

# **APPROVED**

Minutes of Board of Directors Meeting  
**PEACE RIVER/MANASOTA REGIONAL WATER SUPPLY AUTHORITY**  
DeSoto County Administration Building  
201 East Oak Street, Arcadia, Florida  
May 3, 2006

## ***Board Members Present:***

Commissioner Jerry Hill, DeSoto County, Chairman  
Commissioner Shannon Staub, Sarasota County, Vice Chairman  
Commissioner Adam Cummings, Charlotte County  
John Zimmerman, Manatee County (Alternate)

## ***Staff Present:***

Patrick J. Lehman, Executive Director  
Douglas Manson, General Counsel  
Kevin Morris, Chief Engineer  
Susan Hochuli, Water Resource Planner  
Ray Pilon, Governmental Affairs Coordinator  
Edward Yates, Fiscal Manager  
Linda Stewart, Secretary

## ***Others Present:***

A list of others present who signed the attendance roster for this meeting is filed with the permanent records of the Authority. Chairman Hill recognized Commissioner Delma Allen with DeSoto County and Commissioners Barbara Gross and Fred Tower with the City of North Port.

## ***Call To Order:***

Chairman Hill called the meeting to order at 10:00 a.m.

## ***RESOLUTION 2006-04 >Recognition of Drinking Water Week=***

By adopting Resolution 2006-04, the Authority joins with the American Water Works Association to remind everyone that a reliable water system is essential to their everyday life by proclaiming May 7-13, 2006 as >Drinking Water Week=. Mr. Pilon read the resolution into the record.

**Motion was made by Commissioner Staub, seconded by Commissioner Cummings to approve Resolution 2006-04 >Recognition of Drinking Water Week=. Motion was approved unanimously.**

In connection with Drinking Water Week, Mr. Pilon said the Authority=s annual newspaper insert will be distributed in the major publications throughout the four counties on Sunday, May 7, and in the smaller local papers in the days following. Mr. Pilon recognized Sam Stone for his efforts in spearheading the insert. Mr. Pilon distributed the insert to the Board as well as made them available to the public.

**CONSENT AGENDA:**

- Item 1. Meeting Minutes of April 5, 2006*
- Item 2. Check Register for Month of March 2006 (acceptance for further audit)*
- Item 3. Staff Structure Re-Organization*
- Item 4. Purchase of Portable Generator in the amount of \$60,649 from T.A.W. Power Systems*
- Item 5. Work Authorization to Forsberg Construction, Inc. For Interconnect at CR 761 & US 17 for an amount not-to-exceed \$20,683 and transfer like amount from R&R Reserve Account*
- Item 6. Work Order No. 10 >Peace River Facility - Ongoing Project Support= to Agreement for Professional and Technical Consultant Services between the Authority and HDR Engineering, Inc. for an amount not-to-exceed \$66,122 and transfer like amount from R&R Reserve Account*

Commissioner Staub requested Item 3. >Staff Structure Re-Organization= be removed from the consent agenda for further discussion.

**Motion was made by Commissioner Staub, seconded by Commissioner Cummings, to approve the consent agenda, with the exception of Item 3, for May 3, 2006. Motion was approved unanimously.**

***Item 3. Staff Structure Re-Organization***

Referring to the Position Pay Grade Chart, Commissioner Staub asked what the acronyms >FLSA=, >NE= and >EX= meant.

Mr. Lehman said FLSA refers to the Fair Labor Standards Act. NE identifies non-exempt pay grades which are hourly positions and EX identifies exempt pay grades which are salaried positions.

Commissioner Staub requested a copy of the salary range chart. She also asked Mr. Lehman to identify where the budget will be impacted by the revised staffing structure during his presentation of the Tentative Budget for FY07 scheduled later in the agenda.

**Motion was made by Commissioner Staub, seconded by Mr. Zimmerman, to approve Item 3 >Staff Structure Re-Organization=. Motion was approved unanimously.**

**REGULAR AGENDA:*****Item 7. Hydrologic Conditions/Water Supply Conditions Report Presented by Kevin Morris, Chief Engineer***

Mr. Morris reported the average rainfall for the month of April in the Peace River Basin was 0.86 inches and the average river flow recorded at the Arcadia gage station was 68 cubic feet per second (cfs). This was the first time the river flow reached the low flow cutoff level of 130 cfs in twenty-one (21) consecutive months. As of the end of April, the reservoir was at 75% capacity and the reserves in the wellfield system totaled approximately 2.9 billion gallons (or 39% of the wellfield system capacity). Combined reserves totaled 3.37 billion gallons which based on current demand is equivalent to approximately 173 days of supply. Customer average demand for April was a record setting 19.5 mgd. The 12-month moving average demand was 16.4 mgd.

