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Minutes of Board of Directors Meeting
PEACE RIVER/MANASOTA REGIONAL WATER SUPPLY AUTHORITY
Manatee County Administrative Center
1112 Manatee Avenue West, Bradenton, Florida

March 9, 2007

Board Members Present:

Commissioner Shannon Staub, Sarasota County, Chair
Commissioner Adam Cummings, Charlotte County, Vice Chair
Commissioner Jane von Hahmann, Manatee County
Commissioner Jerry Hill, DeSoto County

Staff Present:

Patrick J. Lehman, Executive Director
Douglas Manson, General Counsel
Kevin Morris, Facilities Division Director
Mike Coates, Water Resource Division Director
Ed Yates, Finance/Administration Division Director
Ray Pilon, Government/Community Affairs Director
Susan Hochuli, Water Resource Planner
Sam Stone, Environmental Affairs Coordinator
Linda Stewart, Secretary

Others Present:

A list of others present that signed the attendance roster for this meeting is filed with the permanent records of the Authority. Chair Staub recognized the elected officials present in the audience who included DeSoto County Commissioner Allen; City of North Port Commissioners Gross and Blucher and former Commissioner Berryman; Manatee County former Commissioner Glass; David Moore, Executive Director, Southwest Florida Water Management District; and former District Governing Board Member Janet Kovach.

Call To Order:

Chair Staub called the meeting to order at 10:00 a.m.

RECOGNITIONS:

Roberts Communications entered the 2006 annual newspaper insert into the Tampa Bay Advertising Federal annual advertising competition and won in two categories. On behalf of Roberts Communications, Ms. O'Connor presented both 'ADDY' awards to Mr. Lehman.

CONSENT AGENDA:

- Item 1. Authority Board Meeting Minutes of January 17, 2007***
- Item 2. Acceptance of Check Register for Month of January 2007 for Further Audit***
- Item 3. Contract 1 'Peace River Expansion – Site Preparation' Change Order No. 1 in the amount of \$58,095.55***
- Item 4. Authorization for PBS&J for HBMP 2006 Annual Report for an amount not-to-exceed \$37,000***

Item 5. Authorization of Tasks 1 and 2 for Burton and Associates for Rate Consulting Services for an amount not-to-exceed \$79,007

Chair Staub requested Item No. 1 be removed from the consent agenda for further discussion.

Motion was made by Commissioner Cummings, seconded by Commissioner von Hahmann, to approve the consent agenda with the exception of Item 1 for March 9, 2007. Motion was approved unanimously.

Chair Staub noted two corrections to the minutes of January 17, 2007.

- 1) Page 2, Paragraph 2, third sentence, add ‘and Commissioner Cummings seconded the motion.’
- 2) Page 2, Paragraph 3, last sentence correct ‘life’ to ‘live’

Motion was made by Commissioner Cummings, seconded by Commissioner von Hahmann, to approve minutes of January 17, 2007, as amended. Motion was approved unanimously.

Referring to Item 5 authorizing Tasks 1 and 2 for Burton and Associates, Chair Staub noted part of the scope is to insure the member and customer financial representatives meet. She requested the Board be advised of the time and date of these meetings.

REGULAR AGENDA:

*Item 6. North Port Representation at Board Meetings
Presented by Doug Manson, General Counsel*

At the Board meetings on January 17 and February 21 the Board discussed the suggestion by Chair Staub to allow the City of North Port to serve in an ‘ex-officio’ capacity on the Authority Board. Board action on this item was deferred to allow each Authority members’ respective Board of County Commissioners (BOCC) to discuss and provide direction to their Authority Board Director.

Commissioner von Hahmann said Manatee County is not in support of an ‘ex-officio’ representation for North Port. It is the County’s position the Authority would be stepping outside the boundaries of their governing documents and would be setting precedence for other cities to request representation. Commissioner von Hahmann said she was diligent in pointing out that North Port is a customer of the Authority and a signatory to the Master Water Supply Contract (MWSC). The feeling of the BOCC was the governance documents should be changed accordingly in the event North Port was to be given representation.

Commissioner Gross, Chairman of North Port’s Commission, requested to address the Board on this matter. She pointed out that North Port is unique in that they are the only city that has been associated with the Authority since its beginning; the only city that is interconnected; the only city that is a customer and the only city that is a signatory on the MWSC. She said this would give the Authority an opportunity to ‘test the waters’ as the Authority begins connecting with other cities. The ‘ex-officio’ status can be taken away just as easily as it is given.

Commissioner Cummings said the Charlotte County BOCC was willing to support the ‘ex officio’ status. Further, in an effort to address some of the concerns raised by DeSoto County and bring the Board to consensus, they suggested Punta Gorda and Arcadia be allowed the same representation.

