

Minutes of Board of Directors Meeting
PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY
Peace River Facility
Water Quality Training Facility
8998 SW County Road 769, Arcadia, Florida

February 6, 2019

Board Members Present:

Commissioner Alan Maio, Sarasota County, Chairman
Commissioner JC Deriso, DeSoto County, Alternate
Commissioner Ken Doherty, Charlotte County
Commissioner Priscilla Trace, Manatee County

Staff Present

Patrick Lehman, Executive Director
Doug Manson, General Counsel
Mike Coates, Deputy Director
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 the meeting to order at 9:30 a.m.

Commissioner Maio announced Commissioner Elton Langford's absence and welcomed Desoto County alternate, Commissioner JC Deriso.

INVOCATION

Douglas Manson offered the invocation.

PLEDGE OF ALLEGIANCE

The Board led the Pledge of Allegiance to the Flag of the United States.

PUBLIC COMMENTS

Public comments were made by Neil Combee & Charles Clark representing the Peace River Ranch LLC regarding a potential future surface water storage area in the upper portion of the Peace River Basin in Polk County.

ELECTION OF OFFICERS

Doug Manson, General Counsel, discussed the process for Election of Officers and indicated that an option is to keep the current officers in place and postpone the election until the next scheduled Board meeting on April 3, 2019 given Commissioner Langford's absence from today's meeting.

Motion was made by Commissioner Trace, seconded by Commissioner Doherty, to postpone the Election of Officers until the April 3, 2019 Board of Director's meeting. Motion was approved unanimously.

RESOLUTIONS/PRESENTATIONS**1. Employee Service Recognition**

The Authority recognized staff member Tim Pittman, Mechanic II, for his dedicated service upon reaching his 5-year longevity milestone.

2. Recognition of State Champion BBQ Team

The Authority BBQ team of Sean Lewis, Tim Pittman and Don Morton were recognized for their time and great effort put forth in participating and winning both the best pulled pork and best overall BBQ championship awards at the recent annual conference of the Florida Section of the American Water Works Association (FSAWW).

CONSENT AGENDA

Commissioner Doherty requested Consent Item 8 be removed for discussion.

- 1. Approve Minutes of December 5, 2018 Board of Directors Meeting.**
- 2. Approve Minutes of December 19, 2018 Board of Directors Special Meeting.**
- 3. Year-End Financial Status and Semi-Annual Investment Reports for FY 2018**
 - a. Receive and File Year-End Financial Status Report for FY 2018**
 - b. Receive and File 'Semi-Annual Investment Report' [September 30, 2108]**
- 4. Renew Peace River Facility Property insurance with Starr Tech/ACE for an annual premium of \$247,386 for the upcoming year March 1, 2019 thru March 1, 2020).**
- 5. Approve and authorize Executive Director to execute correspondence withdrawing the Authority's FY 2020 SWFWMD Co-Funding Application for Partially Treated Water Aquifer Storage and Recovery Project.**
- 6. Approve and authorize Executive Director, or designee, to execute the Contract for 'Phase 2 River Intake Dredge Project' for an amount not-to-exceed \$773,169 with Marine Contracting Group Inc.**
- 7. Approve and authorize Executive Director to execute novation of existing contract from Leggette, Brashears and Graham, Inc. to WSP USA.**
- 8. Approve Resolution No. 2019-01 Authorizing the Issuance of a Bank Note Not-To-Exceed \$2,000,000.**

Motion was made by Commissioner Doherty, seconded by Commissioner Trace, to approve the Consent Agenda, with the exception of Item 8. Motion was approved unanimously.

8. Resolution No. 2019-01 Authorizing the Issuance of a Bank Note Not-To-Exceed \$2,000,000

Commissioner Doherty asked for an information as to why the Lakewood Ranch building acquisition was being handled in this manner, rather than just going for a regular mortgage and securing the loan with the property that is being purchased.

Mr. Manson explained that government entities are prohibited from putting a lien or a mortgage on specific pieces of property that they own. A revenue note, which is essentially what this resolution is for, is subordinate to our bond holders and secures the line of credit.

Commissioner Doherty asked for further clarification on the fundamental acquisition of the property. Recognizing that we are not using the entire building and there is a tenant involved, is being a landlord something that the Authority is authorized to do?

Mr. Manson stated that yes, specifically in the language of the interlocal agreement which was mimicking the language of state statute 160 pertaining to special districts and also included in state statute 373 regarding water supply authorities, we are allowed to lease and be a lessor.