Mr. Morris said with the water demands reaching new highs, one of the things to monitor is system pressure. Even during peak periods, the system pressure has been normal.

The Climate Prediction Center predicts the La Nina conditions, or dry weather, will continue during the next one to three months. Being the dry season, Mr. Morris asked everyone to conserve and use water wisely. He explained the PRF system is designed to store water in the wet season and use it during the dry season. There is nearly six months of reserve and some people get confused when talking about tapping into reserves. The Authority taps into reserves every year. Mr. Morris said it is not the same as a budget or a fiduciary reserve that is held back in the event of something unexpected.

**Item 8. Authority Strategic Planning and Governance  
Presented by Patrick Lehman - Executive Director**

Mr. Lehman said at the workshop facilitated by Dr. Lance deHaven-Smith on April 14, the Board agreed to develop a strategic plan and review the governance issues and said they wanted to complete the process in a six-month timeframe. On April 21, the administrators met to provide their input on the strategic planning process. At that meeting, the four county administrators were present along with the administrators from the cities of North Port and Punta Gorda. Mr. Lehman said he was appreciative of the representation of all the administrative staffs and said that truly is a result of the Water Planning Alliance and the discussions that have gone on over the years toward building those staff relationships. Mr. Lehman said he discussed the administrators' input with Dr. DeHaven-Smith and per the Board direction from the workshop, although Dr. deHaven-Smith was not available for today's board meeting, provided his input in writing on a process to move the strategic planning forward for the Board's consideration. Mr. Lehman said Dr. deHaven-Smith had developed an outline of how he envisions structuring a *white paper* on the strategic planning process. In preparation for a joint workshop of the Board and the administrators, Dr. deHaven-Smith intends to conduct telephone interviews with the Board members and the administrators over the next two weeks to obtain their input for the *white paper*. Based on the interviews, he would develop the *white paper* and distribute it the week of May 15 for comment. At the workshop on May 19, the *white paper* would be presented to the Board.

The Board would then have the opportunity to identify any issues and/or options that may have been overlooked in the *white paper* and determine their course of action and direct the administrators accordingly. The discussions would then occur over the summer months. In the September/October timeframe, the administrators would present their input to the Board for their consideration.

Commissioner Staub said she liked the idea of the joint board and administrator workshop. However, her understanding from the April 14 workshop was the administrators would be on one track discussing the technical aspects while the Board would be on a separate track looking at governance and then everyone would come together in the fall. She did not want to wait until the fall for the administrators' input for the Board to just begin their discussions. The Board said they wanted to get this accomplished in six months and she was ready to move forward and felt perhaps Dr. deHaven-Smith may have missed the boat in not having them on parallel tracks.

Commissioner Cummings was supportive of Commissioner Staub's comments.

Mr. Manson said not knowing fully what Dr. deHaven-Smith may be anticipating in the way of parallel tracks, suggested the May 19 workshop be advertised as both a meeting and a workshop enabling the voting privilege for the Board. At the workshop, the *white paper* could be discussed and modified and then go forward from there with Board direction.

Further, Mr. Pilon said in his conversation with Dr. deHaven-Smith, all of Commissioner Staub's concerns

are being taken into consideration. He is very well aware of what the Board desires and what they want to look at and what the technical side of working out an actual plan are. He wants to get with the Board and the administrators on the telephone and discuss those very comments from each one and some may have comments they want to discuss privately as well.

Mr. Zimmerman added that perhaps the *white paper* can identify the governance issues the Board may want to address along with the strategic planning issues the administrators will address.

Mr. Lehman said everything discussed can be accomplished and Dr. deHaven-Smith will identify that in his phone conversations with each one and discuss any specific issues.

Chairman Hill then said AOK all set@ indicating the Board=s willingness to move forward with the workshop.

