

# Florida Governmental Utility Authority

## Board of Directors Meeting Minutes

Friday, April 28, 2006 2:00 p.m.

Polk County Administration Building

Room 413

330 West Church Street

Bartow, Florida 33830-3760

### **Board Members:**

Lea Ann Thomas, Chairman, Polk County  
Thomas Dick, Member, Citrus County  
Brian Wheeler, Member, Osceola County  
S. Ivan Velez, Alternate Member, Lee County

### **Staff Present:**

Robert E. Sheets, Systems Manager, Government Services Group, Inc. ("GSG")  
Charles Sweat, Director of Operations, GSG  
John Pelham, General Counsel, Pennington, Moore, Wilkinson, Bell & Dunbar, P.A.  
Crystie Carey, Utility Counsel, Nabors, Giblin & Nickerson, P.A.  
Gregg Pavitt, Chief Financial Officer, GSG  
Judi Gilbert, Clerk to the Board, GSG  
John Dunty, Operations Manager, GSG  
Yvette Hartsfield, Customer Service Manager, GSG  
Kevin Grace, Director of Contract Services  
David Miles, Special Projects Administrator, GSG  
Linda Schnauffer, Business Manager, GSG  
Dieudonne Thomas

### **Guests Present:**

Frank Schiraldi, Hoyle, Tanner & Associates, Inc.  
Joe Graziose, Severn Trent Environmental Services  
Ed Goscicki, Severn Trent  
John Hermann, Arcadis  
Bill Lynch, Arcadis  
Scott Covert, Lee County Attorney's Office  
Chris Traber, Nabors, Giblin & Nickerson, P.A. – Tampa  
Lisa Derryberry, SunTrust  
Stacey Johnson, SunTrust  
Lin Welch, Lin Welch Realty, Inc.  
Jim Moyle, Kimball Hill Homes

### **I - Call to Order**

Chairman Thomas called the meeting to order at 2:03 p.m.

**II - Invocation**

Brian Wheeler conducted the invocation.

**III - Pledge of Allegiance**

Chairman Thomas led everyone in the Pledge of Allegiance.

**IV - Public Comment**

There was no public comment.

**V - Public Hearing**

**PH 1** Other Items

There were no public hearing agenda items.

**VI - Minutes**

Approval of the March 16, 2006 Strategic Planning Session Minutes

Approval of the March 17, 2006 Regular Board Meeting Minutes

**Chairman Thomas asked if there were any additions or deletions to the minutes, there being none the Chairman asked for a motion to approve the Minutes of March 16, 2006. Mr. Brian Wheeler motioned to approve the March 16, 2006 Strategic Planning Session minutes. Mr. Velez seconded the motion. All were in favor and the motion was unanimously approved.**

General Counsel, John Pelham asked the Chairman to clarify who made the first motion and it was stated Mr. Wheeler moved to approve the motion.

**Chairman Thomas asked for a motion to approve the Regular Board meeting minutes. Mr. Brian Wheeler motioned to approve the March 17, 2006 meeting minutes. Mr. Velez seconded the motion. All were in favor and the motion was unanimously approved.**

**VII - Consent Agenda**

- CA 1** Acceptance of the Conveyance Close-out package for Golden Terrace Intermediate School 400 located in the Golden Gate Service Territory, Collier County, Florida
- CA 2** Acceptance of the Conveyance Close-out package for Golden Gate Intermediate School 600 located in the Golden Gate Service Territory, Collier County, Florida
- CA 3** Approval of the agreement between Avatar Properties, Inc. and the Florida Governmental Utility Authority (FGUA) to convey a utility easement that currently contains pipelines on a section of Laurel Avenue in the Poinciana Utility System
- CA 4** Approval of Award to A.C. Schultes of Florida (ACS) and authorization for the Chair to execute the Standard Construction Agreement with the low bidder for FGUA Projects LE 003 Lehigh Acres and GG 008 Golden Gate Utility Systems

- CA 4a** Approval of Work Authorization GSG 06-21 for the Inspection Services regarding Raw Water System Improvements and Expansion for the Lehigh Acres System, FGUA Project No. LE 003
- CA 4b** Approval of Work Authorization GSG 06-26 for the Inspection Services regarding Raw Water System Improvements and Expansion for the Golden Gate Utility Systems, FGUA Project GG 008
- CA 5** Ratification of Amendment No. 1 to Work Authorization HTA 05-08 with Hoyle, Tanner & Associates, Inc. (HTA) for Consulting Engineering Services for Citrus County Utility System, Project Nos. CI 006 & CI 106, Citrus Springs Water Line Infill Project
- CA 6** Approval of Amendment Number 1 Work Authorization HTA CI GS 2006 with Hoyle Tanner & Associates Inc. for Consulting Engineering Services in the Citrus County Utility System on an As-Requested Basis
- CA 6a** Approval of Budget Amendment 2006-15 to provide funding for Work Authorization HTA CI GS 2006
- CA 7** Ratification of Work Authorization GSG 06-25 to provide temporary staffing assistance to the Polk County Utilities Department
- CA 7a** Approval of Budget Amendment 2006-16 to Provide Service to Polk County on a Contractual Basis

The Chairman stated she had one change to CA 7a and said the way she read this agenda item concerning the services for Polk County was that Polk County would be reimbursing for all of the services except for one, and that purchase order was where Polk County is paying half of \$12,500, with Arcadis paying \$12,500 and the FGUA paying \$12,500. Mr. Sweat replied that this is a different work order than the one the Chairman was addressing. Mr. Kevin Grace stated that there are two separate Purchase Orders that this Budget Amendment addresses, both from Polk County for \$138,000 for the staffing and then there is a \$24,500 purchase order for Polk County for that second portion. The Chairman asking for clarification that this agenda item had nothing to do with the joint study with Arcadis and it is just coincidental that the numbers were similar. Mr. Grace stated that was correct. The Chairman stated with this clarification to agenda item CA 7a she had no objection to the Consent Agenda items.

