

**UTILITY ADVISORY BOARD
MEETING
MONDAY, NOVEMBER 28, 2011**

MEMBERS PRESENT: John Dauster, Chairman
Steve Fabian, Dean Ferb,
James Hoffman, Frank Mazur,
Terry Miller, Joe Sabatino

OTHERS PRESENT: Tom Jackson, Utilities Director
Steve Adams, Engineering Manager
Steve Leonard, Senior Project Manager
Kristin Simeone, Finance

CALL TO ORDER/ANNOUNCEMENTS

- A. Roll Call
- B. Next Scheduled Meeting
 - 1. December meeting to be discussed
 - Mr. Tom Jackson stated staff would have a number of items to present to the Utility Advisory Board (UAB) at their January, 2012 meeting, including a draft of the final report of the force main evaluation, adding he also planned to invite the Southwest Florida Water Management District (SWFWMD) Governing Board Representative to attend that meeting. He stated the Department of Environmental Protection (DEP) had granted the City an exemption from meeting the Total Dissolved Solids (TDS) standard, adding the ground water plant would have solved the issue of the Aquifer Storage and Recovery (ASR) wells by turning them into production wells; however, the issue of the wells remained and staff wanted to do some brainstorming with UAB on how to use them efficiently going forward. He concluded there were no items for discussion at the December, 2011 meeting; thus, it could be cancelled.
 - Mr. Sabatino inquired if the Board was required to meet a certain number of times per year.
 - Recording Secretary Smith replied in the negative, advising if there were no items to be addressed, the meeting could be cancelled.
 - Mr. Dauster inquired as to setting a tentative date, adding if no issues arose, an email could be sent to members to cancel the meeting.
 - Recording Secretary Smith suggested the decision whether to hold a meeting be made at this time.
 - Mr. Jackson agreed.
 - Mr. Dauster stated the Board should not meet just for the sake of holding a meeting.

- Mr. Jackson offered to communicate with members via email if an issue arose where he required their advice.
- Mr. Sabatino MOVED, Mr. Hoffman SECONDED to cancel the December, 2011 meeting but agree to call a special meeting if any issue arose that required the Board's attention. MOTION CARRIED UNANIMOUSLY.
- Mr. Dauster confirmed the next UAB meeting would be January 23, 2012.

APPROVAL OF MINUTES

A. Regular Meeting – October 24, 2011

- Ms. Miller MOVED, Mr. Hoffman SECONDED approval. MOTION CARRIED UNANIMOUSLY.

REPORTS

A. Utility Operational Data

- Mr. Jackson stated he was unable to download the graphs from the United States Geological Survey (USGS) website; however, he was able to report that the current stage height of the spillway was 5.14 feet (ft) above mean sea level (msl), which equated to approximately 81.82 million gallons per day (mgd) of water flow. He explained the reservoir stage height was tracked daily, noting when it reached 5.2 msl or below, staff was required to notify the City Manager of same. He advised 5.14 ft was typical for this time of year, announcing there was rain in the forecast, and a single inch of rain would improve the situation. He reported raw TDS was 339 parts per million (ppm); therefore, staff was still injecting water into the ASR wells, adding a total of 141.5 million gallons had been injected, and the target would be reached by the end of the month. He stated raw chlorides were 108 ppm.
- Mr. Mazur inquired what action the City Manager took when the reservoir stage height reached 5.2 feet.
- Mr. Jackson replied the City's ordinance delineated the triggers for various phases of conservation, advising same included reducing irrigation to one day per week. He stated a no-flow condition occurred at 5.0 feet; however, there was pooled water behind the spillway, advising the lowest height had been approximately 4.2 feet. He confirmed it had never been necessary for the City to purchase water from another entity.
- Mr. Mazur suggested the report include targets for the water standard items, such as TDS.
- Mr. Jackson agreed.
- Mr. Hoffman questioned what 100 mg represented.
- Mr. Jackson replied each injection well held 100 mg, noting 2 mg was being injected