Chair Staub said at this point there are not the votes to support this request. She said with the Board’s support,

she would like North Port to sit in the front row so if they have input or if there are questions from the Board, North Port can enter into the discussion.

There were no objections raised by the Board.

For the board record, Chair Staub noted there was a letter dated March 1, 2007 from Mr. Jenkins with the law firm of Rose, Sundstrom & Bentley, LLP to Cindi Mick, North Port Utilities Director, regarding North Port's opinion on the legality of the governance documents.

Item 7. *Strategic Plan for 2025*
Presented by Patrick Lehman, Executive Director

Mr. Lehman said Dr. deHaven-Smith presented the draft 'Strategic Plan for 2025' to the Board at the December 6, 2006 Board meeting for review and comment. The comments received were incorporated by Dr. deHaven-Smith and the final draft was included in the January 17, 2007 Board agenda book. Dr. deHaven-Smith also included a table in the January 17 draft providing each member's interests to select characteristics of the Authority system including exclusivity, coverage, communality and connectivity. This item was deferred on January 17 and is being presented today unchanged for Board discussion and approval. Mr. Lehman said the strategic plan provides a vision for the future of the Authority and lays out the goals, objectives and policies. This will be the guiding document for the Authority staff and also for the member staffs.

Chair Staub said she did not feel the Board should take action until the Strategic Plan was presented to each of the member BOCC for their comment. She said hopefully the members can discuss it with their BOCC timely so Mr. Lehman can distribute the comments and the administrators can work through the issues and the revised plan can be presented to the Board in April. Chair Staub said the administrative staffs met many times to develop this plan and it should be helpful for the administrators to discuss the thought process and why they came to these conclusions when presenting the strategic plan to the member BOCC.

Commissioner Cummings said everyone is aware of his concerns about exclusivity. Charlotte County's prior BOCC had voted to work toward becoming an exclusive provider customer. The current BOCC has not resolved the contract issues. He said he seriously questions whether they will resolve the contract issues. He feels the methodology used in the past based on equity is straightforward and is superior to what is being proposed with a common rate system. He is far from comfortable with the Strategic Plan. He likes the idea of diversifying however questions how much the master water supply plan really is diversifying.

Commissioner Hill said if changes are requested, the Board may not all be of the same mind on the suggested changes. He said he thought this was a finished product because everyone has had the opportunity for input. It seems like the Board is going back to ground zero.

Mr. Manson pointed out the contract with Dr. deHaven-Smith has ended. He asked if it was Chair Staub's intent to request Dr. DeHaven-Smith participate in these meetings.

Chair Staub said she did not intend to involve Dr. deHaven-Smith.

Commissioner von Hahmann said this is a vision plan to guide the Authority for the next twenty years. Those who are significantly impacted should have an opportunity to review it but agrees this is something that needs to be completed. She is in full agreement to get all the comments so that by the next meeting it can be put to rest. Further, Commissioner von Hahmann said the strategic plan contained very little on how the financial plan would work and requested a better understanding of the financial implications.

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For clarity of the record, Commissioner Cummings said he has raised his concerns about this throughout the process and the difficulty has been getting Charlotte County's issues incorporated into the text of the document.

Chair Staub said that is why it is important to get all the issues on the table. Looking at exclusivity she was hoping the Board, with the administrators, would come to a definition of what they understand to be the meaning of ownership and control by the District. There may be some latitude in whether that means the Authority is going to own every interconnected pipe and WTP going forward or if there are other mechanisms to get to the point where they need to be. She said at the last Governing Board meeting Mr. Dabney said he was troubled by the fact he feels the Authority is not moving forward. At the end of the discussion, he said it may be time to have a joint meeting with the Governing Board. In preparation of that meeting with the Governing Board, she suggested the next Board meeting focuses on the strategic plan and ownership and control.

Commissioner Cummings said he is always willing to sit down with the District. However he said the Authority belongs to the member counties. It is not the District's authority. The question is whether or not we, as four communities, are going to conduct business in a way that most benefits our customers.

Chair Staub added 'and still be able to get some of the tax dollars back to help us'.

Commissioner Cummings said those tax dollars belong to our customers. If we as a region want to work together and are producing the product for the customers and producing public good, does not want to hear bureaucratic rules about how we are going to make that happen. He feels it is incumbent on the District to have that a two-way street. The Authority keeps getting held up as a picture of success and the structure for that success is not the one that is being proposed for the future. When the negotiations began getting drawn out was when we started trying to go to a different model. I think it comes back to the fact it is our Authority. At some point, if we are forced into doing business in a way that no one is satisfied with, then the District will find itself facing the question of do they want to have an authority or not. The District has been cooperating for many years and now because they don't want to do it in the specific way the Authority may want, how far are you going to push them and how long are you going to deny the taxpayers getting their own money back. In the end, the Authority needs to decide what model works.