Commissioner Doherty stated that he understood and appreciated all of the information. However, he will be obligated to vote no on this item.

Motion was made by Commissioner Trace, seconded by Commissioner Deriso to approve Consent Item 8, Resolution No. 2019-01 Authorizing the Issuance of a Bank Note Not-To-Exceed \$2,000,000. Motion was approved three-to-one with Commissioner Doherty voting no.

REGULAR AGENDA

1. Water Supply Conditions – Staff Presentation

Richard Anderson presented the Water Supply Conditions at the Peace River Facility as of January 20, 2019.

- Water Supply Quantity: Excellent
- Treated Water Quality: Excellent

January Water Demand	26.22 MGD
January River Withdrawals	24.63 MGD
<u>Storage Volume:</u>	
Reservoirs	6.83 BG
ASR	<u>7.81 BG</u>
Total	14.64 BG

Rainfall in the Peace River basin from October through January was about 12-inches – twice the historical average for that period

Mr. Anderson reviewed the historical monthly Peace River flow for the past 3 years. He stated that current river flows are about 1,000 CFS which is well above normal for the month of January. Currently

the Authority is only withdrawing 26 to 30 MGD from the river, which is enough to keep reservoir storage full

Reservoir storage as of yesterday is right at 6.8 BG. Mr. Anderson stated that the ASR system is still in storage mode with over 7.8 BG in storage.

Mr. Anderson said the Authority and its customers have about 105 MGD in average day production capacity. In the month of December, 26 MGD was delivered by the Authority and 46.5 MGD was produced by Authority customers for a total regional production of 69.15 MGD. Of that amount, about 3.5 MGD was exported to non-Authority customers. This makes the total water demand for Authority Customers approximately 65.6 MGD for the month.

Mr. Anderson reviewed the current demand and supply conditions for each of the members/customers for the month of December and the cumulative historical annual average usage of the region.

Commissioner Doherty stated that he would like to see the net usable amount of water in the reservoir and the ASR system reported every meeting if possible. Assuming these volumes are calculated using the entire cross section of the facilities, and knowing that we would never withdrawal the reservoirs down to the bottom, what does that realistically equate to in total usable amount?

Mr. Anderson agreed that the reports can be updated to include this requested information.

2. Solar Together – an FP&L Shared Solar Program

Richard Anderson presented the Board with an overview of the ‘Solar Together Program’ being offered Florida Power & Light.

The program is designed to allow existing FPL Commercial/Industrial customers participation in large scale solar projects currently being planned and constructed by FPL. The subscription-based program offers customers the opportunity to purchase a solar subscription at a long-term monthly fixed cost. In exchange for the monthly fixed cost investment in FPL’s solar program, participants receive a monthly bill credit that increases over time. The estimated simple payback period is projected to be 5-7 years.

The Authority is currently pre-registered for the program, which reserves our opportunity to enter the program while maintaining our option to leave the program without penalty. The program is scheduled for PSC approval in 2019 and implementation in early 2020.

Commissioner Doherty asked if the process for starting the program has begun and if we knew whether or not FPL had filed their PSC petition yet. Also, if there were any other milestone dates where PSC would have hearings or workshops to update everyone on progress between now and the projected program start date.

Mr. Anderson stated that the FPL timeline shows putting the petition paperwork together now and filing it by March 1st. He said he was unaware of any other specific milestone dates, but would stay on top of that.

Commissioner Maio asked for confirmation that once PSC finishes their part, our staff will be bringing this program option back to the Board of Directors for a vote before final opt in.

Mr. Anderson confirmed that yes that is the planned course of action.

3. ASR Operations Permit Application Update

Mike Coates provided the Board with an update on the progress of the Authority's application to renew and modify the Aquifer Storage and Recovery system (also known as ASR) operations permit.

On February 19, 2018 the Authority filed a timely application with the FDEP for renewal and modification of the Peace River Facility ASR Operations Permit, which was set to expire in April 2018. The permit application requested authorization to continue use of fully treated drinking water for recharge and storage in ASR Wellfield 1, and use of either fully treated drinking water or partially treated surface water (at the Authority's option) from the reservoir system in ASR Wellfield 2. The use of partially treated water from the reservoir for recharge and storage was supported by results from a pilot testing program (completed in January 2018) conducted at ASR Wellfield 2.