each day; thus, the target of 200 mg would be reached by the end of the month, adding if injections discontinued this date, staff would be comfortable with the amount of stored water. He stated 1 mgd could be withdrawn from each ASR well, adding staff had several ideas for a less costly replacement for that source and would discuss same with UAB at their January meeting. He commented that 85% of the drinking water in the United States contained minerals and was hard. He then displayed the graph of the Shell Creek Reservoir Levels, as delineated in the agenda packet, briefly explaining same, observing the year-to-date numbers had peaked close to the all-time high stage numbers, but the averages were normal for the year. He recalled one instance where the reservoir was too low for the pumps to withdraw enough water to send to the treatment plant, adding that issue had been resolved by using a fire truck pumper as a back-up system. He displayed the Utility Operational Data for October, 2011, as delineated in the agenda packet, reviewing same, stating there had been greater than average rainfall during the month.

- Mr. Fabian questioned whether the plant expansion had been moved further out.
 - Mr. Jackson replied affirmatively, explaining the State of Florida Bureau of Economic and Business Research (BEBR) census data growth rate was applied to the City's current demand, adding same indicated it would not be necessary to start planning for an expansion until approximately 2020, which was five or six years before the expansion would be necessary. He stated based on the data related to the system's new connections and demands, that date was conservative; thus, the City was in good shape in terms of capacity.
 - Mr. Sabatino commented no matter what assumptions were made, they would either be high or low.
 - Mr. Jackson stated usage was closely evaluated when staff completed the annual water audit, adding according to the Master Plan, the City had plenty of capacity for waste water all the way to build-out.
 - Mr. Mazur inquired if the statistic of capacity versus demand was included in the annual report.
 - Mr. Jackson replied affirmatively, adding that portion of the report was submitted to DEP as part of the requirements for the exemption.
- B. City Council Action on Utilities Agenda Status
- Mr. Dauster questioned the contents of the letter that City Council sent to SWFWMD regarding cooperative funding.
 - Mr. Jackson responded the letter explained the ground water plant was a critical project for the region as well as for the City, and that although the exemption granted

in 2011 pushed out the need to build the plant, the City would appreciate all consideration for future funding, pointing out it had been necessary to formally withdraw the cooperative funding request so that SWFWMD could close out their last fiscal year budget, which included a line item of \$2.5 million that had been allocated to the City.

- Mr. Dauster inquired as to the reason, other than cost, for not going forward with a Reverse Osmosis (RO) plant, opining it would provide a better water source.
- Mr. Jackson agreed it would solve three critical issues for the City, including the ASR issue and addressing minimum flows and levels.
- Mr. Dauster inquired as to the cost to each user.
- Mr. Jackson replied it would result in a 9% increase; however, that assumption was based on engineering estimates rather than actual bid prices, adding the estimated cost was \$28 million; however, 50% of the funding would have come from SWFWMD.
- Mr. Dauster inquired how difficult it would be to get that funding back.
- Mr. Jackson replied SWFWMD had no money to distribute and the Basin Boards had been dissolved, adding the Governing Board was still making decisions about how to move forward.
- Mr. Mazur inquired if there were any federal funds involved.
- Mr. Jackson replied in the negative.
- Mr. Ferb inquired if 9% represented just amortization of the capital cost or if it would change operationally.
- Mr. Jackson replied it cost about the same amount of money per thousand gallons to make RO water versus the current system.
- Mr. Sabatino asserted the cost translated into political consequences, contending the majority of City Council felt money should not be spent on qualitative issues at this time. He stated UAB was recently asked to recommend a rollback of rates, declaring nobody wanted to tell customers that rates were going to go up due to esthetics and taste issues.
- Mr. Mazur commented it depended on how the increase was presented, opining the estimate of \$28 million could increase to \$35 million five years from now.
- Mr. Jackson explained staff had been planning to complete the project in a phased approach, adding the first phase consisted of constructing a majority of the infrastructure that would satisfy the City's needs all the way to build-out with 8 mg of capacity. He stated once the infrastructure was completed, water treatment could be increased by millions of gallons in a modular manner that was relatively inexpensive. He acknowledged the project was somewhat front-loaded, which resulted in a higher

cost for the first phase; however, it made sense because retrofitting was a technical and engineering nightmare and was very expensive.

