

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

May 27, 2020

Board Members Present:

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

Staff Present:

Patrick Lehman, Executive Director
Mike Coates, Deputy Director
Doug Manson, General Counsel
Kevin Morris, Engineering & Projects Manager
Ann Lee, Finance & Administration Manager
Richard Anderson, System Operations Manager
Terri Holcomb, Resource Management & Planning 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 Doherty called the meeting to order at 9:30 a.m.

INVOCATION

Commissioner Langford offered the invocation.

PLEDGE OF ALLEGIANCE

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

WELCOME GUESTS

Welcoming remarks were made by DeSoto County Commissioner Elton Langford.

PUBLIC COMMENTS

No public comments were made.

CONSENT AGENDA

Commissioner Doherty requested Item 6 be pulled from Consent.

1. **Approve Minutes of January 31, 2020 Board of Directors Meeting**
2. **Approve Minutes of January 31, 2020 Board Workshop**
3. **Approve Resolution 2020-01 ‘Recognition of the Month of April as Water Conservation Month’**
4. **Approve Resolution 2020-02 ‘Recognition of National Drinking Water Week’**
5. **Ratify Contracts for Purchase of Water Treatment Chemicals with the recommended lowest responsible and responsive bidders executed by the Executive Director per emergency procurement.**
6. **Ratify Authority participation in the Florida Power & Light, Inc. ‘Solar Together Program’ effective with the April 2020 billing cycle.**
7. **Approve Professional Services Evaluation Committee recommendation and authorize the Executive Director to execute the Investment Banking Services Contract with Raymond James as Senior Underwriting Manager and retain PNC and UMB as Co-Managers.**
8. **Set a Public Hearing for FY 2021 Budget for August 5, 2020 at 9:30 a.m., Charlotte County Administration Center, Commission Chambers, Room 119, 18500 Murdock Circle, Port Charlotte, Florida.**
9. **Approval to Receive and File Authority Financial Reports:**
 - a. **Mid-Year Financial Report for FY 2020**
 - b. **Semi-Annual Investment Report for March 31, 2020**
10. **Approve extension of Agreement for Financial Advisory Services with FirstSouthwest, a Division of Hilltop Securities, Inc. through July 31, 2023.**
11. **Approve Amendment No. 1 to Work Order No. 3 to Ardurra Group Inc. Phase 1 Interconnect Construction Phase Services increasing the compensation by \$190,256 to a revised total amount not-to-exceed of \$1,087,726.**

Motion was made by Commissioner Langford, seconded by Commissioner Trace, to approve the Consent Agenda, with the exception of Item 6. Motion was approved unanimously.

6. Ratify FPL SolarTogether Subscription

Commissioner Doherty asked for confirmation that joining this FPL program now would not prevent our ability to do solar on the property ourselves.

Mr. Manson confirmed that is correct. The agreement has a 30-day termination at will clause. Following that notice we may go forward with any option that we wish.

Motion was made by Commissioner Trace, seconded by Commissioner Langford to ratify Authority participation in the Florida Power & Light, Inc. ‘Solar Together Program’ effective with the April 2020 billing cycle. Motion was approved unanimously.

REGULAR AGENDA

1. Water Supply Conditions – Staff Presentation

Richard Anderson presented the Water Supply Conditions at the Peace River Facility as of January 15, 2020.

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

May Water Demand	32.15 MGD
May River Withdrawals	00.00 MGD
<u>Storage Volume:</u>	
Reservoirs	4.72 BG
ASR	<u>8.22 BG</u>
Total	12.94 BG

Mr. Anderson also reviewed the current demand and supply for each of the Authority customers for the month of April 2020.

2. Peace River Regional Reservoir No. 3 Project (PR³) Consultant Selection

Terri Holcomb reviewed that as part of the consultant selection process for the Peace River Regional Reservoir No. 3 (PR³) Project, the Board elected at their January 31, 2020 meeting to interview the top two shortlisted consultants for the project. Ms. Holcomb explained that Stantec and HDR will each be allowed up to 20 minutes for a presentation/interview with the Board followed by a Questions/Answer period. Following the interviews, Board ranking of the consultants is requested and the authorization for the Executive Director to negotiate a Professional Services Contract with the highest ranked firm.