Mr. Coates explained to the Board that he expected to have more to report today on this project – but the permitting process is moving slowly. The Authority has been through multiple meetings, completed the required information submittals, and the FDEP declared the application complete in mid-October 2018. At this point we have been informed that the FDEP is awaiting a meeting with the USEPA to discuss ASR and other issues, and until that meeting takes place – there will not be any action taken on our permit application. In the meantime, we remain able to operate under the existing permit.

Commissioner Doherty asked for clarification as to who is taking the lead for us in the EPA - FDEP discussions.

Mr. Coates stated that the Authority is not involved in those discussions because they are just between the US EPA and the FDEP and related to broad policy issues.

Commissioner Trace stated for the record that she is still opposed to putting non-treated water down into the ground. She continued that she has no problem with trying to see what the state has to say on the matter, but she's not sure that one- or two-years' worth of research on the matter is enough.

4. Comprehensive Annual Financial Report and Independent Auditors' Report

Ann Lee provided the Board with a presentation outlining the financials for Fiscal Year 18 and reviewed the Agency's decision to present these financials as part of a Comprehensive Annual Financial Report (CAFR) this year.

Ms. Lee explained that a CAFR is a detailed presentation of the agency's financial condition. The report is regulated by standards as set forth by the Governmental Accounting & Standards Board (GASB), and it is intended to provide a wide variety of information in order to assist in the understanding of the basic financial statements.

Ms. Lee stated that the GFOA offers a certificate program for submittal of an agency's CAFR called the Certificate of Achievement for Excellence in Financial Reporting. The program is intended to encourage & assist agency's with preparing comprehensive annual financial reports that evidence the spirit of transparency and full disclosure, and then to recognize individual governments that succeed in achieving that goal.

The firm of Purvis Gray & Company completed the annual audit of the Authority's financial records for the fiscal year ending September 30, 2018. There were no matters involving the internal control over financial reporting or significant deficiencies in operation noted in the audit that would be considered a material weakness.

Ms. Lee stated that the staff recommends the Board ‘receive and file’ the Comprehensive Annual Financial Report and Independent Auditors’ Report of the Authority for period ending September 30, 2018, and approve its submittal to the GFOA Certificate of Achievement for Excellence in Financial Reporting Program, pending the changes related to GASB 68 & 75.

Motion was made by Commissioner Doherty, seconded by Commissioner Trace, to receive and file ‘Peace River Manasota Regional Water Supply Authority FY 2018 Comprehensive Annual financial Report and Independent Auditor’s Report’ as submitted and approve its submittal to the GFOA Certificate of Achievement for Excellence in Financial Reporting Program, pending the changes related to GASB 68 & 75..

5. Budget Process for FY 2020

Ms. Lee reviewed the process and schedule for the preparation of the budget for FY 2020 for Board consideration and direction:

Schedule for FY 2020 Budget	
Date	Event
February 26, 2019	Authority Board Meeting – Budget Process
April 3, 2020	Authority Board Meeting – Adopt FY 2020 Tentative Budget
May 29, 2019	Authority Board Meeting
July 31, 2019	Authority Board Meeting – Public Hearing and adoption of FY 2020 Budget

The budget principles of the Authority include making sure we meet MWSC obligations [34.7 MGD]; meeting the Customer water demand projections for FY 2020 and planning for long term water demands; investing to maintain infrastructure; maintain financial stability/bond ratings; and maintaining reasonable water rates.

Ms. Lee discussed the items considered during the budget preparation for FY 2020. This includes: operating treatment costs; staffing; budget priorities and CIP initiatives.

Commissioner Doherty recommended a special meeting or workshop on the budget. He stated that he was aware of the upcoming planned administrators meeting on February 22nd and wondered if another meeting between that one and the next regularly planned Board Meeting on April 3rd where the tentative budget is expected to be reviewed would be helpful. Commissioner Doherty then said it would probably be best to hold off on a vote for this until the next agenda item was presented.

6. CIP Funding Update and Discussion

Mike Coates along with Eric Grau and Mike Burton of Stantec Consulting continued policy discussions regarding funding options for the Authority’s CIP projects, classification of various types of CIP projects, and how new connections to the regional water supply system will be accomplished and cost-shared. At the December 5, 2018 Board meeting Authority staff received direction to meet with the Customers and their rate consultants to discuss these issues, and a meeting was held with Customers Professional Staff and Customers rate consultants on January 9, 2019 to advance those discussions. Mr. Coates and Mr.