- Mr. Dauster inquired if the City had requested a guarantee of the amount of water that could be removed from the aquifer so that water upstream could not be withdrawn.
- Mr. Jackson replied the City never completed the process of obtaining the ground water permitting for the plant, adding same would have protected the City as a first right user to a certain volume of ground water. He stated SWFMWD was very aware that Punta Gorda would need the water someday, adding they considered the City to be the highest priority user of the ground water in the area because it was a public system; however, from a legal standpoint, there was nothing they could do except possibly channeling other permit requests. He stated it was unlikely that volume of water would be used up before the City needed it unless the current zoning and densities changed to allow manufacturing, noting the current use was primarily agricultural. He stated he preferred to lock the City into a 30-year permit; however, that permitting was a year-long process that would have cost an additional \$500 million since the ground water modeling included installing test wells and pumping the aquifer.
- Mr. Hoffman confirmed the \$28 million estimate was three years old, asserting contracts were currently being bid at 30% to 40% less. He questioned if the plant would draw from the same water source.
- Mr. Jackson replied it would be a new source, clarifying the City's surface water was being withdrawn from Shell Creek.
- Mr. Hoffman inquired as to the difference between withdrawing water from the aquifer versus the harbor.
- Mr. Jackson explained seawater contained 36,000 ppm TDS, adding the City's intake well was at 315 ppm. He stated processing sea water was problematic, noting there was more organic material in seawater than in fresh water.
- Discussion ensued regarding the difficulties of processing sea water.

C. Capital Projects Data Sheets – Priority Efforts

- Mr. Fabian inquired why two thirds of the Burnt Store Road Improvement Project funds had been paid when only 52% of the project had been completed.
- Mr. Steve Adams replied the City made payments based on the utility work that had been completed, adding the total contract cost was \$1.2 million; however, only \$640,000 in payments had been approved.
- Mr. Fabian voiced concern that Charlotte County had been making payments that resulted in overpayments.

- Mr. Adams explained the contract for the Burnt Store Road project was managed by the County; however, according to the interlocal agreement, the City made payments for the utility work 30 days after it was completed, pointing out those payments were based on actual field measurements.
- Mr. Dauster inquired if there were any large capital projects that would begin during the next year.
- Mr. Jackson replied waste water filters would be constructed at the plant, reiterating UAB would discuss staff's evaluation of the force mains as well as their ideas for projects that needed to be done on a recurring basis. He concluded he did not foresee any Charlotte County road projects in the near future.
- Mr. Dauster confirmed all expenses related to the interconnect would be borne by the County.
- Mr. Jackson stated Mr. Adams attended progress meetings and conducted on-site visits, adding the connection to the City's plant would take place in May, 2012. He stated the County was paying for all of the pipe and plumbing work; however, the City was paying for a single meter which staff had requested to be installed, clarifying there was some staff time involved in reviewing and approving plans for any projects that affected the City's system.

D. Utility Fund Balance

- Ms. Kristin Simeone displayed the financial data for October, 2012, as delineated in the agenda packet, briefly reviewing same. She confirmed members had no questions regarding same.
- Mr. Dauster stated a revenue expenses comparison and pro forma he received was supposed to be reviewed at this meeting, inquiring if staff was going to provide a tutorial on the budget as requested. He confirmed the other members had not received said documents.
- Ms. Simeone clarified the pages were from the budget, noting Ms. Sharon Knippenberg, Controller, was compiling a packet of utility budget information to be presented at a later date.
- Mr. Sabatino requested same be sent to members in advance of the meeting.

NEW BUSINESS

- None.

