

Florida Governmental Utility Authority

Strategic Planning Session Agenda

Thursday, March 16, 2006 8:30 a.m.

Naples Beach Hotel and Golf Club

851 Gulf Shore Boulevard North

Chokoloskee Room

Naples, Florida 34102

Board Members:

Lea Ann Thomas, Chairman, Polk County

Jim Lavender, Member, Lee County

Brian Wheeler, Member, Osceola 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.

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, GSG

David Miles, Special Projects Administrator, GSG

Linda Schnaufer, Business Manager, GSG

Guests Present:

Mel Jurado, Ph.D., Profitable Group, Facilitator

Mr. Jurado, Profitable Group

Tom Giblin, Nabors, Giblin & Nickerson, P.A.

Chris Traber, Nabors, Giblin & Nickerson, P.A.

Time

Action Focus

Lead Person

8:30 Welcome and Opening Comments

Lea Ann Thomas, Chairman

Robert Sheets, Systems Manager

The meeting started at 8:50 a.m. Chairman Lea Ann Thomas apologized for her late arrival and welcomed everyone to the Strategic Planning Retreat. Chairman Thomas introduced Dr. Mel Jurado, the facilitator for today's retreat and she stated she was looking forward to it being a productive day. Chairman Thomas mentioned that we do have a large agenda for this coming year, that there are a lot of things happening besides the capital projects, discuss some of the transition issues and get these issues out in the open today. Also, to make sure staff tells the Board the issues that they need to be aware of and then she turned the meeting over to Mr. Robert Sheets. Mr. Sheets welcomed everyone and mentioned for two of the three Board members in attendance this is their first time working through the process of a strategic meeting. He then directed everyone to page 2 of the agenda that was handed out to everyone. He mentioned that he would stay very close to the items as they were referenced. Mr. Sheets informed everyone that Tom Giblin with Nabors Giblin would be stopping by to discuss the transition issues, and in particular, what the interlocal agreement states and dictates the authority must do when a system leaves or enters into the

FGUA. Mr. Sheets stated that Mr. Giblin will then be leaving for an appointment with Collier County staff. Mr. Sheets stated at that point we would then be coming back to the agenda items.

**8:45 Report on 2005-2006
- FGUA Priorities**

Robert Sheets

For the new Board Members, Mr. Sheets mentioned we would discuss what we committed to do last year and then where we are now in that process. Then at 10:30 a.m. the meeting will be turned over to Dr. Mel Jurado (“Dr. Mel”) and she would be taking everyone through the process of looking toward to the future. Mr. Sheets said that after the meeting adjourns today that dinner reservations had been made at HB’s Restaurant in the hotel at 7:30 p.m. He asked if all the Board members would be joining the staff and Mr. Lavender and Mr. Wheeler both stated that they would be leaving after the meeting. Mr. Sheets then stated that Mike Johnson would be attending the FGUA Board meeting on Mr. Wheeler’s behalf tomorrow morning.

Mr. Sheets then started the Powerpoint presentation. He started by stating

The Mission of the FGUA since its inception was to assist other local government entities with creative tools for utility resource management, planning, and development. Mr. Sheets stated that everyone in the room had seen the various ways that this can accomplished and would discuss as the strategic plan moves forward. He also stated this statement has been the cornerstone, and how some people refer to us or use the term, “caretaker”. He pointed out that you do not see the word “caretaker” anywhere in the FGUA Mission Statement.

The Vision of the FGUA was to be a widely recognized and utilized long-term partner with other local government entities to innovatively acquire utility systems, provide highly effective and efficient utility services through ownership or contract and assist other local governments to manage their growth patterns and directions. He stated that FGUA is seeing more of the vision becoming fulfilled as we move forward, and nowhere is it stated that the FGUA is a “caretaker”.

Values – Mr. Sheets remarked that in pursuing these visions the FGUA Board at that time thought that the following values were very important.

- Consistently deliver the highest quality water at the best price possible
- Provide high quality and cost effective customer service
- Continual conservation and wise management of natural resources
- Promotion of the public good and individual member interests through collaboration
- Comprehensive financial management of system resources for the benefit of all customers

In the continual effort to foster the growth and development of the FGUA, the Board members accepted the following responsibilities:

- Diligently represent the interests of their member governments
- Actively promote the FGUA
- Establish and amend policy in such areas as:
 - Customer and membership expansion
 - Acquisition of utility systems
 - Customer relations and rates
 - Products and services offered by and through the FGUA
 - Increase the long-term stability of the FGUA
 - Environmental resource management

Mr. Sheets stated that it was in this process that they asked to what degree does the FGUA want to amend, re-commit ourselves and/or make any modifications where time and changes may dictate. It was also

discussed at that time what should the System Manager's role involve. Mr. Sheets commented that this is a rather unique local government as they have all learned in the time they had been with the FGUA. He said the FGUA is a government without borders, with the exception that it must reside within the State of Florida, it is a \$40-60 million dollar operation with no full-time employees and it does not elect its board members

Mr. Sheets went on to state the Systems Manager's role is responsible for implementing the policies and achieving the goals and objectives of the FGUA Board in a timely and professional manner in accordance with the values of the FGUA:

- Assure the Board receives timely, accurate and thorough information
- Provide the highest level of customer service
- Maintain competitive rates within existing and future systems
- Identify and analyze expansion opportunities
- Expand the FGUA's visibility and presence with current and potential customers, affiliates and partners
- Implement the Strategic Plan and achieve the Goals and Objectives of the FGUA

Mr. Sheets further stated that this is not unlike the structure, mission and responsibilities of any city or county manager's responsibilities and their staff.

Strategies - to fulfill its mission and in pursuit of its vision, the FGUA will pursue the following key strategies:

- Further increase the stability of the FGUA as a public entity through targeted expansions
- Continue to increase the internal capacity of the FGUA infrastructure to facilitate and accommodate growth
- Expand the dissemination and promotion of the FGUA's unique capabilities
- Enhance the FGUA's ability to manage its capital resources in a strategic and integrated manner

Mr. Sheets stated then to achieve these strategies, the Board has adopted goals in five overlapping categories.

- Policy Goals
- Operational Goals
- Community Service Goals
- Financial Goals
- Legal Goals

After Mr. Sheets read the above items, he stated these are the challenges. Mr. Sheets pointed to the first and second item stating we have done very well in the past with these items. He then pointed to the third item stating, we are working on these; and the last item he said with this and other strategies much work still needed to be done.

Mr. Sheets then noted that the Board then came up with methods to achieve those Policy Goals and the Operation Goals. This is just the day-to-day functions of the FGUA system. The Community Service Goals were added two years ago when the Board stated they wanted a more active role and needed more ownership rather than leaving it entirely to the contract operator. Mr. Sheets then went on to say Financial Goals were added three years ago and Legal Goals.

The issues that the FGUA committed to last year were:

Established Policy Goals

1. Enhance the stability and growth of the FGUA

- Develop Marketing and Communications Plan
 - Receivership Situations-Thunderbird Estates (Highland County is an example)
 - Regional Solutions
 - Expand Role as a Water Authority (Storm water, solid waste)

Mr. Sheets remarked that this has not happened since staff has been involved with more pressing priorities and therefore, has not had a chance to look at those other type of services.

- Establish FGUA Presence at Appropriate Forums
 - FGFOA – Florida Government Finance Officer’s Association
 - FRWA – Florida Rural Water Association
 - FLC – Florida League of Cities
 - FAC – Florida Association of Counties
 - AWWA – American Water Works Association
 - APWA – American Public Works Association
 - WEF – Water Environment Federation
 - FASD – Florida Association of Special Districts

Mr. Sheets stated that this is one area where they have worked to establish community presence in the outreach programs and can feel good about the progress thus far since they have become more involved, and continue to expand in these efforts.

In the area of Established Policy Goals, Mr. Sheets remarked the following:

- Continue expansion of water and wastewater service by the FGUA
 - Internal to existing service areas
 - External to existing service areas

Mr. Sheets commented that as they go through the Operational Goals it can be seen where they have addressed those internal services areas and will also discuss some of the things that are going on now in other counties, especially with regard to Polk County where they had taken those services external.

- Develop a process for member acquisition of facilities and/or withdrawal from the FGUA

He added here that the withdrawal process is defined in the interlocal agreement. The acquisition process is defined by the FGUA’s own efforts and the ability to go out and find new acquisitions. He said we have welcomed Lee County back to the Board this year. Mr. Sheets went on to say, it is hard to call this an acquisition, but it is certainly an expansion of our Board membership.

- Identify special assessment district opportunities
- Develop re-use agreements with golf courses, citrus growers, developers and other potential users

2. Enhance communications with member board and customers

- Conduct local government briefings to inform of FGUA services available
- Enhance FGUA newsletter and website
- Community outreach program monthly reports
 - Sponsor and participate in appropriate community events
- Issue annual and quarterly operational performance reports
- Provide CIP construction progress status reports

- Continue coordinating with TOHO Water authority, Polk County and Osceola County to ensure quality water and wastewater service for the Poinciana System during the transition period
 - Coordinate with Citrus County to ensure quality water and wastewater service for customers during the transition period
3. Enhance resource management and environmental practices
- Ensure current operational procedures are followed
 - Operation & Maintenance Manual Enhancement
 - Daily Inspector Monitoring of Operations
 - Proactive FDEP action planning/coordination
 - Update all procedures on a regular basis to ensure appropriate consistency with “best practices”
 - Conduct annual environmental assessments
 - Update and implement the regulatory and community service components of the integrated water resource management plan
 - Continue to upgrade the FGUA response to the Federal and State CMOM program initiatives

It was here that Mr. Sheets stated that he believed that everyone knew what the CMOM program was and it did not need to be explained.

4. Pursue contract management services for governmental utility systems that FGUA does not own at that time.
5. Should the FGUA actively pursue acquisition of distressed utilities?
- Thunderbird Estates in Highland County is currently being reviewed at FDEP request

Mr. Sheets remarked that at the last strategic planning meeting, there was an extensive discussion regarding working closer with the DEP to see if the FGUA’s structure and concept could be used by the DEP to take out troubled systems. Most of these systems were owned by private developers or by private owners and have been abandoned or neglected along the way. Although that goal was targeted, at the end of the day it was not given the highest priority, and it would be pursued if and when they had time.

6. Expansion of the System Manager’s role

Mr. Sheets stated here the Board spoke with a very unified and loud voice last year, by stating they must have representation in these local offices in these local groups. This was a subject that last year was decided by placing Customer Service Representatives on-site at every local community. This enabled the FGUA to do the out-reach; to develop a builder’s liaison, a relationship with the Homeowner’s Associations, ombudsman with the customers and the FGUA established policies. He said to look for a special assessment to fund growth, a development process by the system manager, continual FGUA expansion, increased reliance on multi-year contracts and cooperative peer agreements with the other municipal governments. Mr. Sheets said these are all works in progress and as they go through the actual accomplishments he said everyone would see where the FGUA was with those.

(Added in 2005-2006)– Policy Goals

1. Implementation of Transitions
- Contract Operations (Now scheduled for March 8, 2006 through June 1, 2006)
 - Transition of Poinciana System to the Toho Water Authority.

Mr. Sheets said they know that the transition of Poinciana is still a fluid issue. They do not know if that is all or one or two, that is still a process going through its natural course.

- Citrus System transition to Citrus County

Mr. Sheets said they have no date as at this time, and do not know if it will be 6, 12 or 18 months and will share with everyone later the conversations with Citrus County.

- All transitions should be seamless
2. Develop a Program to Expand the FGUA Board
 - Lee County re-joined the FGUA in October 2005
 - Continue efforts to obtain Collier County membership

Mr. Sheets commented that they have not gotten any indication, however Tom Giblin may be able to speak to that, but at this time Collier County is not interested but that may change.