Following the presentations/interviews, Mr. Manson opened the floor for Board discussion to provide a ranking for the two remaining teams.

Commissioner Trace stated that she was very much impressed by both presentations and felt that we could not go wrong with either choice. She said she felt HDR was a little bit more forward in their thinking but also knows that Stantec has done a lot of work with the area. So, do you go with somebody that is more forward thinking or do you go for someone that you know has successfully done the job. Ultimately, when you're making the choice it is all about personalities and trust in her mind.

Commissioner Maio commented that this is a difficult sort of situation and expressed sympathy for the team of people that must stand in front of the Board and try to compress decades worth of knowledge and experience into an allotted amount of time. He stated that he does have to say that what HDR is talking about is what he considers significant changes to the way our last reservoir was done. Stantec suggested some changes, but HDR is out in front and thinking forward with what they are saying and have presented, and that is what separated the two in his mind.

Commissioner Langford added that both sides have done an excellent job with their presentations and now it basically comes down to the Board to decide. Staff have thrown it to the Board members to either be the good guy or the bad guy with which team ends up being awarded this contract. Commissioner Langford

continued that ultimately, it boils down to the fact that both teams are comparable and either one could do the project. But he agrees with Commissioner Maio and likes the concepts and changes that HDR talked about in their presentation. They sparked his interest and with that said, in his ranking he would have to place HDR above Stantec.

Commissioner Doherty said that he too thought HDR's presentation was both interesting and innovative. However, when looking at the record of Stantec on the property and their national experience with this kind of project, that is a pretty strong pull for him. Also, we can look at the organizational charts for each company. From the project management prospective, the simplicity of Stantec's organizational chart is a very strong point. HDR's is really complex, and while it is not unreasonable, there is a lot to manage there.

Motion was made by Commissioner Trace seconded by Commissioner Doherty to approve ranking of consultants with Stantec as number one and HDR as number two. Motion failed two-to-two with Commissioner Maio and Commissioner Langford voting no.

Mr. Manson explained that the procedure with a split vote is that the motion fails with the availability of a second motion and a revote. At that point, if we do not receive a majority three-member vote from the Board on the ranking of the consultants for the project then we would go back and restart the procurement process for the project.

Commissioner Langford stated that he would like to make that motion to accept HDR as the top ranked consultant and the reason he felt so strongly about doing so is along the lines of the comments that Commissioner Doherty made regarding the amount of people on their organizational chart for the project. He said that he knows Stantec's history with the Authority and he hears the concerns that Commissioner Doherty voiced for ease on the project management side of things. But for this project, what we need now is the innovation and the forward-thinking new ideas that each of those people coming in and listed on HDR's organizational chart are going to bring to the table.

Commissioner Maio added that again, both consultant interviews were great. But HDR's presentation was overall more thorough in their examination with the intakes, the cross connections, and the changes in design.

Commissioner Doherty commented that he did not want to go back out on the street and restart the procurement process for this project. It would not be good for the Authority or the members and we already have quite a bit of lost time here. He clarified that the main concern with his earlier comments was with the structure of the team and how easy it would be to manage, not for their qualifications. So, he will be switching his vote.

Motion was made by Commissioner Langford seconded by Commissioner Maio to approve the ranking of Consultants and authorize Executive Director to negotiate Contract for the Peace River Regional Reservoir No. 3 (PR³) Project with the highest ranked Consultant to bring back for Board action. Motion was approved three-to-one with Commissioner Trace voting no.

3. Acquisition of Project Prairie Facilities

Mike Coates reviewed the regional acquisition of the Project Prairie Facilities as previously discussed with the Board during the January 31, 2020 Board workshop.

These facilities are located in DeSoto County on U.S. 17 near the Charlotte/DeSoto County line. The Authority owns some existing facilities at the site including a production well, metal storage building, aeration tower and clearwell. DeSoto County owns a 500,000-gallon finished water storage tank, 5 MGD

booster pumping station and chemical feed system, yard piping and a 400-kilowatt emergency generator on site.