- CA 8** Approval to begin negotiations to provide water and wastewater services for the Caloosa 80 Development
- CA 9** Other Items

**Chairman Thomas then asked if there were any additions or deletions to the Consent Agenda. Mr. Ivan Velez motioned to approve Consent Agenda Items CA 1 through CA 8. Mr. Brian Wheeler seconded the motion. All were in favor and the motion was unanimously approved.**

Mr. Wheeler inquired as to the necessity to include all the acceptance close-out packages in the agenda books. Mr. Wheeler asked staff when they would be going to a paperless agenda, stating it would be extremely easier to manipulate. Mr. Sheets asked the Chairman if he could address Mr. Wheeler's inquiry. Mr. Sheets stated it is staff's objective to convert to a paperless agenda, as was stated at the Strategic Planning Session, by the fall of 2006. Mr. Wheeler then commented that by including everything it has increased the size by at least 1-inch. Mr. Pelham stated the reason that this close-out package was so large was that it included a former assessment district, which made this acceptance more voluminous than normal.

The Chairman asked to move agenda item SM 4 which pertains to the Severn Trent Contract forward for discussion since there were a number of people in the audience who were present specifically for this agenda item. Mr. Sheets asked the Chairman to reconsider her order and move forward with agenda items FA 1 and FA 1a, which relates to the Citrus Line of Credit debt issue. The Chairman had no objection and asked if the Board had any objection to moving SM 4 forward after FA 1 and FA 1a, there being no objections Chairman Thomas asked Mr. Miles to address the Board on FA 1 and FA 1a.

**VIII - Finance and Administration**

**FA 1** Approval of Resolution 2006-05 Authorizing the Issuance of a Bank Line of Credit in the Citrus Utility System

**FA 1a** Approval of Engagement Documents for the Citrus Line of Credit Debt Issue

Mr. David Miles stated in December 2005 the FGUA covered three (3) of the four (4) proposed funding initiatives for the FGUA for FY 2006 budget. The one system that was not done was the Citrus County system. As a result of some of the changes that have occurred in the transition of that system, it was decided to move from a 30-year bond issue to a line of credit proposed issuance. Mr. Miles said what was proposed regarding the existing \$5M 2004 line of credit was to add two additional years to the maturity period and an additional \$8M which raises the total amount from \$5M to \$13M. Mr. Miles indicated the intent was to only draw the money as required to do the capital projects that were laid out for the 2006-2007 proposed budgets. Mr. Miles stated this will allow a smoother transition of the Citrus County system. He stated that present at the meeting were representatives from the trustee, SunTrust and a representative from Nabors, Giblin & Nickerson, our bank loan attorney, who has put together the bond resolution which is attached to FA 1 in this motion. Mr. Miles asked that the Board also include in this motion FA 1a which includes the engagement documents for those entities which were not previously engaged in long-term agreements which are GSG and counsel at Pennington law firm.

**Mr. Thomas Dick motioned to approve FA 1 and FA 1a. Mr. S. Ivan Velez seconded the motion. All were in favor and the motion was unanimously approved.**

Mr. Sheets stated for the record that all of this was accomplished in a very short timeframe, and it was largely due to Bank of America's cooperation in accommodating the staff's schedule to get these projects before the Board.

The Chairman then requested the System Manager to address SM 4 the Severn Trent Contract

**SM 4** Other Items

Mr. Sheets referenced a Memorandum that was forwarded to the Board regarding the status of the Severn Trent (ST) amended and restated agreement that was to be brought back to the Board for approval. Mr. Sheets restated that the Board had clearly expressed its desire that this amended and restated agreement meet certain criteria. The first aspect of the criteria was that this could not be priced that it would necessitate a rate increase; the second aspect was it had to be consistent with the FGUA 5-year proforma for the operating budgets; the third aspect was the very specific performance standards and measures, outlined in the original RFP, that the Board insisted be part of this document; the fourth criteria was that the commitment made by ST in their last proposal for service level enhancements must be included in this amended and restated agreement, and the last criteria was the commitment made by ST that their proposal prices would serve as a ceiling, and not a minimum in terms of any negotiation. Mr. Sheets said he could provide the Board absolute assurance that the staff was able to meet all of those standards in a very short

span of time, and both the FGUA staff and ST worked long hours to get this accomplished to bring to the Board at this time. Mr. Sheets said he was hesitant to call it a model agreement, but felt that many communities would love to have such an agreement in terms of its key requirements, measures and standards. Mr. Sheets said the Memorandum outlined certain segments that they thought were either key provisions or variations from the US Water/Wade Trim agreement or noted requirements that the contract itself does have modifications from the one with US Water/Wade Trim. He said he believed this amended and restated agreement with ST affords the Board and the staff the ability to inspect, demand and measure enhanced levels of performance and enhanced levels of accountability. Mr. Sheets stated that ST has shown their commitment not only on the proposal, but in their commitment to assigning additional senior level personnel whose only corporate responsibility will be in serving the FGUA. Mr. Sheets presented to the Board the amended and restated agreement with Severn Trent for the Citrus County Utility System. Mr. Sheets stated that John Pelham could provide more detail information on the logistical process if the Board had any questions. Mr. Sheets said that he would also be happy to answer the Board's questions.