2005-2006 System Manager Goals

1. Enhancement of Community Relations by FGUA
 - Addition of Community Service Representative (September 1, 2005)
- Mr. Sheets said that they do have all the positions filled and the Board will meet two of those representatives tomorrow at the Board meeting at Lehigh Acres.
- Minimize Impact on Community Operating Cost (no rate increase required)
 - Establish Guidelines of Expanded Role for the System Manager in the management of Customer Service provided under new contract (September 15, 2005)
 - Enhance Community Outreach Program utilizing Community Service Liaison (December 1, 2005)
2. Expansion of resources to manage the FGUA Capital Improvement Program (continuing)
 3. Implement mid-year strategic plan update (November 1, 2005)
 4. Develop a strategy plan for distressed systems (October 1, 2005)
 5. Explore the feasibility of the FGUA expanding into areas of (by December 15, 2005)
 - GIS Services
 - Capital Project Services
 - Landfills
 - Utilities Management

Mr. Sheets commented that these were areas that they thought would be larger services, but as time went on the agenda got to be very full, and these areas received very little attention, except for the last item and it will be discussed later under accomplishments.

Established Operational Goals (established last year)

1. Development of Cohesive Developer Service across all systems
 - Ready for New Contract December 5, 2005
2. Development of Centralized Customer Connection Program
 - (October 2005, ready for transition December 5, 2005)
 - Single point of contact for all new connections, small or large.
3. Complete and Implement an FGUA Standard Procedures Document for Quality Control (January 1, 2005)
4. Capital Improvement Program, initiation and/or completion of major capital projects totaling \$67.6 million for the current FGUA systems (June 30, 2005)
 - Note Increase in costs due to increases in steel, petroleum, and concrete products
 Mr. Sheets said he would go in more detail on item 4 later.
5. Develop and implement a cross-connection control Program (January 1, 2006)
6. Re-write Mainline Extension Policy (March 15, 2006)
7. Establish Environmental Tracking System (January 2006)
8. Enhance Developer Tracking System (February 1, 2006)
9. Implementation of New Contract (Mr. Sheets read through items)

- Proposals Due May 19, 2005
 - Evaluation and Recommendation by June Board Meeting
 - Negotiation of Contract with Successful Proposer (July 15, 2005)
- Mr. Sheets said to keep in mind these were the targets set for last year.
- Execution of New Contract – December 5, 2005
 - If new contract operator, 4 month transition period
 - If existing contract operator – execution of new contract requirements
 - Introduction of Community Service Representative into Contract Management Process – October 1, 2005
 - Communication Changes to Customer, Constituents
 - Ready to Implement on December 5, 2005
10. Implement a proactive communication plan (October 1, 2005)
11. Implementation of New Contract (cont'd)
- Inventory of Assets, additional assistance (hire firm by September 1, 2005 – hire staff to maintain going forward by November 1, 2005)
- Mr. Sheets commented staff has hired an outside firm to work with them.
- Condition Report (December 5, 2005)
 - Establish acceptable levels of sludge inventory (October 1, 2005)
 - Establish acceptable levels of consumables inventory (October 1, 2005)
12. Continued Growth and Expansion of FGUA
- Development of Strategy to assist Polk County with water and wastewater service in NE service area (February 1, 2006)
 - Development of Operational Strategy to ensure integrity of split system if only part of Poinciana system is absorbed by TOHO (June 1, 2006)
 - Bulk water and wastewater agreements
 - Capacity reservation to ensure newly expanded service in Polk County is adequately serviced
 - New development and funding programs not impacted by transition (Northeast Service Area)
- Mr. Sheets stated these things are still in flux.

Established Community Service Goals (Mr. Sheets read through items.)

1. Develop a marketing plan for continued growth within the existing FGUA systems
 - Expand the FGUA presence in local settings, i.e.; Chamber of Commerce, Homebuilders Association, etc.
 - Become more active with local boards and customers via routine meetings.
 - Continue to enhance relationships with regulatory agencies

Mr. Sheets remarked that Charles and staff have been very diligent in Item 1 and in the areas that were targeted below.

- FDEP Coordination Meetings
 - Water Management Districts
 - Citrus County Water and Wastewater Regulatory Authority
 - Collier County Regulatory Authority
 - County Health Departments
 - FEMA/DCA for Disaster Preparedness
- Complete establishment of Utility Advisory Committees in each utility system

Mr. Sheets stated that those will be done before the completion of this year and will be discussed in further detail later in the accomplishments in 2006-2007.

2. Development a marketing plan for continued growth within the existing FGUA systems

- Community outreach program via bill stuffers and continuation of quarterly community meetings
- Sponsor and participate in appropriate community events
 - Lehigh Acres System: Veterans Park After School Presentations
 - Citrus System: Water Wise Festival
 - Golden Gate System: Collier Water Festival
 - Poinciana: Career Day, Discovery Intermediate School

Mr. Sheets remarked that this was important and they have not done a very good job on these items in bringing back to the Board members stating that they have done all these things. So that is why they are in the strategic planning process and will strive to work on this in the coming year.

- Continue monitoring of operational procedures to ensure compliance.

Established Financial Goals (Mr. Sheets read through items.)

1. Develop and implement an investment policy – expected completion by July 2005
2. Develop Board Policy for Budget Adjustments (August 2005)
3. New parity debt for Citrus, Golden Gate, Lehigh Acres, and Poinciana systems (October 2005)
4. New special assessment debt for Citrus, Lehigh Acres, and Poinciana systems (October 2005)
5. Fourth consecutive GFOA Certificate of Excellence in Financial Reporting (Award April 2006)
6. Resolution and Implementation of Citrus County Water and Wastewater Authority reporting requirements for FY 2005 (November 2005)
7. Revenue Neutral Rate Restructuring in Golden Gate System (FY 2006, Rate study to begin ASAP with implementation October 1, 2006)
8. Implementation of New Contract

Mr. Sheets said he was not going to go through these again, but they are listed for review.

- Ensure Successful Implementation through:
 - Conversion of data (December 15, 2005)
 - Reconciliation/Conversion of Customer Accounts (December 15, 2005)
 - Reconciliation of Accounts Payable/Receivable (December 15, 2005)
 - Inventory of Consumables (December 15, 2005)
 - Additional Assistance, Auditors (March 1, 2006)

Established Legal Goals (Mr. Sheets read through the items.)

Mr. Sheets first asked Mr. Pelham if this was the first year that they have had legal goals and Mr. Pelham responded that last year was the first year. Mr. Sheets stated these were the goals set by the FGUA utility counsel.

1. Develop policy for FGUA performance of contractual management services
 - The FGUA successfully entered into its first contractual services agreement with Citrus County for customer service and billing services and just recently entered into an interlocal agreement with Polk County to provide similar contractual services. Because of the unique nature of the FGUA, certain contractual provisions were necessary to safeguard the revenues of each FGUA enterprise fund in the event of any contractual claims. Thus far, these contractual relationships appear to be mutually advantageous and proceeding smoothly.

Mr. Sheets remarked that this is an ongoing process and utility counsel and general counsel have done a good job for the FGUA to improve this ongoing process.

2. Develop policy for application of capacity fees to school districts

- Policy alternatives were presented to the Board during the 2005 Strategic Planning Session

Mr. Sheets stated that John Pelham can speak on this, but it is an ongoing struggle with Lee, Polk and Osceola counties. Then Mr. Sheets remarked that this is really a struggle with all counties.

3. Develop capital contract template for use by operational and financial staff

- The construction agreement and front end documents for capital projects have been reviewed and minor changes implemented.

Mr. Sheets stated before they went into the FGUA Accomplishments section he wanted to recognize Mr. Tom Giblin and Chris Traber. Further in the agenda when 2006-2007 issues are discussed, the first item is Transition Issues. Tom and Chris were going to meet with Collier County on other issues later that morning, but Mr. Sheets said he thought it would be good to have Tom speak because he was one of those original charter authors of the interlocal. Mr. Sheets said he thought it was important to speak to everyone on where the agreement is today and what it means as Citrus County is transitioning out of the FGUA, the potential transition of Poinciana, Lee County's future. It is important to understand and provide everyone an opportunity to ask Tom new questions

Mr. Tom Giblin stated one of the concerns they have had over the past six months or so is what will happen to the authority over the next two years if and when the last three utilities are transitioned out that are now in the system. Mr. Giblin said one of the concerns that you could potentially have is a situation where the authority has nothing left but Golden Gate. Collier, as everyone knows, is not a member of this authority. Mr. Giblin stated that he has discussed with individuals present, the question of whether this authority is viable. Mr. Giblin went on to say, under the interlocal agreement when it was drafted, a county cannot resign from this authority unless there are two remaining members, and you can not resign with only one member. Mr. Giblin said he has spoken to Lee County's attorney in terms of this issue and the attorney's office had some concern that if they take Lehigh out does Lee County want to sit there and be a member of this authority. He stated other counties have expressed the same concerns if they want to be a member of this authority if they have nothing at stake. Mr. Giblin said if you assume Lehigh, Citrus and eventually Poinciana will transition out, then basically you are left with Golden Gate. The concern they have had is whether this is a viable authority. He said then you have to ask, what do you do with Golden Gate? There is debt outstanding so you cannot walk away from the debt, but they are also concerned that any county would want to remain in the authority under those circumstances. Mr. Giblin said he had talked with Robert and Lea Ann and they discussed planning for that eventuality and taking a look at the situation. Mr. Giblin remarked that if you assume that three of the four utilities will eventually be transitioned, then what do you do with Golden Gate? Mr. Giblin remarked that we do not want counties to be upset with FGUA in a situation where they take down their utility and found themselves in a situation where they can not walk away from this authority. Mr. Giblin stated that this is something to think about and need to find the right answers. Mr. Giblin said he did believe it was worth a discussion and thinking about and feels it is very important to have a plan for this.

Chairman Lea Ann Thomas stated that it is important to let everyone know and to remind their bosses, their Boards; that's reality.

Mr. Giblin said yes it is important. He also said one of the things that he would suggest to the authority is the need for a game plan. If you assume that all three of the utilities will be transitioned out then what do you do? One of the things they would discuss that morning was to have a meeting with Collier County's utility department and since Collier is in a fairly large capital improvement program, Mr. Giblin thought it would be good timing for Collier to think about Golden Gate. Mr. Giblin said that in the past, Collier County said they do not have a whole lot of interest in doing much with Golden Gate. However, Mr. Giblin said it might be worth

letting Collier know that this is where the FGUA is and ask them that this might be something to think about and perhaps take another look at it and see if this fits within Collier County's utility plan. Mr. Giblin stated they would strive at the meeting to get Collier to focus on Golden Gate. However, he said if Collier County does not want Golden Gate then the alternatives are not good, then basically this authority would need to find a viable solution with the residents and the HOAs. Mr. Giblin said if that can not be done then maybe it could be put up for sale to a private company. But, Mr. Giblin said that would be basically admitting defeat since that was not the purpose of FGUA, but rather, turn it over to the county to maintain, and if Collier is not interested the FGUA needs to think hard before doing this. It is important to remember that we do not really have a lot of good alternatives beyond Collier County. When the acquisition took place years ago, Collier County opted not to be a member of this authority, but did reserve the right to keep the door open to acquire the system. Therefore, Collier County has a right to step into the FGUA's role, but the question is do they have the desire to assume the debt as other counties have in the past. Mr. Giblin said that right now they do not have the answer to this question. Mr. Giblin stated his chief concern is that he does not want to catch any county that is a member of the FGUA off guard with regard to this issue. Mr. Giblin said it is very important to discuss with members and the authority that this is where they are and this is what they plan to do.

The Chairman stated that she felt it was very clear. Mr. Sweat stated Mr. Giblin did a good job of explaining to everyone the situation. Mr. Sheets then stated that Tom failed to mention one other option, and that was we could add more members to the FGUA and that would help mitigate Tom's problem.

Mr. Sheets then stated that they had gone fairly quickly through last years goals, but that they would now take some time to discuss the FGUA's accomplishments

- FGUA Accomplishments

Robert Sheets

Policy Goal Accomplishments (Mr. Sheets read through the items.)

1. Enhance the stability and growth of the FGUA

- Met with developers in Citrus County, Lehigh Acres and Poinciana to help identify the highest priority growth areas

Mr. Sheets remarked that part of that process they have had numerous meetings with developers in Citrus, Lehigh and Poinciana to help target the highest growth areas. He said that later in the presentation there are a number of connections that topped 5500 this year, when it was actually 5800 new connections in all the systems.

- Plans for line extension in Lehigh Acres (continuing)

Mr. Sheets remarked that this is an ongoing process and have just issued \$25 million in parity debt to build plant expansions and line extensions.