In December 2019, Stantec completed a condition assessment and valuation of the DeSoto County Project Prairie Facilities. Results indicate a fair market value of \$748,731.53 for the County-owned facilities proposed for regional acquisition. These facilities are strategically located to support current and future regional operations, serving as a hub for deliveries from existing and future supplies between the City of Punta Gorda, Desoto County and the Regional System. Funding for the acquisition is proposed through amendment of the work plan in the existing Phase 1 Regional Interconnect funding agreement with SWFWMD, with no increase required in the total budgeted amount of the cooperative funding agreement.

Based on feedback in the January 31, 2020 Board workshop and subsequent discussion with DeSoto County staff and SWFWMD, staff recommends Board acceptance of the Interlocal Agreement Between Peace River Manasota Regional Water Supply Authority and DeSoto County for Regional Acquisition of the Project Prairie Facilities and transmittal to DeSoto County for approval.

Commissioner Maio stated that he will gladly make the recommended motion with the understanding that DeSoto county is in favor of this and that Authority staff has interfaced with SWFWMD to confirm that there is no issue with the funds being used here.

Mr. Coates confirmed that there has been verbal discussion and approval from SWFWMD staff on this. Mr. Manson added that the agreement of course is contingent on gaining written approval for the funds from SWFWMD as well.

Motion was made by Commissioner Maio seconded by Commissioner Trace to accept the Interlocal Agreement Between Peace River Manasota Regional Water Supply Authority and DeSoto County for Regional Acquisition of Project Prairie Facilities and send to DeSoto County for approval. Motion was approved unanimously.

4. 5-Year Capital Improvements Plan & 20-Year Capital Needs Assessment

Kevin Morris presented to the Board the Authority's 5-Year Capital Improvement Plan (CIP) and 20-Year Capital Needs Assessment (CNA) for the Period 2021 – 2040. The CIP and CNA define a roadmap which captures the vision of the Board for how the organization will grow to serve current and emerging customer needs and adapt to changes in the region. The CIP and CNA are both flexible planning documents which are revised annually to reflect priorities created by new information, opportunities and growth/development pressures. These documents also help the Authority communicate capital funding needs to vitally important stakeholders like the Southwest Florida Water Management District to support cooperative funding of regional project which help to offset Authority Customer costs.

The Authority formulates its budget on an annual basis and while the 5-Year CIP is an important part of that process, it only substantively affects each subsequent year's budget. It does, however, reflect the Board's commitment to continuing projects as well as those capital projects which fall in the near-term planning horizon. The 20-Year CNA includes the 5-Year CIP but looks beyond the near term where planning becomes less certain.

A total of 18 projects are identified in this CIP/CNA update, although two projects are continuing and are scheduled to be completed in the first year. The projects range in value from \$1 million to \$242 million. Capital planning has also identified \$293 million in potential offsetting cooperative grant funding for these collective projects based upon past participation by the Southwest Florida Water Management District.

Commissioner Trace thanked Mr. Morris for a job well done, the plan looks great. She continued by commenting that she believes it is important to stay conscious of what our members need and are projecting. Manatee County is currently projecting out to 2038 before that will need additional capacity and water. So, planning and knowing where we are going to get it is important but realize that building too early and then that we have too much capacity and we're not ready for it is just going to cost the members more money.

Commissioner Maio asked for clarification on a graphic shown during the presentation concerning the future of Laurel Rd. and for confirmation that we are not doing anything around moving the transmission lines there currently.

Mr. Morris replied that no, we are not. But we do recognize the forces at play seem to be leading in that direction, so we are trying to plan for it in case it comes through.

Commissioner Maio commented that he would just say that it is being spoken about privately between Venice City Council and Sarasota Government and a decision will be coming but not right now and that we may want to continue to interact with those jurisdictions because there might be a possibility that the big pipeline does not have to be moved.

Motion was made by Commissioner Maio seconded by Commissioner Langford to adopt the '5-Year Capital Improvement Plan (CIP) and 20-Year Capital Needs Assessment (CNA) for the Period 2021-2040'. Motion was approved unanimously.

5. 2021 Budget Issues

Mr. Coates presented the following items as follow-up to Board discussion at the workshop on January 31, 2020. The Tentative Budget for FY 2021 includes proposed changes.