Mr. Pelham stated if the Board was inclined to move forward with this agreement at this time the appropriate procedure would be to authorize the Chair to execute this operation agreement with Severn Trent (ST) for each of the systems, and we would conform the Poinciana, Golden Gate and Lehigh Acres documents to the Citrus County documents. Mr. Pelham said that basically the only items to be replaced would be staffing plans and the dollars. Mr. Pelham stated that Kevin Grace, Joe Graziose, Ed Goscicki and himself all agreed on the conforming items. The conforming process would only be to replace the staffing and the numbers.

The Chairman asked Mr. Pelham to restate how the motion should be stated.

Mr. Pelham responded it should be to authorize the Chair to the execute the amended and restated Utility Operations, Maintenance, Billing and Customer Service Agreement for the Citrus County Utility System and each of the other systems when conformed to the terms outlined in the Citrus County agreement.

**The Chairman asked for a motion to approve the authorization by the Chair to execute the amended and restated Utility Operations, Maintenance, Billing and Customer Service Agreement for the Citrus County Utility System and each of the other systems when conformed to the terms outlined in the Citrus County agreement. Mr. Thomas Dick move to approve the motion and it was seconded by Mr. Wheeler.**

The Chairman asked if there was any discussion.

Mr. Dick stated he wished to personally thank Mr. Charles Sweat for walking him through the agreement in a very short period of time. He said he could tell that a lot of effort went into this and stated that they felt it is a contract that will protect the interests of the Citrus County residents. He also said it is a very good agreement in terms of, if the County should move forward on the acquisition of the system they feel this contract will play well into that process.

Mr. Brian Wheeler then asked if the performance standards were drastically changed from the contract that they originally had with US Water/Wade Trim. He just wanted to if it was what in particular changed.

Mr. Pelham responded that there was at least one change, in a timeframe from one hour to two hours once an emergency condition is discovered. It had been that they had to initiate corrective activity within one hour, and believed it had been changed now to two hours. Mr. Pelham asked Mr. Sweat if his recollection was correct.

Mr. Sweat agreed this was correct. Then Crystie Carey added that the only other change was that a meter reading changed from two days to two business days.

Mr. Wheeler said that it appeared that nothing substantive had really changed in the contract.

Mr. Pelham asked the representatives from ST if they could recall any other changes. Mr. Graziose from the audience said it was only those two items that he also recalled as being changed.

Mr. Brian Wheeler stated he echoed what was stated by Citrus County that there has been a lot of work put into this agreement and a lot of good things have been included from the previous contract. Mr. Wheeler went on to say to the ST representatives that the incident that occurred in Poinciana, if it had occurred sixty (60) days ago, he did not know if he would be supporting this agreement, and would have wanted more time to review and think about approving this arrangement. Having said that, he said this is not an auspicious beginning concerning the incident that occurred in Poinciana. He said it does not reflect well on the quality of service and the expectation that he has for Poinciana residents. He said it had created quite a stir within the Osceola County political community due to the Department of Environmental Protection (DEP) letter that was circulated among the public. Mr. Wheeler stated that they had to respond and address the issue and as a result of this he wanted to express to ST that it was his expectation that they would not see a repeat of this type of action, in any of the systems. Mr. Wheeler stated he hopes that the level of service will improve from what has occurred in the last several weeks in Poinciana and this will represent a better beginning than seen in the past.

Mr. Sheets said he wanted to assure the Board that they also do not want to see an incident as discussed by Mr. Wheeler to occur and the staff is taking this very seriously and will keep the Board apprised as they move forward with discussions with DEP and ST on what is being done to remedy those conditions. Mr. Sheets said that everyone went into the negotiations knowing the history on both sides. Mr. Sheets stated he could say with no reservations that ST corporate has put their full weight and support behind improving this amended contract and their service. Mr. Sheets said he does not want to speak on ST's behalf, but understands that ST views this as a new contract. Mr. Sheets said they are looking for better information from ST, and it was his understanding that they were bringing in individuals with specialized national technical knowledge to review their own process and this was something that was discussed during the negotiation process. Mr. Sheets stated they are going into this feeling very confident the commitment is there to see a better operation and a lot of recommendations have come forth from ST and it will be their responsibility to address and provide this service. Mr. Sheets said he was very confident that the commitment and resources are there and as a result will see a new and better operation.

Mr. Wheeler stated that the contract provides the FGUA the ability to demand the performance from ST, if the performance is not there. The contract provides a level of accountability that we did not have in the past and that is why he was supporting this contract. However, he said he did want to send the message to ST that this was not to be a continuation of the past and that there is a higher level of expectation than has been there in the past.

