

Minutes of Board of Directors Workshop
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
DeSoto County Administration Building
Commission Chambers, First Floor
201 East Oak Street, Arcadia, Florida

October 3, 2018

Board Members Present:

Commissioner Alan Maio, Sarasota County, Chairman
Commissioner Elton Langford, DeSoto County, Vice Chairman
Commissioner Ken Doherty, Charlotte County
Commissioner Priscilla Trace, Manatee County

Staff Present:

Patrick Lehman, Executive Director
Doug Manson, General Counsel
Ann Lee, Finance & Administration Manager
Kevin Morris, Engineering & Projects Manager
Richard Anderson, System Operations Manager
Rachel Kersten, Agency Clerk

Others Present:

A list of others presents who signed the attendance roster for this meeting is filed with the permanent records of the Authority.

CALL TO ORDER

Commissioner Maio called workshop to order at 10:13 am.

AGENDA

1. Funds and Accounts Flowchart

Ms. Lee and Mr. Lehman reviewed a flowchart of the Authority's funds & accounts.

Commissioner Doherty thanked Ms. Lee and Mr. Lehman for the graphics and asked for clarity on the revenue funds and whether or not there were restrictions on what these funds can be used for. Specifically, Commissioner Doherty asked if the Operation, Maintenance, & Administration funds can all be combined and used as one and if there were restrictions.

Ms. Lee responded that yes, they can be used freely and there are only restrictions on the construction funds.

Commissioner Doherty asked if there was a certain percent of every dollar deposited into each specific account.

Ms. Lee stated that no, there is no set amount – it is all determined by the budget and Board policy.

Mr. Lehman reiterated that the budget is set by the Board budget policies. The Renewal & Replacement fund must have a minimum of \$2 million at fiscal year-end. Mr. Lehman also explained the Sinking Fund is used solely to fund our debt payments. The monies that are allocated to this fund throughout the year are used to make the debt payments.

Commissioner Doherty thanked Mr. Lehman and stated that he appreciated the clarification, but mentioned he would like a copy of the Board budget policies.

Commissioner Maio agreed and asked that Mr. Lehman email out to all the Board members a set of the current Budget Policies.

2. Water Rate Cost elements

Mr. Lehman provided the Board with a review of the water cost elements and discussed the need to create a strategic plan to deal with the elephant in the room and cover future growth and debt service cost.

Commissioner Maio asked if, hypothetically, a municipality in one of the Authorities four counties has a utility setup that they would like to merge or sell to the Peace River Authority, and we agree to do that as a Board – how do those costs become covered? Is that the elephant in the room that Mr. Lehman was referring to?

Mr. Lehman confirmed that yes, how do we move forward to implement our strategic plan to interconnect regionally with the cities. Without a policy we are talking blind.

Commissioner Doherty stated that he thinks this emphasized the need for the Authority staff to get all of the Board members staff together and discuss how we are going to deal with new debt. To discuss and give us ideas on how to move forward.

Commissioner Maio agreed that the starting point on this is going to involve all the staffs because even just the jargon and the formulas can be confirmed and verified.

Mr. Lehman asked and received the Board's consensus on moving forward with collecting and performing a rate study with each of the county's staff.

3. Business Plan Gaps and Needs

Mr. Lehman discussed the current identified gaps and needs within the Authority's policies relating to future water supply, regional transmission system pipelines, common benefit projects, and nonmember partnership projects.

Commissioner Doherty asked Mr. Lehman to clarify that in Charlotte County, the Phase 4 project currently ongoing is going to be owned by Charlotte County Utilities as they have decided not to go the route of co-operative funding. As has the same thing occurred with a line in Sarasota County

Mr. Lehman confirmed that yes, that was correct. Commissioner Maio gave confirmation for the Sarasota County project as well.

Commissioner Doherty stated that we need to work together with the District to deal with this issue as well. The developers that they have involved only want to pay 50% of the delta versus 50% of the entire

project. Now we have this capacity that is owned by the county rather than capacity owned by the Authority. If we work with the district and with legislature to create a policy to clear this up rather than having some lines owned by the county, some co-operatively funded, some by the authority.

Commissioner Maio agreed that this is going to happen with greater frequency with our goal being to continue to interconnect throughout the region.

In regards to gaps, Mr. Lehman gave the example of Kings Highway – if that road were to be widened within the next 20 years, that pipeline serves Desoto, Charlotte, North Port and is in the right of way. How would that relocation be paid for? We are currently ahead of the game, and we don't need this answer now, but it is a very real possibility for the future.

Mr. Lehman went on to remind the Board in regards to debt, in 2021 the capital component for the debt related to the 1991 acquisition is paid off. In 2028 the Peace River and the pipelines are paid off. There is a 10-year window where a lot of debt falls off – it has all been agreed to, there is nothing to fix there.

Commissioner Doherty mentioned the two contracts, the water supply master plan proceeding, and the water quality master plan approved this morning and asked if these are all linked together and could we use them as a reason to reach out and open the discussion with potential future customers and what their plans may be?

Mr. Lehman stated absolutely, that's an option.

Commissioner Maio agreed that this would be a great time to use this opportunity to reach out to these different jurisdictions and ask about their future plans.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 11:38 a.m.

BOARD APPROVED

DEC - 5 2018

**Peace River Manasota
Regional Water Supply Authority**



Commissioner Alan Maio
Chairman