At the conclusion of this agenda item, Chairman Hill said Mr. Manson had another obligation which required him to leave by 11:00 a.m. and therefore moved the agenda forward with Mr. Manson=s items. In Mr. Manson=s absence, Mr. Manson=s partner, Dan Whitaker, was present for the remainder of the meeting.

**Item 9. Authority/Customer Water Demand Projections - Staff Report  
Presented by Susan Hochuli, Water Resource Planner, and Ed Copeland, HDR**

As part of the new water supply demands process provided for in the Master Water Supply Contract, each customer is to provide the Authority annually its projected water demands from the Authority for the next twenty (20) years. Based on these submittals, the Authority determines its estimation of water demand projections to be supplied for its customers on an annual basis for the applicable twenty-year planning period. Modifications to demand projections were recently received from DeSoto and Manatee counties and incorporated into Ms. Hochuli=s presentation of the updated water demand projections. Following Ms. Hochuli=s presentation, Mr. Ed Copeland, with HDR, spoke to his experience in efforts similar to what the Authority is facing today in the area of determining reasonable demand projections.

Ms. Hochuli first presented a chart that was a compilation of annual average day demands for the next twenty years for all five customersBthe four member counties and the City of North Port. In 2006, the annual average day demand amounts to approximately 73 mgd and in 2026 it amounts to 168 mgd. The second chart presented showed annual average daily supply coming from the five customers. In 2006, the annual average day demand amounted to 60 mgd supplied by the local governments and 13 mgd supplied by the Authority. In 2026, the annual average demand amounted to 71 mgd supplied by the local governments and 97 mgd supplied by the Authority. Lastly, Ms. Hochuli pointed out the total annual average demand needed in the 2012 timeframe is 101 mgd. Of that, it is projected that 68 mgd would come from the member governments and the balance of 32.7 mgd from the Authority which coincides with the Authority=s annual average permitted quantity coming from the Peace River Facility.

Commissioner Staub said she would like to receive a breakdown of the demand projections by customer. Commissioner Staub reiterated her desires about getting to a uniform agreed method of demand projection for the future.

Mr. Lehman concurred with Commissioner Staub=s comments regarding the uniform method of demand projection and pointed out beyond that for consideration is the individual aspect to the regional aspect. Mr. Lehman said that is where Mr. Copeland=s expertise will be beneficial to the Authority and why he was asked to address the Board today as he was intimately involved with Tampa Bay Water for many years. In response

to Commissioner Staub=s request for a breakdown of the figures, Mr. Lehman said Ms. Hochuli=s presentation was an overview of the demand numbers and a finalized report including a breakdown of all the numbers will be distributed to the Board and to the staffs.

Mr. Copeland said Commissioner Staub=s comments were right on point and are being addressed by Authority staff. He spoke to his experience with Tampa Bay Water and also with the St. John=s River Water Management District. Because of his past experience he will be working with the Authority in doing similar work. Mr. Copeland said it is a balancing act to be flexible enough with a system to be able to shift the ability to provide the water supply and then step back and look at the big picture and recognize the demand for the region is going to be something less than the sum of the parts the individual members are looking at. It is a cooperative process working with the members and working with each county=s planning group to make sure everything makes sense as you move forward. And, then hopefully everyone has come to a consensus of what the future demand of the region should be and then the master plan can be developed to meet those needs.

Commissioner Cummings said he did not have a problem with going to a common method for determining demands as long as the part in the contract stays in place that basically says if Charlotte County says seven years in advance this is how much water they are going to buy and they put the money on the table then that is the final word and when the time comes the water is actually there.

***Item 10. SWFWMD Cooperative Funding for FY 07 - Staff Report  
Presented by Ray Pilon, Governmental Affairs Coordinator***

Mr. Pilon reviewed the SWFWMD FY07 funding application status that will be brought forward to the basin boards at their April meetings. With regard to the District=s new ruling, Mr. Pilon said in order to expedite the process, the Authority will be co-permittees on the applications for the members and customers and those letters have been sent. In addition, the City of Bradenton and the City of Punta Gorda requested the Authority=s support of their projects and those letters which in essence say the project is compatible with the regional planning have been sent. Mr. Pilon said staff is on target and on time with all the funding requests and is confident all the requirements have been met.