- Began plant expansions in both Lehigh Acres (in progress) and Golden Gate
- Met with Collier County to explore the possibility of an inter-local agreement for wastewater service (most recently in January 2006)

Mr. Sheets stated that at this point, and he said Charles could speak to it, they have not received a favorable agreement for the FGUA, but he said they still have conversations ongoing with the Collier County staff.

Mr. Sweat replied that yes it is ongoing.

Mr. Sheets then said that Mr. Pelham's office and Ms. Encinosa's office had looked at the agreement and it was not in terms favorable to the FGUA in a cost effective way. Mr. Sheets said they have had meetings last week with them in their planning department in going over the FGUA CIP program.

- Lee County re-joined the FGUA in October 2005)

Mr. Sheets said that we are happy to have them back on the board.

- FGUA staff attended events or made presentations at the following association events

- Florida Rural Water Association
- Florida Government Finance Officer's Association
- Florida League of Cities
- Florida Associations of Counties

Mr. Sheets remarked that they have had numerous requests as a result of the above to come talk about these concepts either in terms to come join this group or creating similar entities within their own locals. Mr. Sheets said this has come about within the last six months in Hendry County, and in DeSoto County. He said that Camille and Charles met last week with Jackson County and the City of Marianna to do an analysis about a regional solution. Mr. Sheets stated that DEP has almost said they will not fund further single-entity solutions to water resource planning and are more inclined at looking at regional or multi-jurisdictional solutions.

- Citrus County Water and Wastewater Regulatory Authority has approved Citrus Springs Special Assessment Rate Structure

Mr. Sheets said in Citrus County they have had a few missteps but have worked hard to find a good permanent funding solution to address all the growth in place in Citrus Springs, and still allow us to comply with the Topeka Line Agreement.

- Developed or reviewed three water/wastewater systems for FGUA acquisition – none recommended to the Board

Mr. Sheets said that all three were reviewed and they would not recommend for acquisition to the Board, and said that one of them was in the backyard of Mr. Lavender, which was Tamiami Village at this time.

- Established CIP Tracking Report for Capital Projects

Mr. Sheets remarked that the Board has received copies in the agenda items with Mr. Dunty's reports to the Board tracking these projects at the Lehigh meeting

- Completed engineering design work authorizations for 85% of FY 2006 Capital Program
- Develop a process for member acquisitions of facilities and/or withdrawal from the FGUA (continuing)
- Signed Interlocal Agreement of Pine Ridge & Citrus Springs Systems in the Citrus Utility System

Mr. Sheets said that this has not been signed by all parties and asked Mr. David Miles on the status.

Mr. Miles stated it will be executed by the City of Fort Myers next week since it is on their agenda.

Completed interconnect of Pine Ridge & Citrus Springs Systems in the Citrus Utility System

2. Enhance communications with member boards and customers

Meetings were conducted with Citrus County Water and Wastewater Regulatory Authority Board

Meetings were conducted with Collier County regulatory agency and utility

Mr. Sheets commented Collier County works in a different fashion but that they have a similar requirement as Citrus County, just do not have the same challenges as with Citrus County

- A quarterly newsletter was created and five issues distributed since January 2005

Chairman Thomas said she did not know that we provide the quarterly newsletters. She said we should make sure that they are distributed to the county commissioners in every system. Mr. Sheets mentioned that is one of the things that they are going to talk about and it is one of the things that Dr. Mel will bring to the discussion and the Boards feedback to bridge that gap. There are county commissioners that do not know what the FGUA does. That is our responsibility to address this and it is an excellent point.

- FGUA Website totally redesigned, fall 2005

Mr. Sheets remarked that especially the new board members may not be aware of this and wanted to encourage everyone to go and visit the website. He said it is a continually evolving process, where the agenda items, the minutes, the financial information and any information that the FGUA feels a citizen could have an interest will be available on the website that is relevant to the FGUA.

- Met with TOHO, Osceola County and Polk County to ensure quality water and wastewater services delivered to Poinciana System

Mr. Sheets said that Charles and Brian Wheeler met at least once a month about capacity improvement issues, water capacity issues and there has been a lot of cooperation between TOHO and the FGUA on the bulk service agreements and resource sharing, that it has proven to be very beneficial.

- Met with developers in Citrus County, Lehigh Acres and Poinciana to help identify the highest priority growth areas
- Met with customers in Citrus, Lehigh and Golden Gate concerning rate studies and implementation

3. Enhance resource management & environment practices

- Conducted meetings with regulatory and other agencies statewide

Mr. Sheets mentioned that they have had numerous meetings with the regulatory authorities, and instead of reading through the list, Mr. Sheets stated to Mr. Wheeler and Mr. Lavender that one of the greatest proofs of this accomplishment is that there is not a week that goes by that Charles is not called by the DEP enforcement personnel in Tallahassee saying that we have these systems that we are having problems meeting compliance, and will you the FGUA consider taking a look at this and taking them over. Mr. Sheets went on to say the FGUA has a good reputation and that now GSG manages the South Bay system. Because of the reputation that the FGUA now has the DEP has made us the first choice to help take over some of these troubled systems. He said that in South Bay's case it is a very stressed community financial and were cited with four notices of violations by DEP each facing a \$10,000 dollar a day fine. Mr. Sheets remarked the DEP said that if we came in and took it over they would forgive those fines or not assess them as long as we are moving forward for the City of South Bay. Mr. Sheets said they thought this is one of the greatest testaments to the leadership by the staff.

- Updated procedures to meet "Best Practices" and implemented new monitoring procedures to ensure compliance
 - Ten year meter change-out

Mr. Sheets remarked that the ten-year meter change out will be expanding on this in the 2006-2007 objections.

- Conducted annual environmental assessments

Mr. Sheets said that these are on track and on schedule and the cost is in each year's budget.

- The integrated Water Resource Management Plan
- CMOM Program integrated into the regular business practices of the FGUA

Mr. Sheets said this is an ongoing program and each year the funds are set aside for this program. The program along with the CMOMs is done every single year and is as much a part of the operation as customer service and billing. These programs are being formalized and in place. This is very important to show the monitoring within the systems; in fact, this is being accomplished.

4. Pursue contract management services for governmental utility systems that FGUA does not own

- Citrus County Customer Service and Billing (completed 2004)

Mr. Sheets stated that last year the FGUA took over the customer service and billing for Citrus County. He said that not only has FGUA saved them money, but by the County's own admission, the FGUA has done a far better job than when they did it.

- Pursue provision contract services to other local government utilities
 - Polk County-member example
 - City of South Bay-non-member example

Mr. Sheets remarked the City of South Bay is not formally done by the FGUA, however he believed that GSG would not be there if it were not for the good work of the FGUA and what they had accomplished in the past. Polk County is a good example where they are truly taking our mission statement and applying it to practical terms. Mr. Sheets said that they had received a call about one month ago from the county manager stating that their system was very challenged and had a lot of issues. Mr. Sheets said the Polk County system is not unlike a lot of counties that have grown from a very rural area; however Polk County is not one integrated system. Mr. Sheets said it was a lot like the FGUA, it is made up of fifty different systems that have been purchased over time, some together, some not. Mr. Sheets stated as with the same growing problems in Osceola and Lee Counties has now also impacted Polk County. Polk County approved the interlocal

agreement last week, which now allows them to access all the services and resources of the FGUA. Mr. Sheets said they have two work orders going on right now. One is an assessment for what their current needs are and how the FGUA can provide a long-term solution to Polk County. The second contract is placing personnel in the Polk County utility system, especially in the government review process. The FGUA is placing an engineer on a full-time basis and may have two more in the near future. Mr. Sheets remarked this is an excellent example of what the FGUA can accomplish, that they do not have to own assets to be a viable resource to an entity.

5. Pursue acquisitions of distressed utilities

- Due diligence was conducted on three utility systems and resulted in no acquisitions yet
 - Tamiami Village
 - Thunderbird Village Estates Utility System
 - City of South Bay

Mr. Sheets said we have looked at some but can not say they had given this a high priority. He said there has been other priorities and issues that has pushed this into more of a reactive process when the need calls, however he said they need to work harder on this process this year

6. Expansion of the Manager's role

- Performed special assessment studies in Citrus, Lehigh Acres and Golden Gate (ongoing)

Operational Goals/Accomplishments (Mr. Sheets read through the items)

1. Development of Cohesive Developer Service across all systems

- Ready for new contract June 1, 2006
- Staff increased to address added workload

Mr. Sheets said that this has been addressed that by the end of June additional staff will be added.

2. Development of Centralized Customer Connection Program

- Ready for new contract June 1, 2006
- Single point of contact to be provided for all new connections, small or large

3. Complete and Implement an FGUA Standard Procedures Document for Quality Control this is in process for September 2006 implementation

4. Capital Improvement Program, initiation and/or completion of major capital projects-85 work authorizations for engineering and design services issued 1st quarter of FY 2006

5. Develop and implement a cross-connection control Program (September 2006)

6. Re-write Mainline Extension Policy (September 2006)

7. Establish Environmental Tracking System (Work Authorization scheduled for April 2006)

Mr. Sheets said the money was authorized and the work authorization will come to the Board in April to begin the development of the tracking system

8. Enhance Developer Tracking System (Work Authorization scheduled for April 2006)

Mr. Sheets said the same applies to this as mentioned above.

9. Implementation of New Contract

- Severn Trent contract to be negotiated
- Execution of New Contract – April 21, 2006
- Proposed implementation date of June 1, 2006

Mr. Sheets said that was the goal. The issue will be coming back to the Board tomorrow with a recommendation from the system manager and general counsel to begin negotiations with Severn Trent, hopefully to bring back to the Board a contract for execution by the April board meeting and a proposed implementation date in June. Mr. Sheets said they would go through this in more detail. He said this is not where they thought they would be, nor how they were going to get through this when it was planned a year ago.

10. Implement a proactive communication plan to public and local government (May 2006)

Mr. Sheets said this was one of the greatest accomplishments this year and would have more detail as the meeting progressed.

11. Steps required to implement new contract

- Inventory of Assets, Additional Assistance
- Firm hired September 2005
- Hire staff to maintain going forward by June 1, 2006)

Mr. Sheets stated that although they will not be changing the contract operator, they will be changing how they work with this contract operator. He said there will be a work order tomorrow at the board meeting to address the cost associated with the change. Mr. Sheets said they had hired a firm to help with the asset management, an independent company, and hired staff to move forward and now have a good asset system. Mr. Sheets said to assist in this process is to implement a complete re-inventory, because under this new process it will change the entire way in which they work with Severn Trent.

- Establish acceptable levels of sludge inventory (May 2006)
- Establish acceptable levels of consumables inventory (May 2006)

Mr. Sheets said with the last two items Charles would be the best person to discuss these items further with him later if Jim or Brian had any questions. Mr. Sheets also said that both of those items would become part of the contract negotiations topics with Severn Trent.

12. Continued Growth and Expansion of FGUA

- Development of strategy to assist Polk County with water and wastewater service in NE service area (February 2006)

Mr. Sheets said that this is not the service area that they have been talking about at this point, except for the areas adjacent to Poinciana. This is not the four-corners it is the area over by the Poinciana service area.

- Development of operational strategy to ensure integrity of split system if only part of Poinciana System is absorbed by TOHO (June 2006)
 - Bulk water and wastewater agreements
 - Capacity reservation to ensure newly expanded service in Polk County is adequately serviced
 - New development and funding programs not impacted by transition (Northeast Service Area)

Mr. Sheets remarked this is an ongoing process since they do not know what Polk County or Osceola County are going to say or will be doing in the future. He said if it is other than one system going to one governmental entity, then FGUA must be prepared to address these issues outlined. He said they do not know when they are going to be required to address these issues- what year -2006 or 2007- but a plan needs to be in place.

13. Additional Operational Accomplishments (Mr. Sheets read through the items)

- Entered into an interlocal agreement with the City of Fort Myers for mutual back-up water supplies (March 2006)
- Completed interconnect of Citrus Springs and Pine Ridge water systems in Citrus System to improve pressure and fire flow (October 2005)
- EPA Capacity Management Operations and Maintenance (CMOM) program integrated into recurring operations program
- Established pro-active data base with all three FDEP regional offices to assign dates and objectives to resolve all outstanding regulatory issues
- Initial version of Master Plans for the Poinciana Water and Wastewater System have been completed (January 2006)
- Special assessments programs to finance necessary infrastructure have completed regulatory review in Citrus County.