Grau summarized the previously presented materials on these issues, reviewed what was learned from the January 9th meeting, and solicited Board direction and preferences for further discussion on these issues at the scheduled February 22, 2019 meeting with the County and City Administrators.

Commissioner Doherty commented that he has talked to the Charlotte County Utility Director and Administrator, and as a whole the county does not use capacity fees. In fact, a public hearing is being held next week to consider raising rates. He stated that defining what the Authority needs and when they need it as quickly as possible will help Charlotte in determining their own CIP.

Commissioner Maio stated that he feels like the workshop that Commissioner Doherty mentioned is important because he has no intention of getting ahead of his own Board in his role with the Authority. He said that he has his own personal opinion on rate indexing which is probably going to be positive as he does not want to see big jumps but what we tie that rate indexing to is the next big question. A water distribution system development fee is going to be a subject of a great deal of discussion when he gets in front of his Board, and he would like to have follow-up discussions with his County Administrator, Utilities Director and his staff.

Commissioner Doherty agreed and stated that he thinks that the Authority and consultants are heading in the right direction. Breaking out the debt component from the base makes some sense but that would be a decision of his full Board. Commissioner Doherty asked if this can be done as Board policy – defining common benefits projects and the methodology.

Mr. Manson replied that it depends on the specifics of what we are looking to do. There is a lot of latitude within the master water supply contract, such as how you do budgeting and how you charge things, but there are also some limitations. So, we would have to look at a specific proposal to see if we would need to amend the contract or if it is something the Board can implement by policy.

Commissioner Doherty asked that Mr. Manson and Mr. Lehman get together before the workshop in April and come back with the items that may require amendment of the master water supply contract.

Mr. Lehman stated that we have an administrators meeting set for February 22nd to discuss these issues and what we have heard today. The next Board meeting is April 3rd and our governing documents call for a tentative budget by May 15th. We also have a Board meeting on May 29th. Mr. Lehman asked General Counsel, if it's an option to push that tentative budget delivery to the May 29th meeting to allow the Board time to consult with their staff and allow time for a workshop along with the April 3rd Board meeting?

Mr. Manson replied that the Board has the option to push the tentative budget meeting to the May 29th meeting.

The Board gave consensus to move the FY 2020 tentative budget meeting to the May 29th Board meeting.

GENERAL COUNSEL'S REPORT

1. Peace River Facility Cooperation Settlement Agreement Update

The Authority Board of Directors approved the Peace River Cooperation Settlement Agreement on December 19, 2018. The boards of the other litigants have also approved the agreement. Mr. Manson explained that the next step is that the SWFWMD at their February 26th meeting will consider approval of

the modification of the permit that all the parties agreed to Mr. Manson noted that there are pending talks and a draft interlocal between the Authority, the Co-op and potentially Lakeland. The language for the interlocal is expected to be available for our Board at our April 3rd meeting. This is not a requirement of the settlement agreement; this is to build cooperation going forward to avoid what we ran into here and to share resources on the protection of the Peace River.

EXECUTIVE DIRECTOR’S REPORT

1. Legislative Update

Mr. Lehman provided the Board with a legislative update. Authority staff has attended and presented at all four county delegation meetings, as well as in Tallahassee. Senator Grant and Senator Albritton are sponsoring our request for state appropriation of \$1M for the Partially Treated Water ASR Project.

Mr. Lehman also announced that we recently received a letter from the DEP, and he is proud to say that we will receive the 2018 Drinking Water Operations Excellence Award.

ROUTINE STATUS REPORTS

There were no Board comments on routine status reports.

BOARD MEMBER COMMENTS

There were no Board member comments.

PUBLIC COMMENTS

There were no additional public comments.

ANNOUNCEMENTS

Next Authority Board Meeting
Wednesday, April 3, 2019 @ 9:30 a.m.
Manatee County Administration Center
Patricia M. Glass Commission Chambers
1112 Manatee Ave. West, Bradenton, FL

Future Authority Board Meeting
Wednesday, May 20, 2019 @ 9:30 a.m.

ANNOUNCEMENTS

There being no further business to come before the Board, the meeting adjourned at 11:35 a.m.

BOARD APPROVED

APR - 3 2019

Peace River Manasota
Regional Water Supply Authority


Chairman