***Item 11. Tentative Budget for FY07  
Presented by Patrick Lehman, Executive Director***

In accordance with the Second Amended Interlocal Agreement creating the Peace River/Manasota Regional Water Supply Authority, the Authority is required to establish a tentative budget no later than May 15 of each ensuing year. Upon Board approval, the tentative budget is distributed for review by Authority members, customers and the public. The budget hearing and approval of the Final Budget for FY07 will be held at the Charlotte County Administration Center on August 2, 2006 at 10:00 a.m.

Mr. Lehman said an overview of the tentative budget has already been presented to the member staffs and at that budget workshop the pool water quantities were negotiated. Member staffs will have the summer months to conduct an in-depth review of the tentative budget. Mr. Lehman then reviewed the highlights of the tentative budget for FY 07 which totals \$91,442,442.

Commissioner Staub asked Mr. Lehman if the projections for the redistribution pool have been determined for the next three years.

Mr. Lehman said staff is working on that right now and as Mr. Copeland explained the projections will need

to be re-evaluated. For example, last year it was estimated the GAP water for next year would be approximately 1.1 mgd, but now as we are closer and have better numbers, we are now projecting 0.178 mgd.

**Motion was made by Commissioner Staub, seconded by Commissioner Cummings, to approve the Tentative Budget for FY07 in the amount of \$91,442,442. Motion was approved unanimously.**

*Item 12. Resolution 2006-05 >Resolution Setting Forth Preliminary Schedules Establishing Rates, Fees and Charges for FY07'  
Presented by Patrick Lehman, Executive Director*

Mr. Lehman presented Resolution 2006-05 which formalizes the Board=s adoption of the Tentative Budget for FY07, establishes its intent to set rates based upon the proposed budget and sets a public hearing for adoption of the final budget.

**Motion was made by Commissioner Staub, seconded by Commissioner Cummings, to approve Resolution 2006-05 >Resolution Setting Forth Preliminary Schedules Establishing Rates, Fees and Charges for FY07' and setting a Public Hearing for 10:00 a.m., August 2, 2006, Charlotte County Administration Center, County Commission Chambers, Room 119, 18500 Murdock Circle, Port Charlotte, Florida, to adopt the Final FY 07 Budget. Motion was approved unanimously.**

*Item 13. Short-Term Water Supply Opportunities and Regional Strategies  
Presented by Susan Hochuli, Water Resource Planner*

*a. >GAP= Plan Conjunctive Water Use Permitting*

As previously reported, the application for the conjunctive Water Use Permit (WUP) was submitted to the District on February 1, 2006 and a request for additional information dated March 2, 2006 was received from the District. Ms. Hochuli said the WUP co-applicants are preparing the response to the District. As a reminder, the WUP application includes water that could be available from the Sarasota County Carlton Wellfield system as well as the City of Punta Gorda Shell Creek system. It will also be tied to North Port=s Myakkahatchee Creek system. The WUP will make permitted water that is currently not being used by the local governments available to meet the regional demand. Discussions are ongoing with other governments to develop alternative plans as >back-up= to the Punta Gorda Interconnect as a GAP measure .

*b. Regional Integrated Loop System - Phase 1 Interconnect (Punta Gorda)*

The Regional Integrated Loop System Phase 1 Interconnect project was accelerated per Board direction. The Board approved the design-build approach in December 2005. The design-build teams were ranked in April 2006 and the Board authorized staff to move forward with contract negotiations with the top ranked team of Westra Construction Corporation and PBS&J. It is anticipated the contract will be finalized for the Board=s consideration and approval at the June 2006 meeting. The notice to proceed for preliminary final design as well as the Guaranteed Maximum Price (GMP) development would then be issued. It is anticipated the 60% Design and GMP will be presented to the Board for consideration at the November 2006 meeting and the final GMP presented to the Board at the December 2006 meeting followed by the issuance of the notice to proceed for construction. This timeline is in keeping with the project schedule.

*Item 14. Integrated Regional Water Supply Master Plan (IRWSMP)  
Presented by Susan Hochuli, Water Resource Planner and*

*Emilie Moore, HDR Engineering, Inc.*

*a. Status Report*

The Board authorized the development of the IRWSMP as well as the Regional System Reliability Model at the March 2006 meeting. Ms. Hochuli said the combination of those efforts will result in a plan that includes an evaluation of multiple high-priority water supplies and the sequencing of their development for inclusion in a fully developed integrated regional water supply system comprised of diverse sources to meet the region=s needs for the future. The water supply system will provide reliability during time of emergency, capitalize on economies of scale, insure potable and readily available and sustainable water supplies and provide the region with the assurance of a timely developed water supply. This project is similar to the regional integrated loop system project which includes costs to implement each of the segments. This project as well, will include development costs for each of the sources being evaluated. Ms. Hochuli said the parallel pursuit of the Board and its administrators to develop a strategic plan for the Authority is going to answer the financial approach questions on how to implement those projects that result from the loop study and the master plan.