Chairman Thomas said the only comment she wanted to make was she could vouch for the amount of time that went into the process having been the Board's appointee on the negotiation committee. The Chairman stated she attended two full days of meetings and knew there were countless hours in between and she said she appreciated everyone's contribution from ST and the FGUA staff. She said it gave her a greater appreciation of what goes into this type of contract and thanked everyone for their efforts. The Chairman then stated there being no further comments she asked for a vote.

**All were in favor and the motion was unanimously approved.**

Mr. Pelham brought to the Board's attention that the only outstanding issue is the Citrus Billing Agreement which they did not have time to complete prior to the Board meeting. He stated he anticipated the Citrus Billing Agreement would have the same, to the extent that is possible, language and would conform to the same basic agreement. He said that the FGUA does have a separate arrangement with Citrus County and the

amendments that were made in the basic agreement may not be possible in the billing agreement and it would need to be approved by Citrus County. He said this is the process that they will need to be accomplished and hope to bring this agreement back at the next board meeting.

**FA 2** First Quarter FY 2006 Financial Report

Chairman Thomas then directed the Board back to the regular agenda and agenda item FA 2.

Mr. Gregg Pavitt provided to the Board in the abstract a summarization of the financial report of the first quarter and he stated he also provided a Powerpoint presentation in the agenda book that provided more detail in operations and capital. Mr. Pavitt said he would leave it to the Board's discretion on whether they wanted him to present the Powerpoint presentation or if the Board simply wanted to review the information provided. He said he would be happy to answer any questions the Board may have on this agenda item. It was being provided for information only.

**The Chairman asked the Board if they had any questions, there being none the Chairman moved to agenda item FA 3.**

**FA 3** Approval of Work Authorization GSG 06-19 with Government Services Group, Inc. for establishing special assessments for water distribution system line extension in the Citrus Springs Community, Citrus Utility System

**FA 3a** Approval of Budget Amendment 2006-17 to Provide Funding for FA 3, Work Authorization GSG 06-19 with Government Services Group, Inc. for establishing special assessments for water distribution system line extension in the Citrus Springs Community, Citrus Utility System

Mr. David Miles asked the Board to consider agenda items FA 3 and FA 3a together. FA 3a is a Work Authorization for a continuation of a work authorization which was originally approved in December 2004. Since there is only one Board member who was on the Board at that time, he explained that this was during a period of time when funds were short in the Citrus Springs community as a result of the Topeka Line Extension Agreement and it was proposed at that time to use special assessments as a method of resolving the funding shortfall. Mr. Miles stated, as mentioned before, that a work authorization was prepared and consummated. Mr. Miles said there was considerable amount of time spent in 2005 on this work authorization, specifically in obtaining the approval of the Citrus County Water and Wastewater Regulatory Authority, which was accomplished by two Final Orders in December 2005 and in January 2006. He said this cleared the way for those special assessment districts, and most of the work on this was targeted for the 2005 tax bills and now has to be redone for the 2006 tax bills. Mr. Miles said this is now a follow-on work authorization for the special assessment district for Citrus Springs in order to continue the efforts to fund the shortfall problem with the Topeka Line Extension Agreement. He said this dovetails with the financing that was done on the FA 1 approval earlier and these two would work in tandem. Mr. Miles concluded by saying there is a budget amendment that will use the proceeds of the financing of FA 1, and it is agenda item FA 3a before them. Mr. Miles stated that he would be happy to answer any questions that the Board may have on this agenda item.

Mr. Sheets commented that he wanted to be sure the Board realized that this is a different assessment program from before. Mr. Sheets stated it is now greatly modified in that this assessment program has been cut in half in the amount of dollars, the number of lines that will be laid and in the service area being served. He also stated the Citrus County Water and Wastewater Regulatory Board had imposed a maximum 5-year amortization on the assessments from the original 20-year amortization. He said this will allow them to go

forward and do the \$12M infill which is central to this program, and repay the FGUA for the advances from the Topeka Line Extension Agreement. Mr. Sheets said that even if the Board does authorize this work order that we should wait until we have received from Citrus County an exact date on when the transition will take place, that we need to have this in place first. Mr. Sheets said that Mr. Sweat has had discussions with Mr. Dick and Mr. Battista saying that there will probably be a new letter sent to the FGUA that would modify the first letter sent by Mr. Battista saying it would be on or before September 30, 2006. If this is the case, then there is no need for the special assessment program because the FGUA would not own the assets after October 1, 2006. If, however, they say it is May of next year it may be necessary to go forward because it would take at least a year for Citrus County to get the special assessment program in place. Mr. Sheets reiterated that he wanted the Board to be aware of the circumstances, and assured the Board that if approved today work would not begin immediately. Mr. Sheets stated that they will need to begin work within two weeks to meet all the statutory deadlines and will need to have communication from Citrus County before this time.

Mr. Dick stated that he (Citrus County) would provide the Board the information.

The Chairman thanked Mr. Sheets for the clarification.

**Chairman Thomas asked for a motion for approval of FA 3 and FA 3a. Mr. Thomas Dick motioned for approval of FA 3 and FA 3a. Mr. Brian Wheeler seconded the motion. There being no further discussion and all being in favor the motion was unanimously approved.**

**FA 4** Other Items

Chairman Thomas asked if there were any other Financial and Administrative agenda items to come before the Board. There being none the Chairman moved to the Operation agenda items.