Mr. Sheets said depending on what Citrus County directs them to do; it will be on the tax bill in November of this year unless directed otherwise by Citrus County.

Community Service Goal Accomplishments (Mr. Sheets read through the items.)

1. In our efforts to market the FUGA for continued growth:

- Completed major customer service opinion survey

Mr. Sheets said the main presentation was given to the board in January 2006 at the Lehigh meeting. Tisha made the presentation. Mr. Sheets said it was probably one of the finest pieces of work he has seen. He said they had an unusually high response to the survey, he said that the average of surveys of this nature are within the 3% to 5% or at the highest 7% response. This survey had almost a 20% response. This survey was extensive and system specific and Mr. Sheets told the board members that if they do not have a copy of this survey that he would get them a copy and suggested that perhaps their board members would like to see this. Mr. Sheets said it told them a lot. The bulk of customers were mainly happy with the service they received and the input was a very useful tool in provide them information on how to better the service. Mr. Sheets went on to say that in Poinciana, where they speak mainly Spanish, they voiced their individual concerns, as did the residents at Lehigh Acres where a large majority of residents are elderly.

- We continued the utilization of bill stuffing to improve communication with our customers in an efficient manner. Below are some of the ways we've utilized this means of communication
- Summer 2005, Annual CCR Report was distributed in bills
- January, April, July and October 2005 and January 2006 we distributed the first five quarterly newsletters
- December 2005/January 2006 noticed Lehigh customers of proposed bulk water rate
- January 2006 noticed Citrus Springs customers of proposed new water line extension fees
- February 2006 noticed Golden Gate customers of proposed conservation rate schedule
- We've met with various local boards, customers, and HOAs throughout all four systems
 - Attended 60 HOA meetings throughout the four FGUA systems
 - Conducted 20 educational programs in all four systems
 - Attended 50 governmental meetings in all four systems
- We've met regularly with TOHO, Polk and Osceola Counties to ensure quality water and wastewater service (continuing process)
- Community Service Representatives added to all four FGUA systems to provide information and receive community feedback

Mr. Sheets asked Yvette Hartsfield if all the positions for community service representatives had been filled. Ms. Hartsfield stated that they have as of last week. Mr. Sheets stated he is very proud of the numbers that they have established thus far and will work to add to this process in the future.

Financial Goal (Mr. Sheets read through the items)

1. Improve Financial Management and Reporting:

- Awarded GFOA Certification of Excellence in Financial Reporting for the fourth consecutive year in FY 2005 (FY 2005 has been applied for)
- FY 2005 CAFR presented to FGUA Board in March 2006

Mr. Sheets stated that again this year the CAFR would be brought back to the board for review at tomorrow's board meeting.

The FGUA is introducing the use of new conservation rates in Golden Gate (March 2006). Water Management Districts are expected to require more implementations of these rates in the future

New investment policy scheduled for July 2006

New budget adjustment policy for August 2006

2. To complete the financing of additional capital programs

- Acquired \$24.0M line of credit for Poinciana in December 2005
- Issued \$25.795M Lehigh Acres Revenue Bonds in December 2005
- Issued \$12.645M Golden Gat Revenue Bonds in December 2005
- Improved financial outlook of Lehigh Acres System in two years resulting in Standard & Poor's underlying rating increase from A- to A

Mr. Sheets stated that Item 2 was self-explanatory and unless anyone had any questions (no one responded) he would proceed to Item 3.

3. In the effort to improve on our contract management

The new operations agreement for a contract operator calls for new reporting standards and guidelines to improve upon the communication and accountability between the Operations Contractor and Systems Manager helping to ensure contract compliance and eliminate audit findings.

Mr. Sheets said this is something that they are very excited about, although this is not the process that they thought they would be going through with Severn Trent on amending their contract. However it is good that they can now implement very strong performance standards and penalties for failure to perform. He then asked if Jim Lavender had not received the contracts, and said he would be sure to get copies to him, and then said that Brian was not on the Board when these contracts were signed. Mr. Sweat said that we would get copies of the contracts to both of them, and then asked if the Chairman had copies and she replied she did not need a copy.

Legal Accomplishments (Mr. Sheets read through the items.)

1. Develop policy for FGUA performance of contractual management services
 - Drafted bulk rate resolution for Lehigh Acres and bulk rate resolution for water sales for Fort Myers in conjunction with financial staff
 - Prepared interlocal agreement with Polk County to provide a full range of utility services
2. Develop capital contract template for use by operational and financial staff
 - Completed development of FGUA Purchasing Policy which went into effect June 1, 2005
 - Reviewed and revised, with Operational staff, front end documents used for standard capital project contracts
3. Prepared a revised Utility Operations, Maintenance, Billing, and Customer Service Agreement for use in the recent procurements
4. Prepared revised FGUA conveyance instruments to make them easier for developers and staff to utilize.

After Mr. Sheets read through items 1 through 4 he stated the contract in Item 3 is the finest contracts they have prepared in the business and they had conducted a lot of research across the country with contractors, it is a good strong enforcement. He then asked Mr. Pelham if he wanted to comment or add anything, Mr. Pelham said he did not have anything to add to what is already there.

2005-2006 RECAP

1. Our proudest accomplishments in the last year
 - Citrus County Regulatory Process successfully completed, providing a permanent solution to funding issues created by Topeka Line Agreement

Mr. Sheets stated this was a huge potentially catastrophic funding problem when they took this over. They were expecting 20-30 applications based on 5-year process of due diligence and this was no one's fault, everyone, the engineer, and rate consultants in the industry all said these were the number of applications. Within 18 months they had over 300. He went on to say, the Topeka Line Agreement from the utility provider's standpoint is very simple, it says if you are within 2500 feet of the FGUA line, FGUA must extend to you (and collect \$417.00) and in a very short period of time, they had several million dollars of line extensions obligations invested, and staff working with the Board, with attorneys and our financial advisors came up with this program.

- Community Service Representatives hired in all FGUA systems and integrated into our communities. More to come from this in future years

Mr. Sheets stated they are very excited about this program, and will continue to be as they move forward.

- FGUA successful in meeting growth of over 5,300 new customer accounts in four systems with no rate increases for basic services
 - Staff maintained financial integrity of all four systems, while addressing continuous growth
2. Staff Disappointments this past year:
 - Our failure to anticipate the need for greater communications with the Citrus County Board of County Commissioners

Mr. Sheets stated they need to take full responsibility for this because had they been more diligent and assertive in communicating better with the commissioners in Citrus County prior to the first public notices for the assessments the outcome may have been different. They have gone over and over this and can think of 100 items that they would do differently today.

- RFP process not resulting in a successful award after two solicitations – FGUA Board had to approve alternative recommendations

Mr. Sheets said after spending hundreds and hundreds of staff, legal counsel and the board’s time did not result with the end solution that they wanted. Again, Mr. Sheets stated they have thought of 100 different ways they could have resolved this situation; perhaps if they had started six months earlier, maybe if they had executed a different approach. But, he said from a system manager’s viewpoint this did not get the result they hoped for and it was a disappointment.

- No new members were found that would expand the size of the FGUA

Mr. Sheets stated this was a big disappointment Mr. Sheets asked the Board if they had any comments at this time – there was no comment.

Mr. Sheets then adjourned the meeting for a morning break at 9:50 a.m.

10:30 Board Goal Setting for 2006-2007 - Mission Revisited

Mel Jurado Interactive Board

Dr. Jurado welcomed everyone and stated that she had been working with Mr. Sheets, Ms. Thomas and getting the input from the Board members. Dr. Jurado said it is very important to recognize the need to have a firm foundation on where we come from and the need to revisit the Mission statement. She said she would be referencing her blue workbook for the session and stated the Mission statement tells us who we want to be. Then Dr. Jurado stated it was important recognize the need to have strategic actions within the mission statement then and cited (pg 5) the Mission statement. She then posed the question to the Board members what would you like to see us amend, add or delete from the mission statement? She then stated that comments were made at the bottom of page (5) from a unanimous board member – it was there to help everyone think about what we need to discuss.

Ms. Thomas stated the mission statement is good and it covers a lot of area. Mr. Wheeler pointed out the statement “to assist other governments” the word “others” implies there are other governments and wondered why it did not say “assist” and wanted to know what other local governments you are speaking about.

Ms. Thomas said it is the interpretation of the word and to her it simply meant the FGUA is a local government. Dr. Mel said what she liked is the words “creative tools” this does open the discussion and brings more opportunity.

Mr. Lavender stated he thought the mission statement was well stated.

Mr. Wheeler stated it was his statement on the comment provided on pg 5. He commented that more thought may be given to how the FGUA will function in the future with the changes they are already seeing and the role that the FGUA will play, and they need a broader focus. As they expand in other areas, important to speak to those other areas.

Dr. Mel stated that is why the phrase “creative tools” becomes more important. Then she directed everyone to (pg. 4) and asked everyone if we know who we are now - where are we going? What are we telling new counties? This is what needs to be discussed. What is discussed now need to have goals. But the vision

statement is crucial to planning and should be an integral part – because without it we are lost. It is the element of focus – it keeps everyone on the same path.

- Vision Revisited

Discussions

Dr. Mel displayed a map of Washington D.C. it was very detailed and had many folds and was a bit confusing. Dr. Mel said the map is an example of what we can do in our organization -being pulled from many different directions. It is nice to see different ideas but we need to have focus on the ultimate vision Dr. Mel stated the best boards are excellent stewards of keeping the vision (pg 6) (she read the Vision statement) and staying focused on the mission and not being pulled by other distractions. She then asked the Board if there were there any deletions/changes/additions that they would make.

Mr. Wheeler stated this comes back to the transition issue. He said Charles may discuss further but there are not a lot of large utility systems out there. Mr. Wheeler said that they may need to change in terms of the capital asset ownership aspect and look toward in the future as a partnership/manager with government entities or in private sectors. He said that for many the thought of privatization has a lot of negativity with the process. Perhaps we could find other areas to work other programs within the system by finding niches for example, customer billing or sludge management, etc. - within the various utility systems. Perhaps find new ways to market the FGUA in these areas. He said it was important to find the key problems with the counties and work to target those areas instead of the whole system.

Ms. Thomas agreed this is a good discussion she said that in Polk County it is the CIP, and also in being able to retain employees and also believed it was important and the key is to target key areas. Ms. Thomas also said getting the word out - this is the challenge in the local governments.

Mr. Lavender agreed with Brian but believed the larger problem was in the very rural communities. How do they extend into these areas, like Charlotte, Hendry counties – but Lee County does not want to go there – but know it can be very difficult to maintain that position? He said Hendry County is a good example of they do not know what is coming at them or not knowing what is going to happen to them (hands over the eyes). Mr. Lavender said someone is going to have to help them because as other areas grow they are going to move over Hendry County and he is not sure how they are going to handle it.

Dr. Mel stated everyone is focused in the partnering area and agreed as the growth in the state continues how is the FGUA going to utilize the new challenges. Dr. Mel then asked the board members after their discussion if there is anything to change in the vision statement that would take them into the year 2011. Any key words that you want to discuss.

Ms. Thomas stated perhaps they could change the order of the vision statement, she said people tend to read the first part and seems to put the focus on that first and may want to change the order and put 'providing of services' before the 'acquiring utility systems'.

Dr. Mel then read it differently. Then there was some discussion and Mr. Wheeler agreed we need to focus on the partnership with others and the long-term interaction with the counties. He said we need to have more of a supportive role with the counties in whatever area. Then Dr. Mel read it again – Ms. Thomas stated that she would agree with this and then Mr. Wheeler said it would help to see it all together. Dr. Mel then asked Rod (her associate) to change the order and print on the screen. "Partner and long term support – then to other local governments" they worked to change the wording. – Mr. Wheeler changed the wording on the assist portion of the statement. Dr. Mel then asked everyone how this now resonated with them – there was some discussion between the board members and Mr. Sheets. Then after some discussion it was decided the new vision statement was as follows:

“The FGUA will be a widely recognized and utilized long-term partner supporting other local government entities by providing highly effective and efficient utility services through ownership or contract and assisting other local governments to manage their growth patterns and directions.”