Ms. Moore briefed the Board on the status of HDR=s work effort which includes four primary elements to the development of the IRWSMPB

- 1) Coordinate master planning with the Authority, Authority Members and City of North Port, Alliance Members, SWFWMD and Interested Parties. Ms. Moore said this work is ongoing and will continue throughout the rest of this year and into 2007.
- 2) Identify water supply demands. HDR is concentrating their efforts on obtaining the demand information from the various entities which requires a great deal of coordination amongst everyone to determine what the reasonable demands are through the year 2050.
- 3) Development of the Regional System Reliability Model. The computer model is being developed from the perspective of identifying how to optimize the existing sources and look at potential sources throughout the region.
- 4) Lastly, B the Integrated Regional System Water Supply Master Plan is the result of tying all the elements together. Ms. Moore said the IRWSMP will be a living document which will be updated in the years to come.

As authorized, HDR is currently evaluating six sources B

- 1) Flatford Swamp B new water source
- 2) Cow Pen Slough/Dona Bay B new water source
- 3) Carlton Wellfield B optimize withdrawal
- 4) Myakkahatchee Creek/Cocoplum Waterway B optimize withdrawal
- 5) Peace River B optimize withdrawal
- 6) Shell Creek (including Long Island Marsh and Tippen Bay) B optimize withdrawal

Looking at the project schedule, Ms. Moore said the data collection is nearly complete and most of the effort for May will go to populating and calibrating the model. In June, a model workshop will be held for all the

staffs to introduce what has been developed and get their feedback. A second workshop is scheduled for September to essentially map out what changes were made to the model. All of these efforts will be ongoing until December when the draft IRWSMP and CIP is scheduled to be presented to the Board.

Commissioner Cummings asked if the new ASR wellfield would be included in the model.

Ms. Moore said the model will be set up to look at all of the various options including the ASR wellfield. Basically, there will be eight sources of supply and that number will change based on the model runs developed.

Commissioner Cummings said when the new reservoir is on-line, we will be looking at the reliability of the system. The question then becomes if both the new ASR wellfield and the additional 2 billion gallons of surface reservoir are available, does that cause a re-rating of the PRF.

Ms. Moore said we will look at different options to determine different levels of reliability. When it comes to re-rating, that will be discussed upon further development of the model.

***b. Work Order No. 8 Amendment***

The SWFWMD requested the Authority include two additional sources of potential fresh and brackish water supplies in the vicinity of the I-75 corridor in southern Charlotte County and at Babcock Ranch in its regional resource planning effort. The Board directed staff to negotiate with HDR for the inclusion of the two sources with the southern Charlotte County alternative to include the US 41 corridor at its meeting on April 5. As a result, Ms. Hochuli said an amendment to the work order has been negotiated with HDR in the amount of \$152,000.

Ms. Moore reviewed the impacts to the project schedule. Ms. Moore said HDR would begin gathering the information for the two new sources this month; the population and calibration of the model would still continue with the six existing sources; and through the month of June the information for the two new sources would be added. The first model workshop would slip from June to July. In concert, the second workshop would slip from September to October. The draft IRWSMP and CIP would then be presented in February 2007 rather than December 2006 as originally scheduled.

Mr. Zimmerman pointed out that the Master Water Supply Contract (MWSC) requires the customers lock in their seven year projections in January which would make it critical to have the draft CIP as originally planned in December and prompted the Board to discuss their various options.

Commissioner Staub suggested doing the two projects as an amendment to the IRWSMP. Mr. Lehman said that would be doable because what everyone is interested in knowing is what the first project will be. The plan sequencing will not be determined but certainly the first one and possibly two projects can be reasonably determined.