Mr. Moore agreed the Authority has had many successes. He said the Authority has been held up as a model of success and as somebody that over the last two and one-half decades has relied more and more on alternative supplies capturing floodwaters. The District has enjoyed a very positive relationship with this Authority and has the desire to continue an extremely positive relationship. This Authority, together with Tampa Bay Water, is lynch pins in addressing not only SWUCA but the water supply problems in the Tampa Bay area. The District sees water supply authorities as being the best vehicle for regional cooperation to meet their overall objectives. They are open to more than one way of the Authority operating. The key is to make the Authority stronger and stronger over time. Mr. Moore pointed out one benefit of a water supply authority in a fully diverse interconnect system is realizing economies of scale for the good of the customers in terms of cost. But another benefit is that it adds tremendous reliability and that also looks out for the good of the customer. The District is not going to dictate exactly how things are done, but their money is incentive-based to make sure that economics and the environment are on equal footing. Mr. Moore said the District stands ready to discuss any and all issues and give any assistance but at the end of the day, think it is best for the environment and the economics to have a very robust regional system.

In reply to Mr. Moore's comments, Commissioner Cummings said the merits in protecting the environment and the public are based on the merit of the project and not on who owns it.

**Item 8. *Proposal for ‘Cooperatively Funded ASR Pilot Degasification Project’
Presented by Mike Coates, Water Resources Division Director***

This item was first presented a few months ago and the Board requested staff talk with the District and get more information. Mr. Coates said the issue with ASR today is arsenic mobilization. The arsenic appears to be mobilized by water that is high in dissolved oxygen, which is like the water injected into the ASR system. In 2006, the EPA Drinking Water Standard for arsenic was reduced from 50 ppb to 10 ppb. Most wells in the ASR system cannot meet the 10 ppb standard. The District funded a study indicating that pre-treatment of injection water by removing oxygen was likely to minimize the release of arsenic into the ground water. The plan is to pilot test that hypothesis on a site in the City of Bradenton. The scope of work includes design, permitting and construction of the test system. The proposed budget is approximately \$900,000. The funding and participation includes the District for up to \$600,000 and commitments from the City of Bradenton and the South Florida Water Management District for up to \$100,000 each. The District has requested additional commitments from the Authority, the St. John’s River Water Management District and others. Participants would comprise a technical advisory committee that would help design the test and review the data. The Authority has 21 operating ASR wells that represent about 7 BG of storage or 90% of the available storage. It also represents a \$20M investment. Considering the Authority’s investment and dependency on ASR, staff recommends the Board authorize the Executive Director to negotiate a draft cooperative agreement with the District pledging up to \$100,000 to participate in the project.

Chair Staub said as she recalls the Board declined this previously. It was her opinion the Authority may be setting themselves up to start pledging money for research and development projects. Further, she said if there are others that could share in the cost, it could have been proposed to them also.

Mr. Moore said the District has approached the cities and counties within the District that use ASR. We have approached the St. John’s WMD and the South Florida WMD as well as EPA and DEP. The other constraint is it is anticipated to start the test in 30 to 90 days. I understand how important money is to the Authority but it is probably as important to the Authority as anyone because of the Authority’s large ASR system. Mr. Moore said the District is funding 50% and gives their commitment that we are going to try to get five other partners for \$100,000 each in addition to the Authority.

Commissioner Hill said as the Authority has a \$20M investment in the ASR wellfields feels this is a good investment. Commissioner Hill made the motion for approval. Second was made by Commissioner Cummings for discussion.

Commissioner Cummings asked where the monies would come from.

Mr. Lehman said the money would come from the ‘Resource Development Fund’ within the General Fund.

Commissioner Cummings said although he supported the project, his recollection was the same as Commissioner Staub’s, i.e. the Board already took action on this.

Mr. Lehman said the Board did not want to set the precedent of funding a city as an entity and requested staff have further discussion with the District. This is now a District project and the Authority would be cooperating with the District rather than an individual municipality.

Commissioner von Hahmann asked to what extent the 7 BG of storage has played to the Authority’s capacity to deliver water to the customer’s to-date.

Mr. Coates said it has been absolutely critical.

Motion was made by Commissioner Hill, seconded by Commissioner Cummings, to authorize the Executive Director to negotiate a draft cooperative agreement with SWFWMD pledging up to \$100,000 in Authority funds to the ‘Cooperatively Funded ASR Pilot Degasification Project’ to bring back for approval at a later meeting. Motion was approved unanimously.