- What We Know From What You’ve Shared

- SWOT

Dr. Mel asked that the remainder of the morning be directed to the S.W.O.T. She shared that it had been very rewarding for her in the past month to venture into the processes of the FGUA and was impressed to see the targets that the FGUA have surpassed. She said she saw the positive impacts that the FGUA has made within communities and saw that the FGUA is an organization that continues to reach higher and higher heights.

Mr. Lavender was asked by Dr. Mel if he had ever thought of his role in Lee County compared to a rock climber. He responded, yes, he had seen himself as a rock climber. Then, Dr. Mel demonstrated a back-pack and how important it is to not put bricks inside because of the weight. Now she said no one should have to be told if they are a rock climber not to put brick into their backpack. She said this is an example that how many times well-intentioned people within every organization has had challenges that keep them focusing on the brick (challenges/weaknesses) and continue to bring with them instead of working on the strengths of the organization. (pg 7)

Dr. Mel then asked the group to focus on the strengths of the organization. What else needs to be added to this list? (pg 7). Do we need to add anything to this list? Are there any other strength you want to add?

Ms. Thomas was asked what were the key strengths to her on the page displayed? She responded that all the comments were good. But believed that the regional side was taking a lot of their time and it is important to keep the focus out there

Mr. Lavender the purpose is service and it is important to stay focused – a single-minded focus was important.

Mr. Wheeler stated the flexibility within the organization to be able to adapt ourselves to an individual problem and be ready to really solve the problem that is there – need to adapt to the changing needs.

Mr. Lavender stated there is a benefit to have a separate entity to restate the same thing to your local government. It is helpful to have someone from the outside giving the same information that we have given. It now becomes more credible and believable from a different source. It is important to have the FGUA there to support their comments and focus.

Dr. Mel agreed this is important – strengths are great and to acknowledge but we need to see the bricks/weaknesses.

Dr. Mel asked everyone - What is the most important item to be discussed - what jumps out at you?

Mr. Wheeler stated need to maintain a strong connection with your member organizations said that he represents a board and Osceola County. He said if both are not maintaining an interaction between each other it is hard to know what is going on and it is important to keep ties. As stated before FGUA can bridge the gap so when the need arises for different counties it is important that FGUA is aware and so is the county of FGUA.

Mr. Lavender said it is the unexpected that may come from the commissioners. It is very hard to predict their wants/needs because it can and does change. He stated it is a big challenge. Dr. Mel agreed this is an on-going challenge because it is something that often we can not change.

Ms. Thomas said it is a difficult for the staff and the Board when, as Jim stated, the commissioners make changes and often it makes it more difficult to adapt. Dr. Mel agreed and said and it may not be one of those bricks we can change.

Dr. Mel then said - But the bricks/weaknesses can not be dwelled on. She cited an example where some individuals may be concrete thinkers (brick) and say, this is how we do it, this is how we do it, and set in their ways and we need to find a way to get their attention. - Dr. Mel then threw a brick (soft) at Mr. Lavender to show that we need to get peoples attention and need to focus on new areas we can achieve (pg 8).She then asked the group where is there greatest opportunity for action and she said there were nine different questions when thinking about priorities and asked everyone to look at what others saw as important - based on what Robert shared and the transitions - what are the key areas we need to direct our attention? Everyone took a moment to read through the nine items.

Issues & Priorities

(While the group read from the workbook, the items discussed earlier were written and displayed across the room. Dr. Mel also asked everyone to sign a brick (real).

Then Dr. Mel asked everyone to see what the focus of the key opportunities that were discussed:

Ms. Thomas - how government sustained partnership (local) is key

Mr. Lavender - business plan is important recognizing the changing landscape

Mr. Wheeler agreed with Jim business plan was important and sustained collaboration.

Mr. Lavender - transition beyond original issues.

Dr. Mel stated when talking about partnering it is sustained collaboration. And then asked what is defined by partnership (pg 21) what do we really mean what is the key opportunity- is it more or less of it - what's the "it" need to communicate to know what is available - then need to be able to effectively establish.

Ms. Thomas first said you need to communicate to know what is really available through FGUA to help. Then be able to communicate how it is to be accomplished, how effectively and how efficiently it is to be handled.

Mr. Lavender stated he thought they would use the board members to interact with county commissions, particularly to keep the information pure to the commissioners that have been blinded by the community comments. He said they need to build the trust through the facts and need to put a face to the FGUA through Charles or Robert or other staff members. He also said it is also important to really be there to communicate on a continuous basis. He again stated it is good to have others (like the FGUA) to give credibility to what the staff in the county has been saying to the commissions. Mr. Lavender also said it is important to keep the untruths about the FGUA from fostering.

Dr. Mel said it may be of some use and important to have testimonials from other communities on behalf of FGUA. Then she asked for their thoughts.

Ms. Thomas feels it is important to have this but to also include the contractors and developers to also be a part of the credibility process to speak on the good things about FGUA

Then Mr. Lavender stated that it can be just as important to point out the problems that they are not having. Yes, it is important to keep aware of the items that are good that you are not hearing about. He said he has to have those conversations and the need to add value to the good when it is not a problem at their door. Need to layer the message – must communicate the message better – Mr. Lavender stated that also the timing of the conversation is key in this arena as with Citrus County. He stated as an example with Mr. Sheets comment that we should have done something six months ago. In the election year, it is important and in others it is not important.

Mr. Wheeler stated that it is different in Osceola County. He said that is why the city and the county created the TOHO authority. This utility had only one focus so it was different than what Lea Ann or Jim deal with in their counties. He said this utility was huge and needed to have someone else to handle this and this is why it was FGUA that came in – But in each county the message will be different – and need to be focused on the fact – target the communication on what the message needs to be communicated. He said it would be good to have a presentation and the timing would be when you do the changed business plan – good opportunity. On the other hand, the need to understand in the transition, what issues are key to the community?

Dr. Mel then commented it is important to really focus on the assessments she agreed with Mr. Wheeler that it is entirely different from the consultant-related aspect and demonstrates where the FGUA has succeeded in this process (Dr. Mel stated). Then Dr. Mel asked Mr. Sheets for direction because she did not want to move into an area he wanted to cover with regard to the communications. She also asked if he felt that they had enough information to move into the next phase in the afternoon that has been established to help the staff. He responded that was find and Dr. Mel then moved to the Business Plan

Dr. Mel asked the group what are the key components (cornerstone) you want to see in this area.

Mr. Wheeler stated the FGUA has done and is doing a number of things in managing utilities and in the customer service billing business and works closely with GSG with the database of information. So Mr. Wheeler was expressing that the FGUA has to find the answer when they go out and talk to people on what are the strengths that we can provide that we are not utilizing in billing, contract management, and, at the same time not say we are FGUA and we are going to take over your utility. Need to go to counties and ask what do you see that you need and issues that FGUA can bring value-added resolutions and be able to respond to what makes everyone unique.

Dr. Mel agreed that it must be a partnering approach and not a “take-over” approach. She then referred back to Polk County and what they did to provide a better approach. The response back to the constituents when the question of why are you using so many different consultants. They said that they were going to the experts and in the long-run that makes them more efficient and profitable to the constituent.

Mr. Lavender agreed with Jim that many issues are different and need to focus on going to counties with the knowledge of where FGUA could have the most success. He also believed it was also just going out and seeking new markets. FGUA must be able to be diverse in what they can offer and decide what those markets are going to be.

Ms. Thomas stated that we still need to look at if Golden Gate is left what becomes of the FGUA. But it is not a decision they could make today.

Mr. Sheets responded that everything said is positive, but that they do need to rethink what the goals mission and vision will be for the FGUA we do not want to be single-minded in what we do. He said the Board is saying we need to be a shared partner/shared resource in the communities. Mr. Sheets said if that is the case the Board may simply be there for their expertise, and not necessarily because the FGUA has assets in

these communities, which is different from their roles today. He said it is a major inventive twist to the old concept, where one county would work with next door counties for one individual item, sharing in the interlocal agreement. What we are talking about something very different than what has been done in the past, now they are sharing all not individual things. He said this is an exciting concept and they need to bring more discussion to the topic. But, he said, the focus on assets needs to be discussed in more detail than done thus far. He asked with regards to the troubled utilities, if not us, then who? What do we do when DEP takes over in receivership? It goes to local government; ordered by a judge for the county to handle and the county may not be prepared and able to adequately sustain. Where does FGUA play a part in this role? Does not want to abandon this discussion the numbers are increasing not declining. Mr. Sheets pointed out that Citrus County has 180 private systems. They may be unique, but Mr. Sweat can speak better to this on whether they will continue.

Mr. Sweat said yes, they will and referred to them as less desirable systems. He said there are probably 600 utilities out there and there are 6 or 7 counties now that do not have a municipal utility system. Now developers are building utilities because they have no choice like they did back in the 1950s. But there are in fact fewer and fewer of them as time goes by.

Mr. Wheeler stated having inherited a receivership system, he has real experience, but said that we can go down this road, if DEP does approached us, but they really need to be sure if it is worth taking over? He remembered being in court for an extended period of time and it was very difficult process.

Mr. Sheets agreed many of the core values they hold within the FGUA now would prohibit them to be able to maintain these troubled systems and would have to be in partnership with DEP.

Mr. Wheeler responded that this was part of the problem that once DEP handed it over – it was not a partnership with DEP – they disappear.

Mr. Sheets said he understood, however he said the calls are still coming in to Charles, and the opportunities are still out there. Mr. Sweat said that was correct, that they are still coming in, and the day may come when they say yes we will consider this utility.

Mr. Sheets stated what he hears the Board saying is that we do not have to own assets to be viable and a resource. The most valued asset to the FGUA is its board members, and he was happy to hear they wanted to move in this direction, excited about the future.

Dr. Mel asked the Board for if they had any other comments they wanted to share.

Ms. Thomas stated if they could find a way to make the receivership could work, it could be a great asset for the FGUA, but needed to really understand what the DEP is looking to do and for what the term of the process would entail. She also said the FGUA can be a tool in the communication process in bridging the gap between local governments and also at the same time they could communicate the good work of the FGUA, if we could partner with the DEP in select areas.

Dr. Mel agreed the communication and partnering can be an excellent way to move the FGUA process out there as a positive force. And then she asked the Board if they see this as value added.

Mr. Wheeler stated that we do not always utilize work better in the partnering because of the communication. He mentioned that the state is very focused on water resource development and the issues that come out of this and there needs to be partnering with the state on this because of funding and regulatory issues. He said if the FGUA could help work on being more effective in the communication process with the state then yes, FGUA or others can be a good resource in effectively working through a problem.

Dr. Mel stated that absolutely the FGUA can be a good resource in identifying and bringing others together for a county and help in resolving issues that could otherwise take longer in resources and time, indeed value added.

Mr. Sheets added that the rural communities are important to keep in view. Such as Hendry County, DeSoto County, Jackson County and even Taylor County, the development and growth are forcing them to look at the FGUA as a viable solution. Mr. Sheets said that they usually start talking to the developer, so the FGUA needs to focus on working with contractors/developers in this area.

Dr. Mel stated, that yes, the explosive growth is an issue and partnerships are important in this area.

At that time, Mr. Sheets asked if he could interject an example of a meeting that Mr. Sweat had the day before.

Mr. Sweat said there are many things occurring in Lee County and he believed the effort is to work as a partner. He explained that he had filed a letter on behalf of the FGUA to expand the service area and brought before the Board some months ago to be approved with the understanding that Lee County would be in that service area eventually and they would be serving that development. Now the discussion was maybe the do not need to work as a partner with the FGUA and wanted to do on their own. This was the group he met with yesterday and after 4 hours Mr. Sweat decided that it was necessary to go back and speak to Mr. Lavender because he felt it was important that the partnership relationship is continued to serve the needs of the developers. Mr. Sweat said that the development was approximately 670 units, and during the 4-hour discussion the topic of Glades County and the prospect of over 2000 units were discussed. He said this is a good example of how the FGUA can be a good resource in bringing all the parties together. These adjoining counties are going to be faced with this explosion of growth and do not have any utilities and do not want a developer to own, but the developer is not going to wait when they are faced with the pressures of a multi-billion dollar industry, and hopefully, the next best thing is the FGUA type of government, and then eventually turn it over to the host governments. He also said this is not only in SW Florida but also in the panhandle. Mr. Sweat said right now Manatee County is looking at 92,000 units. Who is going to serve them?