Commissioner Cummings said these projects were added primarily as a courtesy to the District=s request. He does not see where Charlotte County needs this as part of the regional plan in order to continue doing what they are doing. He questioned the cost of the work order (amounting to \$152,000) when Charlotte County had already completed much of the feasibility work and was basically giving it to the Authority. Ms. Hochuli pointed out that the numbers were developed based upon the available information and the more information available will affect the end cost as the work is on a time and materials basis. Commissioner Cummings said

he would accept the cost for the time being in light of time and materials. Commissioner Cummings asked if the cost would be a 50/50 match with the District. Mr. Lehman said this would be 100% funded by the Authority as the District typically has not funded master plans in the past. Commissioner Cummings said when the Authority added these two new sources, it was his impression that because these two new sources are considered a feasibility study and part of the master plan that there was District money involved, and if so then Charlotte County would end up with a question of ownership, i.e. anything that gets District funding is suppose to have some ownership on the part of the Authority. Mr. Lehman said what Mr. Moore was referring to was the actual design and construction not the master planning. Commissioner Cummings said if what I am looking at is putting into question the potential of turning over some unknown amount of ownership of a multi-million dollar expansion in exchange for \$61,000 of grant funding, he would have to question the wisdom of that. If what the District is getting is a partial ownership of the feasibility study, they are welcome to that. Commissioner Cummings said he just wanted to make sure there was not something else he was not realizing. Mr. Lehman said there is no ownership addressed in this. This is strictly a regional system master plan.

Commissioner Staub said then why are we doing this. Commissioner Cummings said as far as he knew it was because Mr. Moore asked the Authority to. Commissioner Staub said if we don't know why we are doing it, why don't we not do it and let things move ahead and then if something comes up in a few months we can do an amendment. Mr. Lehman said it does not preclude the Authority from asking the District if they would be willing to assist in funding. Commissioner Cummings said if it is affecting the time table I don't see any reason why we have to. If we are going to do it, it seems like Commissioner Staub's suggestion of having that as a second step is probably a reasonable suggestion.

Commissioner Staub then moved to table this item until such time as more information is available.

Commissioner Cummings seconded the motion for discussion. He said I guess we are operating under the assumption that it seems there are too many uncertainties to spend \$152,000 and the time until we understand better what we are doing and why. He would assume Mr. Moore would not want the Authority to spend \$152,000 for the sole purpose that he asked us to without some other reason. Commissioner Cummings said I guess we will see what those discussion produce.

Mr. Zimmerman said we were also going to ask if the District would fund part of it.

Mr. Lehman said that would be part of the discussions staff will have with the District.

**Motion made by Commissioner Staub, seconded by Commissioner Cummings, to table this discussion and until such time as more information is available regarding the two additional sources: namely, potential fresh and brackish waters supplies in the vicinity of the I-75 corridor in southern Charlotte County and at the Babock Ranch, and direct staff to initiate discussion with the District to include the District's participation in funding. Motion was approved unanimously.**

*Item 15. Regional Reservoir Expansion - Status Report  
Presented by Kevin Morris, Chief Engineer and Greg Tate, Project Manager for MWH*

Mr. Tate presented the highlights of MWH's work efforts over the last month. Mr. Tate reported nothing that would delay the critical path of the project. They are on tract for 60% design submittal in June.

*Item 16. Peace River Facility Expansion - Status Report  
Presented by Kevin Morris, Chief Engineer and*

***Doug Eckmann, Project Manager for Boyle Engineering***

Mr. Eckmann presented the highlights of Boyle Engineering's work efforts for the last month. Mr. Eckmann reported nothing that would delay the critical path of the project. They are ahead of their milestone for 50% design submittal.

***Item 17. Governmental Affairs - Staff Report  
Presented by Ray Pilon, Governmental Affairs Coordinator***

On legislative issues, Mr. Pilon said it is anticipated the Authority should receive from SWFWMD approximately \$5 million for its SB 444 funding allocation for the reservoir and water treatment facility expansions.

The House unanimously passed a significantly improved HB 749 related to sewage treatment and disposal systems and the companion bill is awaiting passage in the Senate. Many concerns that were raised by local governments and environmental interests have been addressed.

SB 2102 related to the governance of the Babcock Ranch acquisition was placed on Special Order Calendar for May 3. It is the intent of the legislation that the corporation will be financially self-sustaining operation within fifteen fiscal years after management of the Preserve begins. The companion legislation was unanimously passed in the House.