## **IX - Operations**

- OP 1** Approval of Change Order No. 8 to the Contract with Coastal Underground Services, Inc. for Topeka Line Extensions for Florida Governmental Utility Authority (FGUA) Project No. C1006 in the Citrus County Utility System
- OP 1a** Approval of Budget Amendment 2006-13 to provide funds for the Increase in the Funding of Line Extensions for Citrus Springs associated with the contract with Coastal Underground Services, Inc. for C1006, Citrus Springs Topeka Line Extensions
- OP 1b** Approval of Work Authorization GSG 06-22 and GSG 06-23 with Government Services Group, Inc. for construction inspection services, for FGUA Project No. CI 006 and CI 016, water distribution line extensions in the Citrus Springs Subdivisions, designated as Coastal Contracts 04-01, 04-03 with Change Order Nos. 7 and 8 inclusive for accounting purposes

Mr. Dunty was recognized by the Board and Mr. Dunty asked the Board to approve OP 1, OP 1a and OP1b as it applies to the Topeka Line Extension Agreement for Citrus County. Mr. Dunty said that everyone knows that Citrus County has seen extensive growth in the area and it has continued at a

high rate. OP1a is a budget amendment for a total of \$900,000 which will enable the FGUA to extend lines to the new residences that are being built in this area. Mr. Dunty stated the funding is from 2004 line of credit and will be refunded by the 2006 line of credit.

The Chairman added this was the line of credit that was just approved. Mr. Dunty responded that yes that was correct.

**Chairman Thomas asked for a motion to approve OP 1. A motion to approve was made by Mr. Thomas Dick and seconded by Mr. Brian Wheeler.**

The Chairman asked for clarification on when the work would begin by stating she assumed it would be the same scenario as just discussed that Citrus County will need to provide direction first. Mr. Dunty explained that these work authorizations need to be completed by the end of the fiscal year. Chairman Thomas asked how it would be paid. Mr. Sheets responded that it would come from the line of credit. Chairman Thomas asked if this work would be covered in its entirety by the line of credit. Mr. Sheets said yes.

Mr. Pelham then asked for clarification that OP 1a and OP 1b were included in the motion. Mr. Thomas Dick replied yes, OP1a and OP1b are included in the motion and Mr. Wheeler seconded the motion.

**Chairman Thomas asked if there was further discussion, there being none and all being in favor the motion was unanimously approved.**

Chairman Thomas directed everyone to OP 2.

**OP 2** Approval of Budget Amendment 2006-14 to Replenish Funding for Miscellaneous Repair and Renewal Work - All Systems

Mr. Gregg Pavitt stated this agenda item provides funding to replenish the miscellaneous repair and renewal accounts. He said as part of the annual CIP process we appropriated money for many specified projects and also the repair accounts for under \$50,000 dollars. Mr. Pavitt said that due to the large number of emergency repairs that had to be done, and the spill-over from the previous year, this replenishment needed to be done to cover the other projects for the remaining five (5) months in the fiscal year. Mr. Pavitt said the staff was asking the Board to approve the partial replenishing of the miscellaneous Repair and Renewal accounts for all four systems.

Chairman Thomas then asked Mr. Pavitt for the source of this replenishment Mr. Pavitt stated from Citrus it would be the line of credit, and for the other three systems from the bond issues done in December 2005.

**Chairman Thomas asked if there were any questions or discussion, there being none she asked for a motion. Mr. Brian Wheeler moved to approve OP 2 and it was seconded by Mr. S. Ivan Velez. Chairman Thomas asked if there was further discussion, there being none and all being in favor, the motion was unanimously approved.**

**OP 3** Approval of Amendment No. 1 to the Work Authorization with American Water Services Underground Infrastructure, Inc. for the Infiltration &

Inflow removal project on the Poinciana Collection System FGUA Project PO 001

- OP 3a** Approval of Work Authorization GSG 06-20 for the General Inspection Services for the Infiltration and Inflow Removal Services to be provided by American Water Services Underground Infrastructure, Inc. FGUA Project No. PO 001

Mr. Dunty requested that the Board approve OP 3 and OP3a. Mr. Dunty stated that the I&I project continues at a good rate. The consultant, American Water Services Underground Infrastructure, Inc has in the past provided excellent services, and has agreed to provide the same services at the same rate and scope. Mr. Dunty said the advantages of extending the contract would eliminate the time-consuming bid phase and it would continue the same quality of work that has been appreciated. Mr. Dunty said this project would be funded out of the 2005 Poinciana Bond proceeds at a cost of \$333,000.00.