Mr. Lavender stated that yes, the growth is coming and it is not something we can stop and need to work through.

Mr. Sweat also shared with the group that when he joined forces with Mr. Sheets and his group about five (5) years ago that he only signed a 2-year contract when he started. This was because the FGUA would be gone. He now believes there are more opportunities now for FGUA than there were at that time, not in acquiring, but perhaps in working with local communities.

Dr. Mel stated this speaks to the great job that the FGUA board has accomplished and the forethought and vision they have had through the years.

Mr. Sweat said he would agree with Dr. Mel that it does speak to the savvy that the FGUA Board has had in the past and now looking into the future.

Dr. Mel asked if the staff has the right information from the Board to move forward now on these two key issues.

Mr. Sheets said yes, but we do need to have more detail and fresh discussion on some of the goals. Perhaps even think about eliminating goals due to the limited resources of the FGUA. He said they need to take care

of what we have and be able to do that well before they can venture out and try new things. Mr. Sheets also stated that a little success goes a long way.

Mr. Lavender stated that one of the strengths to FGUA is that there is nothing else out there for a local government. Many counties do not have the resources and funds to own and operate a utility.

Mr. Sheets stated that the challenge for small communities is do I want to become a part of this organization or partner with a larger community to perform the function for them. Mr. Sheets stated there is an advantage in having the FGUA infrastructure in place to assist.

Mr. Lavender stated that was Lee County's position they could not assume that responsibility, so the FGUA worked for them.

Dr. Mel stated again that it was the question asked earlier in what are the other alternatives – if not the FGUA, than whom?

Dr. Mel then directed everyone to the five key goal areas - the key directives. The Board's priorities on what is the order we need to focus on (pg. 16), and mentioned here that they accidentally left off community service goals. She tried to get everyone to focus on what needs to be addressed in the policies.

Ms. Thomas referred everyone back to the Powerpoint presentation that Mr. Sheets gave to look at these items: the stability and growth has been touched on, the enhanced communication area has been touched on and working with the county commissioners is where we need to focus on and have not been good.

Mr. Sheets stated yes, but keep focused on where we are now and where are we going. Staff needs direction on those specific items that the Board wants us to focus on.

Ms. Thomas stated that has been done, but we need to work toward making sure that we also focus on the environmental impact as well, which is not mentioned.

Mr. Wheeler stated that those who focus on CMOM are really missing the larger picture, that is it is a component of asset management and the FGUA really needs to work on keeping focused if the FGUA is going to get out of the asset owner business than CMOM becomes less important and FGUA needs to address the question are we going to be an asset owner, if not, then we need to refocus direction on other areas.

Ms. Thomas asked do we pursue contract services not owned. Should the FGUA actively pursue purchasing small utilities?

Mr. Wheeler stated, yes, we need to keep all this in mind, especially when talking about the CMOM process.

Then Dr. Mel directed the group to item 6, the member board communications, and asked the Board members what was it personally for them that assured them that this focus and direction has occurred? Dr. Mel asked what was the target for them personally that told them they had achieved the goals set in place.

Ms. Thomas she stated that for her it would be that all of her board members are very aware of what comprised FGUA and the services it provided. She said she faults herself for not providing more good information to her current board members at Polk County. She said they need to do better in communicating who the FGUA is and the need for the FGUA in the local communities.

Dr. Mel repeated Ms. Thomas' thoughts and they asked Mr. Lavender the same question.

Mr. Lavender said that Lee County's board only sees success when items are approved with no problem as in the Consent Agenda and often that is what speaks to commissioners that is successful and what Mr. Lavender gauges as success when little or no problems arise when presenting contracts, interlocals, etc. brought to his board.

Mr. Wheeler agreed that we do need to bring the staff of FGUA in to speak to the respective county boards and provide a presentation of what FGUA is all about. He also said it would be good to put names and faces to the FGUA and by bringing Charles or Robert before his board once or twice a year would be able to accomplish this for the FGUA.

Operation Goals

Then Dr Mel brought everyone to the attention of the Operation goals and asked the Board members if everyone was happy with what was stated. She also asked them what were their expectations as Board members.

Mr. Lavender stated he is aware of the processes of the FGUA; however he said they might want to look at achieving more efficiency in the processes that are followed in the FGUA. He said he would challenge Robert and John to take a look at what is being done across the state in local governments, and consider some streamlining. In particular, more efficiency with the Agenda, more efficiency with continuing contracts that can be easily approved, get unit prices and jack it up a bit and move toward increasing the staff's level of authority to get the work out if it can be justified and make sense he has no problem with this. He also said let's work at getting the meeting time down and get the amount of Agenda items down. Mr. Lavender said he acknowledges that the staff has tremendous challenges and anything that the Board can do to make the processes more efficient, within the law, the Board should consider. The Board needs to help John's team out there in being able to move more swiftly, the Board needs to work to help them get through more.

Mr. Wheeler stated he wanted to mention something regarding what Mr. Lavender touched on earlier that is, efficiency. He said it brought him to think about how efficient is the whole process of the agenda and the minutes and how it is being processed. He said they should give some thought about accomplishing this task electronically. He said he sees all the agenda packets being emailed to him and he thinks about that being four board members at twelve (12) times a year. He cited as an example with his board members, they do not provide a paper copy of the Agenda, instead it is posted to a general site, they download it and print it out. He said he did not know if it was something that the Board wanted to consider. He asked why do we need to have all this paper, perhaps it may be something to discuss to provide this information electronically; isn't it more efficient and cost-effective. He also said the time issue is costly, just a few examples.

Mr. Sheets stated he did not know if the board was that sophisticated. (Laughter) Mr. Sheets said that many of their consultants have laptops and have the ability to be wireless wherever they go.

Mr. Wheeler said that he remembers when his administrative staff would put the books together for their agendas it was very time consuming and their agendas were not as large since they had meetings twice a month not once a month, this was just a small example. He said perhaps this is a way that our different counties can also help the FGUA be a better organization in what has been successful for us and what works.

Mr. Sheets said that they welcome this discussion and the suggestions. He said he would be curious to discuss how they handled things electronically such as maps, etc.

Mr. Wheeler stated that these documents can all be sent electronically and that can be discussed, but felt that this was one of the strengths of the Board, to be able to provide different methods they have used to make the processes more efficient. He said that is what he believed Mr. Lavender was stating earlier that if they all network the strengths of each organization, it can help make the FGUA a better organization.

Dr. Mel said that Mr. Wheeler is speaking to what brings us back to what was discussed earlier with partnerships and the importance of recognizing this for the future. That by having those long-term relationships, partnerships, collaboration in learning from other municipalities that are part of the FGUA, should be utilized.

Mr. Lavender stated as an example, that perhaps it is not necessary to discuss each item on the Consent Agenda, look to streamline this process.

Ms. Thomas said that it was rare that they break the consent agenda items out for discussion.

Mr. Lavender said he thought he remembered one meeting in particular where they were discussed.

Mr. Sheets said yes there was one meeting in Lehigh where they had some items in the Consent Agenda that were being discussed and were pulled from the Consent Agenda.

Mr. Wheeler stated that while speaking on this that a key operational area for next year is the implementation of a new contract with ST. Since there has been some discussion on ST's performance, we need to see how the work authorization process is working and review our contracts now with ST and we need to work through this with single purpose. Then a year from now we will have to look at are we getting a better product and service, and what measures are in place to prove it.

Dr. Mel asked if the Board had identified a score card, measures and benchmarks.

Mr. Sheets said we are identifying them.

Dr. Mel asked the Board if they were satisfied with operational issues as they were discussed, and Ms. Thomas stated she was satisfied.

Community Service Goals

Dr. Mel then asked the Board a year from now in March 2007, what would have to have occurred for you to confidently say that you were satisfied with customer service, what does that look like, what would have to be accomplished in each of your counties.

Chairman Thomas stated that it would have to be positive feedback from the county, whether it is from our boards or the residents.

Mr. Wheeler said that this is one of the things that we need to do is develop customer feedback, mentioned that he did not see a copy of the survey and would like a copy, but he said by developing customer feedback systems, not just a standard survey, but he was more interested in also getting feedback from developers and engineers. He said it has been his experience that most of his complaints come from developers and engineers and the service they are getting, than it does from customers complaining about their sewer and water bill. We also need to include them in the mix of community service goals and need to build relationships with them. He said this can be directly linked politically as well, that Osceola County is a very strong political base, and did not know how it was in other counties, so there are many individuals who can reach and influence the county board.

Dr. Mel said this was a good example as a key aspect in building and fostering those partnerships in many arenas. She also agreed that we need to open the vision of “who” the community is for FGUA from this point forward in building and fostering partnership relationships.

Mr. Lavender stated that he did not see how they could get better in this area, because they do not have problems, with the exception of one lady, who complains to the board on a regular basis.

Dr. Mel said what a nice testimony to the good work that is being accomplished. She cited again the 20% return on the surveys that Mr. Sheets discussed earlier and that they were positive. This says a lot about what is being accomplished and how it is being accomplished.

Mr. Sweat remarked to Yvette that now that they had set a high bar, Mr. Lavender is going to expect this now. (Laughter)

Financial Goals

Dr. Mel then directed the group to financial goals by asking what are the expectations.

Ms. Thomas said she was very happy with the financial goals, but they need to keep up the good work, said she was overall happy with what has been accomplished.

Mr. Lavender agreed with Ms. Thomas with what has been accomplished in the last year with the bond issue in Lehigh, the Bulk Water Rate issue and the Topeka Line Agreement.

Mr. Wheeler agreed with Ms. Thomas that with regard to the financial issues the organization looks strong and the information is good and they just need to continue down that path.

Legal Goals

Dr. Mel then directed the board to the legal goals and asked if there were any key aspects, key goals that will tell them that the FGUA has been successful and were they any items they need to add moving forward.

Chairman Thomas stated she was happy with the process thus far, and believed Mr. Pelham and Ms. Encinosa has done an excellent job for the FGUA.

Mr. Wheeler agreed that the process is working.

Mr. Sheets wanted to ask the Board a question. What in the past that has been done and/or worked with regard to consultants in the legislative process? He asked because he knew that they have not done much recently. He asked if they were comfortable with this.

Mr. Wheeler stated he is happy with what FGUA has done in that regard. However, does not want to incur additional costs. He suggested joining the FSHA and FWA both Utility Councils that are comprised of utility members in the state. He also said they hired a lobbyist who tracks public utility matters, however did not recommend this for FGUA because of costs. He said maybe joining the utility councils would be an option because it is an excellent resource to show what is happening and hot topics at the moment.

Mr. Sheets then asked Linda to look into this and report back to him. Then Mr. Sheets asked Mr. Wheeler who the lobbyist was that they hired.

Mr. Wheeler said Doug Mann is the lobbyist on the water side he works out of law firm Hopping Green (spelling) may be the name of the firm, but Mr. Wheeler was not sure of the name. He said that he was a member of the utility council and could provide a name and more information on the membership.

Mr. Lavender stated he agreed with Mr. Wheeler and also recommended that the FGUA do a comparison/analysis as to what would be the most beneficial in the many layers of lobbying.

Dr. Mel then asked if the utility council and FWA share the same lobbyist.

Mr. Wheeler said they did not and it had been a past topic of discussion because most members are joint members of the water utilities and have discussed consolidating the two, but there are a few individuals who have opposed.

Mr. Sheets reiterated this was an excellent idea, but also wanted everyone to be aware that one person or entity may not cover all the areas where the FGUA need to place their focus. He said by doing both is a good idea.

The group adjourned for lunch at 12:02.

1:00 Board Goal Setting (continued)

Mel Jurado

The meeting reconvened at 1:03 p.m.