The House passed HB 683 relating to the reform of the Development of Regional Impact (DRI). HB 683 includes acceptable changes to the substantial deviation section of the DRI law relating to phosphate mining. Its senate companion bill has been placed on Special Order Calendar for May 3.

Next month Diane Salz, the Authority's Tallahassee governmental liaison, will pay her annual visit to the Board and do a report on the wrap-up of the session.

Commissioner Cummings said if the Authority receives the \$5 million asked if staff knew how that would be distributed to the project.

Mr. Pilon said it goes to the policy decision of the Governing Board. Once we get through the funding cycle and see how and what sources they are going to provide dollars with that will become evident.

Mr. Pilon's written report is filed with the permanent records of the Authority.

***Item 18. Request for Area-Wide EIS on Phosphate Mining's Cumulative Impact  
Presented by Doug Manson, General Counsel***

Staff received correspondence from a citizen requesting the Authority's participation and monetary contribution for an area-wide environmental impact statement on phosphate mining's cumulative impact. Mr. Manson said typically an EIS is required for a specific project like the Peace River Option when the Authority contracted with a consultant to review what potential impacts there might be from our permit activity. An area-wide EIS does not go to a specific permit but goes to an entire area and in this case, one that goes to an area and an industry. There would be a process of getting a group together to contribute money to the EIS which at this point, is in the very beginning process. Mr. Manson asked how the Board wanted to move forward.

Commissioner Staub said Sarasota County committed \$500,000 contingent upon all of the players being at the table. She said the difference in this initiative and the one previous is that if all of the stakeholders are at the table, then everyone is putting their money where their mouth is. The County heard from some of the mining companies that they have no problem with this and would be supportive. Commissioner Staub said Mr. Cooper and Ms. King (who are spearheading this effort) have a lot of energy and are networking. Commissioner Staub said I think it would behoove the Authority to move forward on the same basis as Sarasota County in the context that the Authority feels it is extremely important and are willing to put the money up as long as we get money from the four counties and the mining industry is at the table. Additionally, the federal government may look more favorably because not only does it show we are willing to fund it, but it also cuts down on what they would have to put toward it. Commissioner Staub made the motion that the Authority issue a letter of support on the area-wide EIS for this region and commit to the funding contingent upon all of the stakeholders being at the table.

Chairman Hill said this was the first he was made aware of this request and it was something he would need to discuss with his Board prior to voting.

Mr. Zimmerman said a lot of money has been spent on studying the Peace River and on litigation. There currently is a lot of overlap with other studies and to spend more money in that arena Mr. Zimmerman said he was not sure what the Manatee County Commission=s position would be on this issue.

Commissioner Staub said she thought the other counties had been contacted and withdrew her motion and moved to have this item on the June agenda.

Commissioner Cummings seconded the motion for discussion.

Commissioner Cummings said his Board has not actually voted on this although he is not anticipating any concerns as they are supportive of the notion. There has been some discussion as to whether Charlotte County can use some of the research they have done in the past as in-kind for at least a portion of their payment. Either way, there is an interest in participating. Commissioner Cummings said at the National Association of Counties legislative conference, he was listening to a panel discussion where a prominent employee with the ACOE said if you want the ACOE to do something, you have to sue us and went on to say the ACOE is so under-resourced the only thing they have time to do is implement the judge=s orders they have been given. Commissioner Cummings said I am hoping this is an indicator there is a willingness to do what needs to be done to get the EIS and hopefully in a positive way.

**Motion was made by Commissioner Staub, seconded by Commissioner Cummings, to agenda this item for the June board meeting for further consideration. Motion was approved unanimously.**

*Item 19. Routine Status Reports*

- a. Horse Creek Stewardship Program*
- b. Regional Integrated Loop System Feasibility/Routing Study*

These reports are presented for the Board=s information.

On the Horse Creek Stewardship Program, Commissioner Staub requested next month to provide the dates the annual reports will be available.

**Item 20. General Counsel=s Report**

On phosphate matters, Mr. Manson said the Army Corps of Engineers (ACOE) issued a notice of proposed agency action to issue the 404 wetlands permit for the entire Ona mine on March 27, 2006. After requests were filed by a number of parties including the Authority, Charlotte and Sarasota Counties and the Sierra Club, the ACOE granted a thirty-day extension of the Public Comment period until May 27, 2006. Counsel is in the process of putting together the comments by the May 27 deadline. Mr. Manson anticipated there may be another request for extension from the parties as there is a lot of information to review and formulate comments.