*Item 9. Updated Water Demand Projections
Presented by Mike Coates, Water Resources Division Director*

As previously discussed the customers are required to submit to the Authority their total projected demands for the next twenty years on an annual basis. The projections have been received and there was a substantial reduction in the amount of new water that would needed from the Authority. As requested by the Board those projections have now been approved by the respective member BOCC and North Port with the exception of DeSoto County BOCC which is scheduled for Tuesday. Mr. Coates presented charts that showed the existing demands as shown on Exhibit ‘C’ to the MWSC, the new projections and a comparison of the differences. The projections range from around 0.50 mgd a day to about 3.5 mgd of additional need by 2014.

Further, Mr. Lehman said there are some different interpretations as to what you can and cannot do with Exhibit ‘C’ on an annual basis so we need to make sure there is a clear understanding as to what these numbers represent because if they were to change every year, we do not have a good planning tool.

Chair Staub said her understanding was this is a one-time deal. She asked the Board members what their understanding was.

Commissioner Cummings said it depends on whether or not four people agree in the future and potentially five when you include North Port.

Mr. Manson said from a legal standpoint, once bonds become involved, it would be very difficult to amend the MWSC. It would become necessary to repay the bonds and change the bond covenants which would harm the Authority’s rating.

Chair Staub said if somebody has a feeling that next year we are going to need change the numbers; we need to know that now.

Commissioner Cummings said that is not his inclination. I am just saying you can’t bind a future board as to what they are or are not going to agree to do. I agree that we should not be changing it haphazardly.

For clarification, Mr. Lehman said these water demand projections are just annual average. We also have peak day and maximum month and in the past used a standard factor of 1.2 for the maximum month and 1.4 for the peak day. The chart would reflect the annual average multiplied by those factors. I just want to make sure everybody recognizes that it will now be a common multiplier for all customers. The original contract had some anomalies to it.

Chair Staub asked what the anomalies were.

Mr. Lehman said North Port because they operate on a seasonal basis rather than a continuous need.

Chair Staub requested North Port respond on this matter.

Ms. Mick said we understand on those years where there is 0 there would be a 0 peak and on the other years we would like some consideration on the peaks because of the way North Port and the Authority work in tandem and that is during the very dry times North Port relies solely on the Authority.

Chair Staub requested the amendment be finalized for the April meeting with the new numbers for the annual average day, and new numbers to reflect how that affects the peak monthly average and the maximum day after which the amendment will need to be presented to each of the BOCC.

**Item 10. *GAP Plan – Conjunctive Water Use Permit (CWUP)*
*Presented by Susan Hochuli, Water Resource Planner***

Based upon water demand projections received from the Authority's members and customers in June 2005 additional supplies were needed prior to completion of the REP. The GAP Plan strategy was cooperatively developed among the Authority, Authority customers and local government partners. Extensive resources and cooperation from each participating utility and the District resulted in the recently approved CWUP. Ms. Hochuli said one of the requirements of the CWUP is a Facilities Management Plan that will document how the conjunctive water use strategy is implemented. The CWUP allows and promotes the following:

- Supplements regional supply from Shell Creek and Carlton Wellfield sources in a coordinated and sustainable manner,
- Maximize seasonally available supplies,
- Resource management opportunities such as source resting,
- Interconnectivity and improved reliability, and
- Optimize financial investment in regional water supply and delivery system.

Chair Staub requested an updated GAP chart reflective of the current projections.

Mr. Lehman said there is more analysis to be done however the information will be distributed so the Board has the opportunity to digest the information before the next meeting.

Commissioner Cummings asked how the re-rating is being handled.

Mr. Morris said this past year the Board approved a work order for HDR to look at the existing WTP, that is the 24 mgd facility, and to evaluate it with the potential for re-rating its capacity somewhat higher. They have completed a draft report that indicated it may be possible to get up to 3 mgd additional. The next step would be to develop a test plan and staff is developing a scope of work for HDR to complete that work effort. The demonstration testing is a prescribed process and will take several days to complete with DEP.

Commissioner Cummings said whether it is used for providing a greater level of reliability or whether it is used to provide additional capacity, is a policy decision for the Board, and one that is already set out in the MWSC.

Chair Staub requested staff bring it back in April to reconfirm status and policy.

**Item 11. *Regional Integrated Loop System - Phase 1 Interconnect*
*Presented by Doug Manson, General Counsel and Patrick Lehman, Executive Director***

- a. *Water Supply Contract and Operational Agreement between the City of Punta Gorda and the Authority***

- b. Bond Resolution*
- c. Amendment to Design-Build Contract with Westra Construction Corporation*

Mr. Lehman reviewed two proposed paragraph changes to the agreement as presented last month.