UNFINISHED BUSINESS

- Mr. Jackson reiterated he intended to invite the City's SWFWMD Governing Board representative to attend the January, 2012 UAB meeting, agreeing to request a discussion of the sale of surplus land. He stated in the past, the State of Florida had

acquired sensitive lands as conservation easements to protect watersheds and well fields, adding that strategy had worked well as Florida did not have the cross contamination problems that were common in other states; however, land should not be sold cheaply.

- Mr. Sabatino requested a discussion regarding future funding.
- Mr. Jackson pointed out the City was initially scheduled to receive only 25% funding, and it had taken much lobbying to receive the additional 25%, noting same was part of the Minimum Flows and Levels (MFL) recovery strategy.
- Mr. Mazur interjected it would be a legislative decision rather than a policy decision that the municipality needed to pay 100%.
- Mr. Jackson stated in the past, SWFWMD had the authority to make that decision, clarifying they made the decisions as to who received cooperative funding. He stressed 50% funding was not guaranteed, explaining the Rural Economic Development Initiative (REDI) counties, including DeSoto, Citrus and Highlands, were considered economically disadvantaged, and received greater than 50% funding.
- Mr. Mazur maintained if it was state money, the legislature controlled it.
- Mr. Jackson countered although it was certain the situation had now changed, SWFWMD was previously a taxing authority and received ad valorem taxes, adding those were different than state monies; however, their representative could address that question.

STAFF COMMENTS

- None.

COMMITTEE/BOARD COMMENTS

- Mr. Mazur stated he appreciated receiving the information regarding the City's reserves, requesting copies of any correspondence staff had sent to the fund manager voicing displeasure or approval as to the results of the returns. He opined the charts did not look encouraging.
- Ms. Simeone explained the City was limited as to what funds they could invest in.
- Mr. Mazur stated he realized that; however, he was requesting information regarding whether the City had taken a position on returns. He then stated City Council would be reviewing all of the City's boards and committees to determine their effectiveness and whether to retain them, questioning whether the Board had ever compared its responsibilities with other utility boards around the state.
- Mr. Dauster responded City Council had confidence in the UAB and felt they were going in the desired direction, opining Council was happy with their performance.
- Mr. Jackson stated he appreciated the Board and believed they should continue to exist, adding they were a political, economic and business sounding board for ideas.

He opined the UAB had taken on more responsibility in the past three or four years than any other City board in terms of rates, revenues and budget, adding he had provided the Board's Bylaws and a description of their responsibilities to two colleagues who were researching the possibility of forming a similar board.

- Mr. Dauster inquired if there were other areas the UAB should be involved in.
- Mr. Jackson replied in the negative, reiterating he valued members' ideas and input.
- Mr. Sabatino said the Board was requesting to develop a relationship with the SWFWMD representative due to changes at the State level, opining that was an area where the Board could attempt to expand their scope to be better prepared for the future. He stated after meeting with SWFWMD, the Board could decide what steps to consider or recommend to City Council.
- Mr. Dauster interjected the SWFWMD representative could make a recommendation as to what role the UAB could play.
- Mr. Mazur asserted the Board was not privy to much of what was happening; therefore, it would be helpful to meet with them, adding he wanted to be sure the Board was doing the right thing.
- Mr. Sabatino stated staff was often in contact with regulators and kept the Board informed, asserting the only criticism the Board had received in past years was that they had not made recommendations to City Council soon enough on certain issues. He stated he preferred to be proactive rather than being forced to make a hasty recommendation without enough information, adding the Board had requested several workshops with City Council to discuss various issues, and he encouraged members to continue with that philosophy going forward.
- Mr. Fabian wished everyone a Merry Christmas and reminded them that the Christmas tree lighting would be this coming Friday night.

CITIZENS' COMMENTS

- None.

ADJOURNMENT

- Meeting Adjourned: 10:09 a.m.

John Dauster, Chairman

Karen Smith, Recording Secretary