Dr. Mel opened the afternoon session by challenged everyone to see themselves as a construction foreman. Then she said why would I ask you this and then recited a poem referencing builders. Dr. Mel remarked their service on the FGUA board makes them builders. Then Dr. Mel said what every builder needs are tools. She said that she wanted to spend a little time discussing tools she recited a story about how important it is to have the right tools in a tool box to get a task completed. She asked the Board if they had the right tools to get the job done in 2006 and beyond. Then she recited, if the only tool you have is a hammer, then every problem looks like a nail, and this will set you up for failure. She said therefore, it is important that we have lots of tools, especially in unexpected times, in times of transition and then asked the board if they had a better grip on the perceptions from the discussions from the morning.

Dr. Mel said providing input into the process of what is important in viewing others with trust, whether it be with co-workers, the local governments, constituents, it is important in building those relationships.

Dr. Mel stated that once the trust is there it becomes a matter of viewing FGUA as the experts, then the importance of having the right tools in place to get the job done right is critical in building our strengths; need to be able to work through the process of building relationships and trust.

Dr. Mel asked everyone what is a wrench used for, many would reply that since she is a psychologist it is to adjust the nuts. Dr. Mel said she works with a lot of municipalities and often times for many the most important tool is to be able to be flexible and know what needs to be tighten up or refined (pg 16). It is an issue that still needs to be discussed and it was an issue that came up at a previous board meeting. Robert wanted to hear some input on one issue that was should the system manager contract be put out on an RFP. She said the board has given quite a bit of input on this matter, but she wanted the Board to respond on their thoughts at this juncture, to weigh in on the RFP process.

Mr. Wheeler stated they discussed previously that when the appropriate time came it would be done, but it's been since 1999 or 7 (seven) years. It is not to say that GSG has not been doing a good job, but some are going to say this appears to be a cozy relationship how did these people get to be part of the organization.

He said it is potential weak point in the organization for someone to criticize. But, he said at the same time, and believed it has been said by everyone on the board, that with all that is going on; the timing may not be good time to do this. Ms. Thomas may have a different viewpoint on this. Ms. Thomas said she understood what he was saying to have tenure without the evaluation

Mr. Lavender felt it would be a distraction now and a luxury they do not have. He does not perceive a problem and did not understand where the pressure was coming from, said he had not been on the board to understand where the pressure was, but the business needs are more important than looking at this now.

Ms. Thomas stated she knew where it came from, that it was stated to Richard Wesch from one of his board members; that is where it started. She said she understands why the comments are there regarding relationships with the board. She then said she agreed with the other board members that if they went out for the bid process now the timing is wrong, it could actually have a negative impact on the mission and vision that has been discussed. They need to wait until communication with the other counties is better and they need to build on the communication first and then once that is done then see where they stand with the RFP.

Mr. Wheeler stated they have also had problems with the process in his county. But they also wait for the right time to go through the process and sometimes they have ended up with the same consultants after going through the process.

Ms. Thomas stated this may be a good exercise to answer questions that people have and said to Mr. Sheets that maybe they need to do a comparison with other local governments about the cost of their services to provide in the administration and then also in the CIP management, take CAFR's from other budgets and conduct a comparison to see the costs. It may be a good idea to do this so that when the question does come up they could say they have done a comparison and here is what it cost - and then make a determination.

Mr. Sheets said they have done this on several occasions, especially with the capital improvement program. He stated that the numbers are pretty sketchy, most governments do not keep track of these types of costs and those that do it is important to make sure it is apples to apples, but this is not the most accurate information to rely on, and he is cautious since they have been the ones taking the accusations. He also stated that if it is going to be done, then it should not be done by him.

Ms. Thomas said she agreed. She asked who would be the best person to do this and compare apples to apples. She then suggested that perhaps the auditors may be a good option, if the board is interested in doing this?

Mr. Wheeler asked if it has come before the board.

Ms. Thomas stated it has been comments from commissioners in each county, from others with regard to negative comments on this matter. Then she said that on second thought why not have it done, a comparison of what it would cost. (tape stopped here) the discussion went back and forth on whether this is something that we can do responsibly and be proactive at the same time.

Mr. Lavender said he would have no problem with having an outside person validating the costs, but did not want to take away from the capacities of what they are doing, but if someone else wants to come in and take a look and the impact is not too great - fine.

Dr. Mel then assessed all of these comments and heard that this is something where it is better to be proactive, since this is something that has not been demanded, requested of the FGUA. In this way it shows

that they have the confidence of the Board on why we are partnering or why we have this contract. It allows you to remain in the driver's seat, and being good stewards and gives you a good comfort level.

Mr. Sheets said the only caution that he would provide as a CEO of a consulting firm that does benchmarking and performance measurement, is the challenge is being able to measure like levels of service be sure to use benchmarks that are the same. He said if they are not able to do this then you can not be able to pursue this comparison the like levels of service is very important.

Mr. Lavender asked Mr. Pelham if they are bound or compel to provide this service. He stated that they have looked at it on numerous occasions in the past, and no there is no statutory requirement to do this.

Mr. Lavender stated he was struggling with this because he did not want to divert from the goals they have set forth for them, or part of the vision.

Ms. Thomas asked Mr. Lavender how he could say it was not part of the vision.

Mr. Lavender stated from his perspective, he is in the same business that they are in and he explained that when he started he reviewed the first few agenda items and he had his staff review them for pricing and said it was exactly like what they do in Lee County and the numbers are very consistent, and personally for that reason he had no issues. Mr. Lavender said he knows how this works and in his discussions with Charles, he has been in the very same position on the same issues and knows that he is accurate in the figures, so he said let's not start this process if it is not necessary.

Dr. Mel heard that they do not want to go forward with the RFP now and this is not the right time. But, she asked what would be the key points or data points to respond to the critics out there at this time?

Ms. Thomas said she wants to go forward, if for nothing else she said she was tired of people's reputation being called into question because they are affiliated with FGUA and she is tired of all the negative comments, like they are lining their pockets. Mr. Thomas said that anyone who has been involved with FGUA knows that it is a cost effective way to do government services – to contract it out. Ms. Thomas said she wanted to be clear that she was not necessarily speaking of herself, but more to the staff that works with it day to day who were being slandered all over the place, and she said she was tired of it for them.

Dr. Mel said let's scope the parameters so that as Mr. Lavender said it does not become an overly burdensome task that takes away from the main focus. She said what needs to be accomplished, what is manageable and will still provide sufficient data.

Ms. Thomas said we need to define benchmarks with those caveats that Robert mentioned.

Mr. Lavender was still concerned because it was not sure it could be assessed properly apples to apples for the same service. He said if it was done it would really need to be a straight up comparison. If he could be assured that is what it would be he would have no objection.

Mr. Sheets stated the only way to guard against that is to do a benchmarking, but what is different now from ten (10) years ago it must be the first exercise not the only or last exercise that you conduct. He said they need to assess the cost and best management practices, not how we compare to a local government, but rather how effective are we in delivering and providing the service in the most cost effective manner. He asked, but are we able to address all the questions, and is it not simply an accounting exercise, but a practice of providing the best service for the least money, that would be sought by an engineering firm or a consulting firm that has the expertise to conduct the RFP.

Mr. Wheeler then said it sounds like you need someone like an EMA or consulting firm that has done work in this area?

Mr. Sheets said yes, perhaps someone like a Nowlen, Holt.

Mr. Miles stated that they may be able to do it, but after the Arthur Anderson concerns a few years ago since they are auditors - there may be some restrictions.

Dr. Mel said that she had taken a little liberty with the best practices discussion earlier in the morning and wanted to get back to the value matrix and how it is important to assess the anticipated future. FGUA can be, not only what is done now (A,B,C), but in the future, partner with local governments long-term that can also do (X,Y,Z). She said the added the value matrix is very important to assess.

Dr. Jurado said all too many times the benchmark is only used to catch up not get ahead as Mr. Sheets stated earlier, it is an excellent point.

Mr. Sheets added many communities use different criteria to benchmark their success.

Chairman Thomas said it would not hurt her feelings if it was decided not to do it.

Mr. Lavender said again as long as it was for like services he would be fine.

Mr. Wheeler stated that he echoed both Jim and Mr. Sheets concerns having been through it in his career, but also understand what Lea Ann was saying that it is important to provide information to keep the critics at bay, and when he experienced a consultant coming in and conducting an evaluation some good came out of it because they said they needed more staff. He said he felt it could be done in a way to give the endorsement.

Dr. Mel said yes, it is important to set the parameters and scope so that it is manageable. Dr. Mel then directed everyone to (pg. 18) setting the scope is very key. She stated change is not comfortable and compared many famous people and how their shortsightedness was due to their resistance to change. She said everything is comparable from the years that go by and the time span is getting shorter with each year—so change comes faster than not. Dr. Mel then turned the presentation back to Mr. Sheets to discuss FGUA's 2006-2007 Goals.

Mr. Sheets started by directing everyone back to the Powerpoint presentation - page 61.

New Policy Issues

1. How does the FGUA handle transition?

Mr. Sheets shared a story on Coke-Cola and said that the President had a sales associate come to him and stated he could increase his sales and grow the business. The associate said he only wanted a nickel for every dollar of revenue that would be generated. The President said OK, what is your idea. The sales associate said by putting the product in a bottle. He said that what needs to be taken from this is we never can rest on our past successes. He said this year is a transitional year and staff worked early in the week in working hard to find our way forward, and the need to bring forward policy issues.

- Citrus County and TOHO Water Authority
 - Ensuring seamless transition for our customers
 - Composition of Board after Transition

- Interim financing of Citrus transition capital program
- Financing of Citrus Springs Special Assessment Areas
- New Contract for Operations and Customer Service
 - Ensuring a seamless transition to new contract for operations, maintenance, customer service, and billing
 - Service provision consistent with the goals and objectives of the FGUA

Mr. Sheets remarked that with the new policy issues they need to provide a seamless transition. Can not have anything that has happened in Citrus impede FGUA's growth. He said it was important that the composition of the board stay in tact and solid in its commitment. He stated that the new contract for the contract operation is new for staff, because it is new in terms and expectations. Mr. Sheets said that he heard from the Board that customer service is the key focus with everyone.

2. Revisit FGUA policy, programming, budgeting and executing of capital improvement program to address recent market changes
3. The FGUA is engaged in the largest CIP program ever (\$100.2 million in bond projects alone). How do we better manage CIP program?
 - Design Build
 - Other procurement strategies
 - Project management fee structure
4. Board Member issues?

Mr. Sheets said that the FGUA is involved in over \$100M in bond projects. The 5-year CIP is going to grow, and are now looking for better ways to manage the CIP program. He said that the board member issues have already been discussed and will be added to the final documentation. He mentioned that the system manager goals had been discussed and

2006-2007 SYSTEMS MANAGER GOALS

1. Continue the Enhancement of Community Relations by FGUA (continuing)

Mr. Sheets said that this is in the area of going before the board of each county and speak to others that had been mentioned at today's meeting.

2. Revisit all aspects of FGUA's Capital Improvement Program to include planning, funding, project management, construction management and inspection services (June 2006)

Mr. Sheets said they plan on rebuilding the CIP by tearing it apart and then bringing back to the Board for its approval (referenced table (pg. 64) of CIP FY 2006-2010. He mentioned that one of the things that they would be bringing back to the Board was to move away from the 3% project administration fee. He said 1) negotiate a fixed fee for the duration of each year 2) take away the criticism of the fee 3) take away the fluctuation of fee. Mr. Sheets said they think this is the better approach.

3. FGUA expanding its support to assist the Polk County Utility System (continuing)

Mr. Sheets said they are already working on this to provide services where we have not done in the past.

4. FGUA expanding support to other local governments (continuing)

2006-2007 OPERATIONAL GOALS

1. Development of Cohesive Developer Service across all systems (June 2006)
 - Ready for New Contract
2. Development of Centralized Customer Connection Program (June 2006)
 - Single Point of Contact for all new connections, small or large
3. Complete and Implement an FGUA Standard Procedures Document (Operations and Maintenance Manual) for Quality Control (March 2007)

Mr. Sheets these were all items that were taken from the previous year and will be bringing into the new year.