1) The Board requested a more definitive guarantee of water delivery of 365 MGY of available water and changes were made so Paragraph 5.1 now reads as follows:

For every Contract Year, the City will deliver at least 365 MGY of available water to the Authority except for temporary disruption of service at any time caused by an act of God, fire, strikes, casualties, was terrorist act, natural disaster, accidents, necessary maintenance work, breakdowns of or injuries to machinery, pumps or pipelines, civil or military authority, insurrections, riot, acts or declarations of government or regulatory agencies, or any other cause beyond the City's reasonable control.

2) Punta Gorda was concerned the Authority would impede upon their use of Shell Creek so a new paragraph was added as follows to provide that assurance to the City:

6.3 Existing Permittee. The Authority recognizes the City is an existing permittee on Shell Creek and the Authority agrees to cooperate with the City in assuring that the Authority's water use will not interfere with the City's permitted water use.

As previously discussed, the MWSC for the first time allows the Authority to maintain capacity. If the Authority maintains some type of capacity, the question becomes how to pay for it. Mr. Lehman discussed a proposed methodology where those that need the water would pay their pro-rata share of the debt service of the pipeline plus a 3-cent surcharge per 1000 gallons on Authority allocated water for all members and customers. As surplus funds accrue above the debt service, the 3 cents could be reduced or the money could be used for other pipeline projects or Authority capacity. The 3 cents per 1000 equates to approximately 15 cents per typical household on a monthly basis. Mr. Lehman said this methodology has been discussed with staffs.

Chair Staub said she met with Mayor Friedman and Mr. Kunik since the last meeting and asked Mr. Kunik to address the Board.

Mr. Kunik said the City discussed the water supply operational contract at their last council meeting. The city council has already been on record to say they are committed to being a regional partner. They have tried to do everything the District has asked the City to do. The City has interlocal agreements with both the Authority and with Charlotte County for interconnects. Their WTP has been re-rated from 8 mgd to 10 mgd and they are ready to bid the construction work for improvements. The District has approved 50% funding for those improvements. The City has applied for grant funding for their next expansion from 10 mgd to 15 mgd. The City has purchased 165 acres next to their WTP for an off-line reservoir. The City requests the Authority recognize their expansion needs because based on District policy in order to be eligible for funding they have to go through the Authority.

Chair Staub asked if the City has applied for funding to go from the 10 mgd to 15 mgd.

Mr. Kunik said the City has made application but it is not approved at this time. What was approved was the joint feasibility study with the Authority.

Mr. Lehman added that within the contract we would proceed with a joint study so the opportunity may be

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rather than the City proceeding alone for 5 mgd, there may be opportunity to jointly go 10 mgd or 15 mgd or 20 mgd, and we can both meet our needs. Mr. Lehman asked Mr. Kunik if that was a fair statement.

Mr. Kunik said when you do a joint study there are a lot of options. We know that our customers are going to have certain amount of needs and whatever we do we need to make sure those needs can be met in the most economical manner.

Chair Staub said DeSoto County and the City of North Port need to go on record as to their need for the water in this project because they bear the financial commitment to pay for it.

Commissioner Hill said DeSoto County is in support of the pipeline. They are comfortable with the numbers.

Commissioner Gross said North Port is committed for their amended projection and for the money if that is the project chosen.

Chair Staub said looking at the 3-cent surcharge asked Mr. Manson if that concurs with the MWSC.

Mr. Manson said there is nothing in the MWSC that talks about how to charge for additional capacity. It was discussed during the MWSC negotiation, but there was no resolution so the MWSC was left open. The Board would have to set new policy. It could be the 3-cent surcharge or some other way of charging for additional capacity above the allocated amounts.

Chair Staub said she was not aware if staff had the opportunity to discuss the 3-cent surcharge.

Mr. Lehman said we recently discussed it with the staffs.

Chair Staub said the Punta Gorda interconnect is going to be needed whether it is now or later because it is part of a bigger picture and has no problem with that. Her concern is the 3-cent surcharge because it would be setting a precedent. It is a policy decision and has a lot of ramifications for the future.

Commissioner von Hahmann said the debt service numbers only go through FY 2013 but the debt won't be paid back by then so obviously the 3 cents continues until the debt service is paid off. She asked if the 3 cents could be reduced because there may be more customers or will only the current customers liable.

Mr. Lehman said what happens beyond 2013 is optional. The debt does not disappear but the users may change. That is what the Board needs to address.

Commissioner Cummings said at the last workshop we were presented with a 3-cent surcharge and consumption numbers and Charlotte County happens to be 70% of the consumption of a pipeline the County has no intention of using. He thought the direction the Board gave at the workshop was to pursue a different alternative.