**Chairman Thomas asked if there was any discussion, hearing none she asked for a motion. Mr. Brian Wheeler motioned to approve OP 3 and OP3a and it was seconded by Mr. S. Ivan Velez. Chairman Thomas asked if there was further discussion, there being none and all in favor the motion was unanimously approved.**

- OP 4** Ratification of Work Authorization CI 041 for Emergency Construction for the Drilling of Citrus Springs Well No. 8 for the Subdivisions of Pine Ridge and Citrus Springs serving the Citrus County Utility Systems and authorization for the Chair to execute the Standard Construction Agreement with Citrus Well Drilling, Inc.
- OP 4a** Approval of Work Authorization GSG 06-24 for the General Inspection Services related to the Emergency Construction for the Drilling of Citrus Springs Well No. 8 for the Subdivisions of Pine Ridge and Citrus Springs serving the Citrus County Utility Systems, FGUA Project CI 041

Mr. Dunty said OP 4 was a ratification of Work Authorization CI 041 for Emergency Construction for the Drilling of Citrus Springs Well No. 8 for Pine Ridge and Citrus Springs in Citrus County and OP 4a was the Work Authorization for the inspection services. He said that everyone had endured a drought season this spring and Citrus County was no exception with forty-seven (47) continuous days without rain. This put a severe demand on the water supply, and as a result, he said they had made great efforts to improve the water withdrawal capacity in that system. Mr. Dunty said that this work authorization was already undergoing. He said the well was being drilled and the target was to have it up and running in the next 4-5 weeks. Mr. Dunty said the value of the project is \$49,840.67, under the \$50,000 threshold for Board attention, but due to the importance of this project Mr. Dunty stated they felt it prudent to bring it to the Board's attention.

Mr. Sweat added that he did want the Board to be aware that after the total project is completed it will be over \$50,000 and will end up costing around \$100,000 to \$150,000 dollars with the installation of storage tank and putting in a disinfectant system. Mr. Sweat stated this situation did meet all the criteria of an emergency situation since it did have to be accomplished on a fast-track because they did run out of water twenty (20) days ago. He also stated the communities also had

two boil water notices because the water pressure did drop below 20psi. Mr. Sweat said that Pine Ridge has an extremely high water usage with properties from 1 acre up to 5 acres and they all had their sprinklers timed for 3:00 a.m. which resulted in the drop in water pressure, even though numerous notices and a time schedule had gone out to the communities to curtail water usage. Mr. Sweat said they will be bringing back to the Board a second work authorization for the rest of the work when completed. Mr. Sweat reiterated this was definitely an emergency situation for the health and welfare of the community and this is why he made the decision to move forward. Mr. Sweat added this project was actually budgeted for 2006 for the permitting process to begin in March, but now, due to the circumstances this project had been fast-tracked.

Chairman Thomas asked if the project was to be started in March. Mr. Dunty stated that the permitting process, which was extensive, would have been started in March. Mr. Sweat reassured the Board that the permits were in place, and this process had also been fast tracked by the water authority due to the circumstances.

**Mr. Thomas Dick responded that he had been on the receiving side of many of the phone calls from Pine Ridge and Citrus Springs, where they were having low water and/or no water. Mr. Dick moved to approve OP 4 and OP 4a since it is an emergency situation for Citrus County and the motion was seconded by Mr. S. Ivan Velez. The Chairman asked if there were any questions, there being none, all were in favor and the motion was unanimously approved.**

**OP 5** Status update to the Board on Capacity, Management, Operation and Maintenance (CMOM) Programs within the FGUA Utility Systems

Mr. Dunty said this is a quarterly status update on the CMOM progress on the repairing, inspecting and replacing of the collection systems and lift stations in relation to the work on the wastewater treatment facility. In the past quarter, 96 lift stations were inspected, 5 lift stations were rehabilitated, and 11 lift stations had received telemetry - remote automation and monitoring. He said that approximately 2,236 manholes were inspected and over 192,000 linear feet of collection systems cleaned and inspected. Mr. Dunty stated this is mostly been on the Poinciana system, but will continue into the second quarter. In the third quarter the focus will be on the Lehigh Acres system and the Board should see numbers similar to this for the Lehigh Acres system at the end of the third quarter. Mr. Dunty said that as they approach the fourth quarter they will be going into the Golden Gate system to accomplish the same tasks.

Chairman Thomas, to clarify when the tasks will be performed, asked if any of the work was being done simultaneously with each system or will they only be done in separate quarters. Mr. Dunty responded it will be done separately in different quarters simply due to scheduling.

Mr. Thomas Dick asked if the numbers are cumulative for both quarters. Mr. Dunty responded yes. Mr. Dick then asked if the numbers were broken down by county systems. Mr. Dunty responded yes, it is all focused on Poinciana for the last quarter and cumulative for the last quarter. Mr. Dunty said if the Board desired he could provide a cumulative mid-year or third quarter breakdown.

The Chairman stated that would be good to see a breakdown, especially with the new Board members.

Mr. Velez asked who was doing the work.

Mr. Dunty stated it was American Infrastructure, but it is really a team effort with other construction firms. He said the I&I were accomplished by American Water and American Infrastructure, two separate companies. The lift station work is done by Engineering by Design, as well as other construction firms.

Mr. Sweat said that Severn Trent also helps and the inspection is done by Government Services Group (GSG)

Chairman Thomas confirmed that it was only informational and no vote was necessary.

Chairman Thomas thanked Mr. Dunty and asked the Board if they had any questions, there being none, the Chairman directed everyone to OP 6.