- a. R&R Sufficiency
- b. Cooperative Funding Projects Local Match
- c. Disaster Recovery Reserve
- d. Integrated Rate Model

Commissioner Trace asked about the Disaster Recovery Reserve and if the target amount of \$1M for the reserve was appropriate. She asked if, going back to 2004, staff recalled what the out of pocket items or cost was to the Authority for Hurricane Charley.

Mr. Lehman replied that in 2004 with Hurricane Charley securing emergency generators and diesel fuel were big-ticket items. The cost was high and availability was scarce and cash was required right then and there to get it.

Commissioner Trace commented that she knows that debris pickup alone is huge and that it takes a long time for any money coming in from FEMA to arrive. She suggested that we may want to consider bigger diesel tanks, and that she felt the \$1M reserve target was probably a good start.

TENTATIVE BUDGET FOR FY 2021

1. Tentative Budget for FY 2021

In accordance with the ‘Second Amended Interlocal Agreement creating the Peace River Manasota Regional Water Supply Authority’, the Authority is required to establish a tentative budget no later than May 15th of each ensuing year [deferred by the Board to May 27, 2020 at prior Board meeting]. Mr. Lehman presented the proposed Tentative Budget for FY 2021 in the amount of \$51,267,201.

The Tentative Budget for FY 2021 has been be posted on the Authority’s website and distributed for continued review by Authority members, customers and the public. A public hearing is scheduled at which time the Board will adopt the final budget for FY 2021 during a regularly scheduled meeting on August 5, 2020.

Motion was made by Commissioner Langford, seconded by Commissioner Trace to approve the Tentative Budget for FY 2021 in the amount of \$51,267,201. Motion was approved unanimously.

2. Resolution 2020-03 ‘Resolution Setting Forth Preliminary Schedules of Rates, Fees and Charges for FY 2021’

Mr. Lehman presented Resolution 2020-03 formalizing the Board’s adoption of the Tentative Budget for FY 2021 and establishes its intent to set rates, fees and charges based upon the tentative budget. A public hearing is scheduled at which time the Board will adopt the final schedule of rates, fees and charges for FY 2021 during a regularly scheduled meeting on August 5, 2020

Motion was made by Commissioner Langford, seconded by Commissioner Trace to approve Resolution 2020-03 ‘Resolution Setting Forth Preliminary Schedules of Rates, Fees and Charges for FY 2021’. Motion was approved unanimously.

GENERAL COUNSEL’S REPORT

Mr. Manson presented a status report for the Board’s information.

EXECUTIVE DIRECTOR’S REPORT

Mr. Lehman presented a status report for the Board’s information.

ROUTINE STATUS REPORTS

There were no Board comments on routine status reports.

BOARD MEMBER COMMENTS

Commissioner Maio added that he had just received word and was excited to share that the Conservation Foundation of the Gulf Coast successfully raised the required \$1.5M to add to the state’s \$19.5M for the purchase of Orange Hammock Ranch. This is very, very, big news and a great success so thanks to all involved for making this deal a reality.

There were no additional Board comments.

PUBLIC COMMENTS

There were no additional public comments made.

ANNOUNCEMENTS

Next Authority Board Meeting and Public Hearing for FY 2021 Budget

Wednesday, August 5, 2020 @ 9:30 a.m.

Charlotte County Administration Center

Commission Chambers, Room 119

18500 Murdock Circle, Port Charlotte, FL

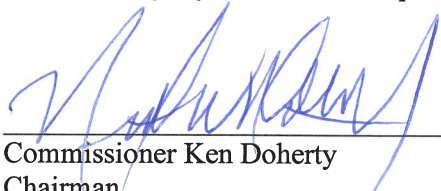
Future Authority Board Meetings

September 30, 2020 @ 9:30 a.m. - Manatee County Administration Building, Bradenton, Florida

December 2 @ 9:30 a.m. - DeSoto County Turner Agri-Civic Center, Arcadia, Florida

ADJOURNEMENT

There being no further business to come before the Board, the meeting adjourned at 12:32 p.m.



Commissioner Ken Doherty
Chairman

BOARD APPROVED

AUG - 5 2020

**Peace River Manasota
Regional Water Supply Authority**