Chair Staub said she understood the direction to be a financing alternative not pipeline alternative although we request staff look at Commissioner Cummings' suggested interconnect.

Commissioner Cummings said the County offered to provide that at zero risk to the other customers so it benefited all of the customers. If we want to do the other pipeline that is fine but the customers that are not benefiting from the pipeline should not have to pay for it.

Commissioner Hill recalled when the Board discussed the pipeline into DeSoto County and at that time the

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intent was to get it to that point so it would be regional and could be extended into Charlotte County. We talked about it being the first phase of the loop system. Commissioner Cummings wanted support from this Board to support the Charlotte County pipeline and the Board did so. Now we are talking about abandoning this pipeline because it is not going to be of use to Charlotte County any more which he does not buy into because water runs both ways and it does not matter how far it goes as long as it comes out the tap at the end. He asked why do we proceed with something for so long and then decide it is not necessary and consider something else that is not permitted, not engineered, we have no estimated cost on and we don't know how regional it is so to even start thinking about abandoning this project is not reasonable.

Commissioner Cummings said I would like to be clear I am more than happy to build both pipelines. I am not more than happy to pay for a pipeline the County does not plan on using. We have been perfectly clear on that from the start.

Chair Staub said I can support the Punta Gorda pipeline but we have not changed our policy from those who get the water, pay for the line. But, the surcharge is a new thought process.

Commissioner von Hahmann said the bottom line is you are paying for something that is additional use. But the question is do you need this. I don't know that we have that answer given the new projections.

Commissioner Cummings said the further we get into this new model the more problematic it becomes and the reason for that is the ability for the Authority to maintain excess capacity. When it comes right down to it, the excess capacity is going to be paid for as suggested straight across the board. That means, at least for the time being, Charlotte County pays 70% of the excess capacity to be carried by the entire region.

(Chair Staub at this time took a 3-minute break.)

Chair Staub said I feel like we need to move this project along. The hesitation I have is the financial plan as it is now and a policy decision that could be precedent setting. On the other hand, earlier Mr. Moore pointed out that for the environment this project is a good move. What I suggest for discussion is to move forward with the pipeline but have a more equitable financing plan brought back to us.

Commissioner von Hahmann said she cannot say to go forward with something without understanding how it is going to be paid back.

Chair Staub asked how the others felt because if we have three we can move forward. The problem is the Westra GMP is only valid until March 29 and we don't know if Punta Gorda is going to accept the language.

Commissioner Hill suggested approving the contract with Punta Gorda, and authorizing moving forward with Westra contingent on Punta Gorda approving the contract.

Mr. Lehman said that is exactly how the motion is written.

Chair Staub said and a suitable financial plan.

Mr. Lehman said he could talk to Westra and bring it back on April 4.

Commissioner Cummings said I had the argument presented to me about putting forth this money for the environment and so everybody should share in the costs. Near as I can tell, the grant money the District would put into the project is where everyone shares the cost. It comes from their advalorem taxes. And then the local

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match is what the direct beneficiaries pay. I can't commit my Board to any amount of any hypothetical contribution without having talked to them about it first. If we are going to bring it back next meeting after everybody has gone and talked about it, I'm willing to discuss something.

Chair Staub asked if there was support to move forward with the water supply contract and operation agreement with the suggested changes that were discussed today.

Motion was made by Commissioner Cummings for approval and seconded by Commissioner von Hahmann.

Motion was made by Commissioner Cummings, seconded by Commission von Hahmann, to approve the Water Supply Contract and Operational Agreement between the City of Punta Gorda and the Authority with the modifications to Paragraph 5.3 and Paragraph 6.3 as presented on April 4, 2007. Motion was approved unanimously.

Chair Staub said we can bring the resolution and the Westra Design-Build Contract back with a financial plan that will be more equitable. Is that satisfactory?

Commissioner Cummings said I am going to have to see what my Board says. My inclination is to suggest to them that we should live by the MWSC that says beneficiaries pay for the local match.

Commissioner Hill said to keep in mind all four of us could benefit from the pipeline. It is a regional part of the system that affects everybody.

Chair Staub said by consensus we will have the resolution come back to the Board at the April meeting and the Amendment to the Design-Build Contract with an adjusted financial plan that is more equitable.

***Item 12. Integrated Regional Water Supply Master Plan
Presented by Susan Hochuli, Water Resource Planner***

Before Ms. Hochuli began her presentation, Chair Staub said, I think we are ready to vote. Chair Staub did ask what the cost for this feasibility study is and who is paying or is that going to come back to us.

