource by allowing the interchangeable use of surface and ground water and would help solve the problem with TDS. He reported the project had received conditional approval from the Peace River Basin Board, adding he met with PRMWRSA to discuss an agreement for use of some of the ground water capacity. He stated staff would provide a draft of that agreement for members' review when it was available.
- Mr. Weiler inquired as to DEP and SWFWMD funding assistance.
- Mr. Jackson replied SWFWMD was providing \$18.5 million; however, DEP had no funding available.
- Mr. Weiler countered DEP had SRF funds available with a \$10 million cap, suggesting staff contact Mr. Tim Banks. He stated the funds were being distributed for proactive project near shore water.
- Mr. Jackson stated he would wait and discuss same with the Finance Director, who was not in favor of pursuing SRF funding as it had been costly to the City.

- Mr. Weiler interjected the focus for SRF funds was water quality and reuse.
- Mr. Jackson explained it was costly for the City to do reuse. He then briefly explained the structure of the Peace River Manasota Regional Water Supply Authority, which was multi-jurisdictional.
- Mr. Fabian inquired if the Water Alliance was still active.
- Mr. Jackson replied affirmatively; however, there had been no meetings recently.

NOTE: Item 8 was heard after Item 3.D.

#### MEMBER COMMENTS

- Mr. Dauster inquired as to the status of Cape Coral.
- Mr. Jackson replied Cape Coral had erred by constructing a plant before they had revenue to do so, adding they were now scrambling to generate the revenue and were proposing to raise rates 90% in five years.
- Mr. Carroll questioned if rainfall data was being captured west of US41, asserting if the data was not being captured, it would not be possible to make as strong an argument with SWFWMD.
- Mr. Jackson replied he was unsure what the purpose would be, adding SWFWMD was aware of the condition of the City's watershed. He pointed out the numbers he presented to members were SWFWMD's numbers.
- Mr. Carroll interjected in times of heavy rainfall in the watershed, watering restrictions continued in a district that experienced differing rain patterns, adding there was no data to explain those patterns.
- Mr. Jackson confirmed rainfall was not measured west of US41, reiterating he did not see the purpose for doing so. He stated SWFWMD was unhappy about the requests for exceptions and might change the rule so that requests could no longer be submitted. He offered to research whether any rainfall data for the area was available.
- Mr. Carroll inquired if SWFWMD looked at the utility as a business.
- Mr. Jackson replied in the negative.
- Mr. Weiler suggested staff continue to pursue the reuse issue, maintaining there was grant funding to assist with start up costs.
- Mr. Fabian recalled the rules had been changed for enforcing watering restrictions, inquiring if each month was a separate period for issuing a warning.
- Mr. Jackson replied in the negative, explaining the timeframe was the duration of the water emergency. He stated a fine would be imposed for the second offense.
- Mr. Kessler inquired if the upcoming relocation of the department had any implications to the utility fund.
- Mr. Jackson replied in the negative.

- Mr. Sabatino stated he received questions about natural gas, inquiring how to respond.
- Mr. Jackson replied questions should be referred to TECO.

**ADJOURNMENT**

- Meeting Adjourned: 10:29 a.m.

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Joseph Sabatino, Chairman

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Karen Smith, Recording Secretary