## **OP 6**      Status of the Integrated Water Resource Management Plan

Ms. Hartsfield stated that staff has moving forward on providing the attendance and the status reports within the communities. These reports provide the status on all the meetings and all the information in reference to the Boil Water Notices and various events throughout the communities. Ms. Hartsfield stated that Severn Trent has also provided the Federal and state standard information which was not included in previous months. She also stated that Mr. Dunty and Mr. Sweat also receives and reviews this information. Ms. Hartsfield stated that staff has also started work on the incentive program. The Chairman stopped Ms. Hartsfield and stated that since the Board had two new members it may be helpful for them if she explained what the Water Resource Management Plan entails and then provide more detail on the reports. Ms. Hartsfield said it is a plan for the community services representatives (CSRs) to go out into the community and provide water conservation techniques and to communicate with customers by attending different types of meetings. They inform the community on what they should and should not be doing in order to preserve and not waste water. She said in Citrus County they have been doing a lot of these types of programs, that it is basically an incentive program set-up for each community. Ms. Hartsfield said they have received a lot of calls from the various HOA's and schools to present this information and within the last eight months they had given approximately 50 presentations. Ms. Hartsfield stated the information before them today is compiled each month for the Board on what has been done, who has been contacted and the results. Ms. Hartsfield stated if the Board had locations or groups they wanted the CSRs to go into she would be happy to make those arrangements, then Ms. Hartsfield introduced Ms. Thomas who is the CSR for Polk and Osceola Counties and Bernadine Nichols is the CSR contact person Citrus County. Ms. Hartsfield concluded by saying providing information and also getting feedback from the community on its problems/concerns is also an integral part of the CSRs job and it is being accomplished in each system.

Mr. Sheets wanted to stress to the Board that this is not their only job, they are also the customer ombudsman on questions/disputes for the FGUA and they also work on any billing issues.

Mr. Thomas Dick asked what are the incentives offered in the incentive program.

Ms. Hartsfield stated the program is set-up so that when individuals provide documentation on any conservation measure, used on shower heads, toilets, washing machines, rain indicators on

sprinklers, those types of things are what incentive program will recognize. She stated that Mr. Grace is working with her to revamp the incentive program and will be providing this information to Board when it is completed. Ms. Hartsfield said it had been approved by the Board, she believed back in 2002, but because of the time they have decided to revamp the program and bring back to the Board.

Mr. Sweat confirmed the date that it was back in 2002 when it was first brought to the Board for approval.

Mr. Velez asked if there was information on irrigation conservation

Ms. Hartsfield responded that they have several Powerpoint presentations that have been effective in some communities, but did add that when the grass is brown, people still will water their lawns. She said it has been more effective in some communities than others, and that in Citrus County it has been more of a challenge because people water their lawns on a consistent basis.

Mr. Velez stated he was asking about irrigation because the South Florida Water Management District was checking water levels in the aquifers and often they are lower than recommended. He said Lee County had a meeting yesterday with the District and he was asked who was the FGUA representative to attend those meetings.

Ms. Hartsfield told Mr. Velez it would be Barbara Kerby and Bill Focht who are the CSRs for Lee and Collier Counties, and that Barbara Kerby is very familiar with this program and has been attending the meetings. Ms. Hartsfield said she would be the contact person and she would provide Mr. Velez her contact information and advise Barbara.

Mr. Velez stated this was a special meeting because they were discussing a possible moratorium. Mr. Velez stated he would be glad to provide the contact information to Ms. Hartsfield after the meeting.

Chairman Thomas explained this is a status report that the Board is provided every month from the staff on what is occurring in the systems. Then Chairman Thomas directed everyone to OP 7.

**OP 7** Approval of Amendment No. 1 to Work Authorization ST 05-54 with Severn Trent Environmental Services (STES) for the additional equipment and materials related to the relocation of the telemetry tower serving the Poinciana Utility System

Mr. Dunty stated OP 7 is a work authorization associated with a Severn Trent Environmental Services (STES) project in moving transmission equipment for an existing antenna to a newly constructed antenna. Mr. Dunty stated the project was first quoted by STES at roughly \$49,000 and approved internally. However, with the passage of time, other work that needed to be accomplished due to Federal Communications Commission (FCC) regulations and the requirement of 12.5 MHz for transmission, coupled with the increase in labor and materials, additional funds of \$39,864.21 are required. Staff is recommending approval of the additional funds.

**Chairman Thomas asked for a motion to approve OP 7. Mr. Brian Wheeler moved to approve OP 7 and Mr. S. Ivan Velez seconded the motion. Chairman Thomas if there were any questions.**

Chairman Thomas asked Mr. Dunty to clarify that the additional cost, which was almost the same as the original cost was only to move the antenna because of the transmission issue.

Mr. Dunty responded that the transmission equipment changed because of the requirements by FCC – and now the antenna had to be moved to get it higher. Chairman Thomas then asked if this would have been necessary sooner or later due to the change of the equipment. Mr. Dunty responded that was correct.

**There being no further discussion and all being in favor the motion was carried unanimously.**

**OP 8** Other Items

The Chairman asked if there were any other Operation agenda items, there being none the Chairman asked Mr. Sheets to precede to the System Manager agenda items.

**X - System Manager**  
**SM 1** Status of FGUA 2006 Board Meeting Schedule

Mr. Sheets stated the meeting schedule is attached for the Board's review.

Chairman Thomas stated that she had a conflict with the May 19, 2006 since she had a citizen's oversight committee meeting on the same date. After some discussion on the location and when it could be moved with the other Board members the Chairman asked if it should be moved up in the month or later in the month.