Mr. Lehman responded this item is to go forward with the selection of a consultant only. A detailed scope will be negotiated once a consultant is selected. Further, the Authority has applied to the District for out-of-cycle funding to pay for 50% of this project and then we have the resource development fund established to help finance these types of projects. With the twenty-year projections, the Board can either look at water based or population based. We will have discussions with your staffs to see what the best way to do that is.

Chair Staub said Sarasota County has already done a lot of research on Dona Bay and it is her understanding a lot of research has been done the Tippen Bay project. She would hope the consultants understand that each one is at a different level.

Mr. Lehman said absolutely.

Chair Staub noted the issue about the WTP that reached the media when I met with the owner representatives that is not part of it at all. It is just a reservoir. It was not a WTP as far as they were concerned.

Ms. Hochuli said it is anticipated the Board would conduct interviews at the June meeting.

Chair Staub requested it be done sooner, if possible.

Motion was made by Commissioner Hill, seconded by Commissioner von Hahmann, to authorize staff to proceed with feasibility study on three sources: Dona Bay/Cowpen Slough system, Flatford Swamp System and Shell Creek/Tippen Bay-Long Island Marsh System. Motion was approved unanimously.

*Item 13. Regional Reservoir Expansion – Status Report
Presented by Kevin Morris, Facilities Division Director and
Greg Tate, Project Manager for MWH*

- a. Work Authorization No. 9 to MWH Americas, Inc. ‘RV Griffin Mitigation Initial Exotic Removal and Time Zero Monitoring’*
- b. Project Status Report*

No presentation was made. Commissioner Cummings moved staff recommendation.

Chair Staub said her understanding is this project is delayed in permitting.

Mr. Morris said we are going through the permitting process. We have two permits for the reservoir project. One is the mitigation permit, which Mosaic had indicated they may challenge. They decided to drop that challenge and that permit has been issued. The permit to construct the actual reservoir will probably not be issued until late June provided there are no protests.

Motion was made by Commissioner Cummings, seconded by Commissioner Hill to approve and authorize the Executive Director to sign Work Order No. 9 ‘Initial Exotic Removal and Time Zero Monitoring for the Regional Reservoir Expansion to Agreement for Professional and Technical Consultant Services between the Authority and MWH Americas, Inc. for an amount not-to-exceed \$255,256 and authorize the Executive Director to approve additional work on behalf of the Authority, as may be needed up to \$20,000. Motion was approved unanimously.

*Item 14. Peace River Facility Expansion
Presented by Kevin Morris, Facilities Division Director and
Doug Eckmann, Project Manager for Boyle Engineering*

- a. Contract No. 2 ‘Water Treatment Plant Expansion’*
- b. Project Status Report*

Mr. Morris said there were two basic guidelines for the negotiations with Encore Construction. One was the WTP has to be able to produce 48 mgd of finished water and were not willing to sacrifice any aspects of the WTP that would reduce water quality or in any way compromise the treatment process.

Chair Staub said her recollection was this project was estimated at \$56M in the bond issuance. Now Boyle is estimating approximately \$72M and the bid received is for \$84M.

Mr. Lehman said the bonds were issued based on Boyle’s preliminary design. The final design and estimate was \$72M. The bid came in at \$89M and has been negotiated to \$75M so there is a gap from \$75M to the bond issuance of \$60M. Since that bond issuance, the District did some flipping of money in the amount of \$8M toward the project. So we are about \$7 M short. We have already submitted a revised funding application to the District for additional funding. The Authority has been approved by Wachovia Bank for commercial paper,

APPROVED

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which we could borrow in the short term until we can issue permanent bonds. Bottom line, permanent bonds for a \$7M funding would probably increase the cost of this water approximately 10 cents per 1000 gallons over the thirty-year term. The bond report projected the cost of water at \$2.95 per 1000 gallons that would mean that it would be approximately \$3.05 per 1000 gallons.

Chair Staub said we want to keep the environment whole but the ratepayers also have to be taken into consideration. I want to know where we are headed generally at the end of this expansion as to how much it has impacted our ratepayers.

Mr. Eckmann said with a great deal of cooperation from Encore Construction, we were able to comb through the project without compromising the capacity or treatment quality. The project being recommended is \$57,895,443 with Encore and \$17,254,299 with the Authority direct purchasing high value process equipment and electrical equipment.

Mr. Eckmann and Mr. Morris responded to the Board's questions toward specific items that were deferred or changed to achieve the cost reductions.

Chair Staub questioned the reduction in the amount of the liquidated damages.

Mr. Manson said one of the issues with liquidated damages is if you make them too much you don't get anything at all and if you make it too little, they don't provide enough incentive. In this case Encore will want to finish and be able to make incentive money.

Mr. Lehman said part of the cost reduction was because the time frame was so compressed. By changing the 'make water' completion date to February 2009 helped bring down some of the costs because Encore can schedule their work better. Also in response to the liquidated damages, this is a federally funded project and EPA told us what number to use.