4. Complete all capital projects as scheduled
 - \$33.0 million of \$42.6 million of all 2005 projects expended or encumbered
 - \$25.7 million of \$90.3 million of all 2006 projects expended or encumbered as of February 28, 2006
 - Over \$51.0 million of the \$75.3 million in non-assessment and developer projects will be expended or encumbered by September 30, 2006
5. FY 2007 Capital Improvement Program, initiation and/or completion of major capital projects totaling \$25.7 million for the current FGUA systems (September 2007)
 - Note: cost increases in steel, petroleum (plastic pipe), and concrete products and labor may impact this budget.

Mr. Sheets said that it is everyone across the board that is experiencing these cost increases and it is just the price of doing business today. He said they want to come back to the Board with different approaches, as in procurement polices, and authorization levels. He said it the goal is not to do the job just as well as the local government, but to do the job better.

(Note: Numbers were wrong in the Powerpoint presentation from this point forward in this section)

6. Develop and implement a Cross-Connection Control Program (September 2006)

Mr. Sheets said that if anyone wants more detail on this subject that Charles would be the best resource.

7. Write new mainline extension policy describing circumstances where developers, special assessments and capacity fees fund capital improvements (September 2006)

Mr. Sheets said they plan on rewriting this policy and bring back to the Board.

8. Establish Environmental Tracking System (September 2006)

9. Enhance Developer Tracking System (September 2006)

10. Implementation of New Operations, Maintenance, Customer Service and Billing Contracts

- Negotiation of New Contract with Severn Trent (April 2006)
- Execution of New Contract – April 21, 2006
 - Execution of new contract requirements (effective June 1, 2006)
- Communicate Changes to Customers, Constituents – ready to implement on June 1, 2006
- Inventory of Assets, Additional Assistance Condition Report
- Establish acceptable levels of sludge inventory
- Establish acceptable levels of consumables inventory
- Define operational and maintenance quantitative and qualitative standards in new contracts
- Complete above by June 6, 2006

Mr. Sheets said all of this will be happening fairly soon and will be bringing before the Board. There are several surface level issues with ST, working with new personnel and other issues that still need to be addressed. Mr. Sheets said that they are going to devote more time to the sludge issue and the levels of consumables inventory, which may be another service to provide to people. Mr. Sheets also said that on the issue of operational and maintenance standards, the standards are there, they just want to make sure that they are followed. Mr. Sheets wanted to point out that in that room alone the individuals there not only perform their job, but also that the contract operator is carrying out his job as contracted. He said it was a \$14 million a year contract divided among four systems. He said that is a major undertaking in relationship to time.

11. Continued Growth and Expansion of FGUA

- Development of strategy to assist Polk County with water and wastewater service in NE service area (continuing)
- Development of operational strategy to ensure integrity of split system if only part of Poinciana system is absorbed by TOHO (September 30, 2006)
 - Bulk water and wastewater agreements
 - Capacity reservation to ensure newly expanded service in Polk County is adequately serviced
 - New development and funding programs not impacted by transition (northeast service area)

Mr. Sheets said that they have started this process in many areas, in the case of TOHO, not sure what will be happening there, and would bring new challenges for everyone.

12. Update, assess and enhance facility safe work place conditions (January 2007)

13. Develop and apply an FGUA facility inspection standard (January 2007)

14. Establish a monthly operational accountability report card (January 2007)

15. Develop a 10-year comprehensive lift station rehabilitation program (January 2007)

16. Expand on Initial Capacity Management Operations & Maintenance (CMOM) Program (September 2007)

Mr. Sheets said the report card may be going back to the best practices discussion – said he wanted to emphasize that not only should this track what has been accomplished but also track the goals that have been set in place. He said the CMOMs could become less important when the above is completed.

2006-2007 COMMUNITY SERVICE GOALS

1. Using Community Service Representatives to assist in implementation of policies, operations and financial goals throughout the four FGUA systems by participating in meetings with government bodies, community forums and the public
2. Enhance the Community Outreach Program by Community Service Representatives sponsoring and attending over 50 events and activities in all four systems
3. Providing a visible presence with current and potential customers, affiliates and government partners in the FGUA service areas
4. Institute outreach program for builders and developers

Mr. Sheets said this provides us with an edge on what is going on in the community and will be able to know the players and what the needs are now and what they may be in the future, and commented that they have seen this in the monthly reports that Yvette has provided to the Board at each meeting. Mr. Sheets said that on the outreach program this is going to be a bigger part of Charles and John's job to seek out and provide this service to builders and developers.

2006-2007 FINANCIAL GOALS

1. Development of a new investment policy (July 2006)
2. Development of a new budget adjustment policy (August 2006)
3. New special assessment debt for Citrus System (June 2006)
4. New special assessment debt for Lehigh Acres, and Golden Gate systems (March 2007)
5. Fifth consecutive GFOA Certificate of Excellence in Financial Reporting to be awarded in November 2006
6. If required, arrange transition financing during transfer of Citrus system to Citrus County (September 2006)
7. Implementation of New Contract (June 2006)
Ensure successful implementation through:
 - Conversion of data
 - Reconciliation/Conversion of Customer Accounts
 - Reconciliation of Accounts Payable/Receivable
 - Inventory of Consumables
 - Additional Assistance, Auditors
8. Address and resolve comments contained in auditor's management letter (September 2006)
9. Prepare data to allow future submission for Government Finance Officers Association Award for Budget Presentation (December 2006)
10. Record financial reports and FGUA Board agendas on website (April 2006)

He then went to the conversion of data and said that some have asked why convert data. He said it is important because the requirements are not there with ST, so this must be accomplished. Mr. Sheets said with reference to the assistance from auditors, it may be something that they will need to implement. Mr. Sheets said that he was not going to promise the Board that the Budget Award would be done, however, he wanted to point out it does not make the document any better in terms of management and there is an additional cost associated with this process.

Ms. Thomas said she did not want to apply any pressure, but the first time Polk County sent in a submission they were awarded, but did not want to bring on any additional pressure. (Laughter)

Mr. Sheets said that they will be looking at it, but that there is a lot of work associated with this award.

2006-2007 LEGAL GOALS

1. Ensure that developer conveyance documents for new developments are brought to the Board on a timely basis for acceptance and subsequent recording
2. Assist operational staff and Citrus County in the transition of the Citrus County system to county ownership and be prepared to assist in other system transitions
3. Assist operational staff in updating and revising the FGUA Extension Policy.

Mr. Sheets stated that this was all the goals as of today and is what will be used in the strategic plan. But, said they know that there will be issues that come up that are not identified and will need to be brought to the Board when they are identified. He mentioned that the first budget workshop is in June 2006 and when they do go through it will not be a first glimpse. He said that it is ambitious, but said he thought it was manageable.

Mr. Sheets said that their contract was up for renewal in October 2006 and it is every two years and the only potential change in the contract would be the compensation for the capital program. He said this is based on the 3% figure going away and would give you a based fee for each year for each system going forward. He

said this would give the Board a clear view of each year. He said this is not inconsistent with what many organizations do in capitalizing those costs on the operational side.

Mr. Sheets commented that at the lunch break he spoke to Mr. Battista, the County Attorney for Citrus County, and he had reassured Mr. Sheets that they are not in a rush, and does not want us to fall behind in the capital projects. But he was not speaking for the Board. Mr. Sheets said they were scheduled to have the parity debt issue in April, but to continue it would be an additional cost. He said he will be getting with staff to discuss later this week. If they were to pursue it, they may need extend a line of credit of \$5 million that expires in November 2006. He said they may need to expand that to deal with the parity debt projects. The only concern would be if in two years time Citrus County has not taken over the system. He said if Citrus County is not taking over when expected \$12 million is really the issue, this is the special assessment program. He said to go ahead, but this may not be something we can do; the discussion needs to be made on what to do in this matter. The pledge of revenues would be the total cost, and he said this could put them in jeopardy and this would put them in the position of a rate increase. Mr. Sheets said a discussion needs to be made quickly with Citrus on this matter.

Mr. Sheets then asked what is Citrus County going to do with Topeka Line Agreement. He reminded everyone that GSG had no right to initiate a revision to that Agreement. He said it would be in their best interest financially to repeal that revision, but it may not happen due to the political climate within Citrus County at this time. He said the cost of \$1900.00 for the extension to the developer is still a very good, but the County has not thought this through and needs to have this discussion. Mr. Sheets said staff as spent many hours and at great expense on these issues, and told the Board that the April agenda will have many of these items being brought to the Board on the 2006 funding issues.

Mr. Sheets then said to Mr. Pelham that he was not sure if they needed to come to the Board on many of these issues and would like to speak to him.

Mr. Sheets said the biggest issue on the 2006 funding is the wastewater treatment plant expansion in Citrus Springs. He said they had thought they would have most of the design work completed and construction should have already begun.

Mr. Sweat said yes construction should have already started, that it is behind schedule.

Mr. Sheets said this needs to be addressed, and he also mentioned that all of this work has been done by the staff.

Mr. Sheets then asked the Board if there were any other items that needed to be addressed and said it would be helpful to hear from the Board on what the staff may not be doing that needs to be addressed.

Ms. Thomas stated it was very comprehensive (tape ended here) there was discussion on everything that was covered.

Mr. Lavender agreed it was very comprehensive and not sure of the direction on some of the issues, such as the Citrus Advisory Board. He felt they needed to let the county make decisions. As for Poinciana, he said the difficulty was that no names have come forward and they must have proper representation.

Mr. Wheeler then asked about the Villages council and whether it was active, and if anyone had come forward.

Ms. Hartsfield stated they are and now have five names, but that they needed to have more.

Mr. Wheeler stated he will work to get more names.

Mr. Pelham stated that it is a problem for many areas to get a good turn-out. (tape started here)

Mr. Sheets stated they need to have some assistance from the FGUA Board to schedule with their boards to bring information to their commissioners. He reminded the Board that the budget has an area where monies had been set aside for this task. Mr. Sheets commented that the staff had done a lot of work to get the information to the Board for this meeting.

Mr. Sheets then introduced Kevin Grace and commented that Kevin Grace had joined GSG to assist in the area as Director of Contract Services.

Ms. Thomas agreed that it is apparent that a lot of work had been done. She said she knew she spoke for the Board when she said that she appreciated all the work that the staff had done.

Mr. Wheeler stated that yes, it is very comprehensive, but wondered if it everything could be accomplished. He said it may be more than they can accomplish, saw it as extremely aggressive program, and it may not be a good place to be.

Mr. Sheets stated that we always first show the report card and then gauge where we need to go with the future goals. He said so it may look like more than it really is and wanted to have they kept in mind many of the items are in the process of being completed.

Mr. Sheets said with the RFP and now the budget process coming upon them it is going to get busier for them. He said now that we have Mr. Wheeler aboard the information process is very important. He said they are continually recruiting for staff in offering a lot of support to Polk County and looking to be successful in this effort. He said that in this state the good work will speak for itself and with a little bit of success in these areas it will go a long way.

Mr. Sheets thanked the Board for their support, and said he appreciates their focus and see them as builders of the FGUA. He said the FGUA may look totally different in three years and was very excited about the prospect to own no assets, but rather be a partner with over 300 governments. He then thanked the Board and staff. Mr. Sheets said to Dr. Mel Jurado that he appreciated her ability to pull the information together in a very cohesive fashion and thanked her for her ability in getting a lot of valuable feedback for the staff from the Board in making this Strategic Planning Retreat very successful.

Dr. Mel reminded everyone about the brick and said we as leaders need to seek out the bricks and take ownership, and by doing so, will find that this is the true way to become builders. She said this is a valuable reminder of what we need to do and reminded them to ask the leading questions and keep the edge. She gave the signed brick to Chairman Thomas.

Ms. Thomas thanked everyone for their participation.

Dr. Mel reminded everyone to look at pages 26 & 27 and to challenge themselves to think about this to help them focus on these items.

Mr. Sweat asked if it was necessary to continue before the Board meeting.

Mr. Sheets stated it was not necessary and tomorrow will be only the Board meeting starting at 10:00 a.m. at the community center.

Mr. Sweat thanked Chairman Thomas for bringing Dr. Mel in to help facilitate the meeting and for her valuable assistance. He stated that they were able to get more accomplished in this meeting than in the last five workshops they have had in the last three years.

Meeting was adjourned at 2:20 p.m.