Mr. Grace asked the Chairman to consider not changing the date since moving it up would not provide sufficient time to get the agenda items before the Board for May's meeting. After some discussion it was decided to have the meeting on the same date to provide sufficient time to get the Citrus agenda items on the May agenda. Then Chairman Thomas asked if the meeting could be at 2:00 p.m. There was no objection.

Mr. Sweat asked for clarification that it be at the same location or other location.

Chairman Thomas asked if it could be held again in Bartow. She then introduced the Polk County Manager, Mr. Herr and he said he would make the room available at that date and time. There being on objections from the other Board members, the May 19<sup>th</sup> meeting was moved to Bartow at the same location at 2:00 p.m.

**SM 2** Status Update on Citrus County Transition

Mr. Sheets brought to everyone's attention that Mr. Thomas Dick is the newest board member for FGUA for Citrus County. Mr. Sheets stated he had received a letter on April 8<sup>th</sup> or 9<sup>th</sup> from Mr. Battista, Citrus County counsel stating Citrus County would be withdrawing before September 30, 2006. Mr. Sheets said he sent a letter back that if that was the case then the Citrus County staff should be the ones to prepare the budget. He also stated that he has not heard from Mr. Battista since that time, but that Mr. Sweat has been in conversations with Mr. Dick and it is now believed

that a letter will be forthcoming that the date has changed. Mr. Sheets indicated that was one of the reasons he wanted the special assessment program to move forward. Mr. Sheets stated that staff is in place to prepare the 2006-07 budget but he encouraged Citrus County staff to be involved in this budget preparation process.

Mr. Thomas Dick stated that at the last Citrus County board meeting they approved the advertising for two additional positions of a budget analyst and contract compliance manager immediately. He stated that when they are hired they will help in this process.

Mr. Sweat reminded the Board that June is rapidly approaching and that is when the staff typically brings to the Board the preliminary budget.

Mr. Dick stated he will get with Mr. Sweat to coordinate getting someone from his staff to start working with Mr. Sweat and his staff in this process.

**SM 3 Strategic Planning After-Action Report and Approval of 2006-07 Strategic Plan**

Mr. Sheets was happy to announce that the last Strategic Planning session was the best they have had thus far. The Board and staff worked with the facilitator, Dr. Mel Jurado by being very engaged in the session and in providing information before the session. Mr. Sheets said he had included Dr. Jurado presentation for the Strategic Planning session as an agenda item along with the 2006-2007 Strategic Plan. Mr. Sheets stated that they bring back to the Board the Strategic Plan for approval each year and it is done to because many of the items discussed in the budget are also discussed in the Strategic Plan.

**Chairman Thomas asked for motion to approve SM 3 2006-07 Strategic Plan. Mr. Brian Wheeler moved to approve SM 3, and the motion was seconded by Mr. S. Ivan Velez. There being no further discussion and all being in favor, the motion was carried unanimously.**

Mr. Sheets thanked the Chairman and the Board for their patience and confidence in the staff.

Mr. Sweat remarked that he wanted to add his voice in stating his appreciation to Chairman Thomas in the Severn Trent negotiations.

**SM 5 Other Items**

Mr. Sheets wanted to bring to the Board's attention a letter received from Robert Knight, Director of Citrus County Water and Wastewater Regulatory Authority. Mr. Sheets stated the letter discussed two items for potential show cause orders from the regulatory authority. Mr. Sheets stated he believed the letter is without merit, and he would not offer any other explanation. Mr. Sheets said Mr. Sweat and Brian Armstrong will be attending the regulatory authority meeting next week to respond. Mr. Sheets stated he felt it is a hollow argument regarding the special assessments. He also stated that if the response from Citrus County changes then the decision is changed on the FGUA's part and then the FGUA will move forward. Mr. Sheets said another argument is one of preparing the budget and the final argument is Section 24 where it refers to the Topeka Line

Agreement and the line extensions to new development. Mr. Sheets said FGUA should not be made responsible to this developer if the system is being turning it over to Citrus County.

Mr. Thomas Dick stated that Mr. Knight does not work for Citrus County Board of County Commissioners but works directly for the county attorney. Mr. Dick stated that the acquisition will be later than October; that they are probably looking now around spring of next year. Mr. Dick also stated that he will provide a letter to that effect to the FGUA from the county attorney.

Mr. Wheeler thanked Mr. Sheets for bringing this before the Board since the letter was dated May 1, 2006.

Chairman Thomas asked if there was any other business there being none, she then asked if there was any business to be brought before the Board by the Utility Counsel.

**XI - Utility Counsel**  
**UC 1** Other Items

Ms. Crystie Carey responded that she had no items.

Chairman Thomas has if General Counsel had any items to be brought before the Board.

**XII - General Counsel**  
**GC 1** Other Items

Mr. Pelham said he would like to remind the Chairman that a vice chair should be recommended and approved.

**Chairman Thomas agreed and she recommended Jim Lavender as the vice chair. There being no objection the Chairman asked for a motion. Mr. Brian Wheeler moved to approve Mr. Jim Lavender as the Vice Chair for the FGUA and the motion was seconded by Mr. S. Ivan Velez. All being in favor the motion was carried unanimously.**

**XIII - Board Items**  
**BI 1** Other Items

The Chairman asked if there were any other Board agenda items. There being none the Chairman adjourned at 3: 10 p.m.

**APPROVED BY:**

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Lea Ann Thomas, Chairman