Chair Staub said we need to have at least a ballpark estimate for the incentive.

Commissioner Cummings said it was mentioned the WTP plant capacity exceeded the peak capacity and asked if that was the peak hourly capacity or the peak day.

Mr. Morris said that is the peak day capacity of 45.78 mgd.

Commissioner Cummings asked what the peak hourly capacity was. He said he wants to make sure the water pressure is still there when everybody flushes their toilet at the same time in the morning. That is the purpose of the 2 mg storage tanks that are being deferred.

Mr. Morris said he was not sure of the peak hour capacity. We can provide the detailed hydraulic analysis.

Motion was made by Commissioner Hill for approval and seconded by Commissioner von Hahmann. Under discussion, Commissioner Cummings said he would like to get the information, particularly to my staff, what the peak hourly flow and how much storage do we have in the system. Chair Staub requested that information be furnished to all the utility staffs.

Motion was made by Commissioner Hill, seconded by Commissioner von Hahmann, to award 'Contract 2 – Peace River Facility Construction' to Encore Construction, Inc. in the amount of \$57,895,443 and authorize the Executive Director to approve additional work on behalf of the Authority, as may be

needed, up to \$100,000. Motion was approved unanimously.

Motion was made by Commissioner von Hahmann, seconded by Commissioner Cummings, to approve purchase of equipment for an amount not-to-exceed \$17,254,299 as itemized in correspondence from Boyle Engineering Corporation dated March 2, 2007. Motion was approved unanimously.

*Item 15. Government/Community Affairs - Staff Report
Presented by Ray Pilon, Government/Community Affairs Director*

- a. SWFWMD Governing Board – Long Range Funding Plan*
- b. Legislative Update*

At this time Mr. Manson left the meeting and his associate, Mr. Birrenkott, joined the meeting.

Mr. Pilon presented the District's Long-Range Water Supply and Water Resource Development Plan that in the past has been known as their 'financial engine'. Mr. Pilon said it lays out where the sources of the money are coming from, who is going to receive it, and the equalization of the ad valorem distribution between the north and the south.

Mr. Pilon shared Mr. Rathke's report to the Governing Board on the District's legislative priorities for this year. Legislative staff has indicated that line-item appropriations will be difficult to acquire this year however Mr. Pilon said he was in Tallahassee for opening session and was very encouraged by what he heard. He will be joining the team from the District in Tallahassee for the session and will keep the Board updated on the progress of those items.

*Item 16. Dry Season Planning for Water Supply and Water Quality Status Report
Presented by Mike Coates, Water Resources Division Director*

No presentation was made.

Chair Staub asked how much water was in storage.

Mr. Coates replied 1.8 bg which is approximately 110 days of supply. Mr. Coates noted the river has been above the 130 cfs cutoff level all month.

Chair Staub requested the Board receive a report on how much water has actually been pulled when flow was below 130 cfs. Commissioner Cummings said he would also be curious to know how much has actually been withdrawn.

*Item 17. Hydrobiological Monitoring Program
Presented by Sam Stone, Environmental Affairs Coordinator*

This item was deferred to a future Board meeting.

Item 18. Routine Status Reports

- a. Hydrologic/Water Supply Conditions*
- b. Horse Creek Stewardship Program*
- c. Regional Integrated Loop System – Phase 2 and 3 Feasibility Studies*

These reports are presented for the Board's information and no presentation is made.

Item 19. *General Counsel's Report*

Mr. Birrenkott said the initial brief on the Ona appeal is due March 26, 2007. In addition, the Peace River Cumulative Impact Study is out as well as the Resource Management Plan and counsel will provide a memorandum summarizing those findings to the Board next month.

Chair Staub asked Mr. Lehman if there would be a presentation on the Cumulative Impact Study.

Mr. Lehman said it is lengthy and will take some time to review first.

Item 20. *Executive Director's Report*

Mr. Lehman said the Board has been conducting a lot of business recently and the meetings have become lengthy. He asked the Board if they wished to start the meetings earlier. Commissioner von Hahmann agreed the meetings were lengthy and felt they should start earlier. Commissioner Hill suggested starting at 9:30 a.m. The Board was in agreement.

MEMBER COMMENTS

None.

PUBLIC COMMENTS

None.

FUTURE MEETINGS:

Authority Board Meeting:
9:30 a.m., Wednesday, April 4, 2007
County Commission Chambers
Sarasota County Administration Center
1660 Ringling Boulevard, Sarasota, Florida

Adjournment

There being no further business to come before the Board, the meeting adjourned at 1:15 p.m.

The Honorable Shannon Staub, Chair