Regarding the Peace River Cumulative Impact Study, DEP and SWFWMD will present their findings at three public meetings which are scheduled on May 24 at the SWFWMD Bartow Office, June 21 at the Turner Center in Arcadia and July 26 at Punta Gorda Isles Civic Association. Mr. Manson said the report goes to past and present and does not look at the future.

On April 28, 2006, DEP gave notice of its expedited rulemaking for a proposed amendment that will update DEP=s adoption of the newly established minimum flows for the Middle Peace River and Myakka River. Mr. Manson=s written report on phosphate matters is filed with the permanent records of the Authority.

On legal matters, Mr. Manson discussed the proposed Authority, Charlotte County and Punta Gorda Interlocal Agreement. Since last month, a denial to the Authority=s request to construct the interconnect was received from Charlotte County. Pursuant to the Master Water Supply Contract (MWSC), there is a 45 day timeframe to resolve the issues. Staff met with the County and Mr. Manson said the approach being taken is the idea of designating a percentage or a gallonage split between the Authority and Charlotte County. The numbers have not been established. There would be a provision that provides if Charlotte County is not provided the water pursuant to the MWSC, the County would have the right to take whatever their shortage is from the Punta Gorda Plant for the time period there was inadequate water. Mr. Manson said he would have the language drafted by the end of this week for County staff to review. If a resolution is not reached in the 45 days, then there is a mediation timeframe of 15 days making a total of 60 days. The 60<sup>th</sup> day falls one day before the June Board meeting. Mr. Manson asked the Board to give him the delegation to be able to not go to mediation, if the County was in agreement, and delay the mediation process until after the June 7 Board meeting if need be.

Commissioner Staub said she did not have a problem with Mr. Manson=s request. Her red flag however from what she understands is that we are looking at potentially an interlocal agreement that does not conform with the MWSC.

Mr. Manson said he is very cognizant that all the legal staffs will want to review the agreement and that is why he has been slow to draft the language to stay in keeping with the Board=s direction that it has to be consistent with the MWSC.

Commissioner Staub made the comment would it not be easier if Charlotte County became an exclusive customer. It seems like that might be the way for everyone to go eventually.

Commissioner Cummings said I don=t think that is going to happen. He said his understanding of where the disagreement comes from as to whether it is or is not consistent with the MWSC is based upon the notion of the new source being brought on is going to go into the pool water that is allocated which is based on who is

in line and for how much water (as set out in allocation table in the MWSC). The County's impression is that it is not inconsistent with that. The new source that would be brought on line is the water the County has declined. Commissioner Cummings said he did not feel his Board would support the language that Mr. Manson was suggesting. He said I also think if you go to the City of Punta Gorda, at least from his perspective, is that they want to make sure they are in the driver's seat with their water supply and they are not obligated in perpetuity to have to sell water. They would like to have the option to sell water. And I suspect that each of the member counties that have other sources would feel the same way. I don't see where not giving the Authority direct control over a given piece or allocation of water deducts it from the regional water supply. It does not. It reduces Charlotte County's and Punta Gorda's need to buy water from the Authority. I feel like this is more of a power struggle involving minutia than actual reality. I thought that Charlotte County was fairly clear when we first came forward with the right of first refusal. I did not hear any particular objection to that and so we were going to revise the language in the contract and we would come back with a contract. But then we go down this road. I am not very encouraged about where it is going to go.

I feel like we are stepping back into the same trap we fell into with the negotiations on the MWSC. In response to Commissioner Cummings' comments, Mr. Manson said when I presented the issues at last month's board meeting, one of the issues was the right of first refusal. When I looked at the MWSC if I have a right of first refusal, and the issue of the redistribution pool, then I don't really have the water and the way the allocation tables are set up, the next 2 mgd went to North Port and DeSoto County. Charlotte County was in line 2011 for 1.6 mgd but that was after the others were in line and we do not have a new source yet for them. This would be the next new source and that is what I was pointing out. I thought the right of first refusal was inconsistent. I think the right of first refusal, which is more of a real estate term, really means I want to be able to, and I did not know exactly how County staff wanted to phrase this, and we did not go there at the meeting because the Charlotte County staff thought the guarantee would probably solve the problem. Was it a right of first refusal everyday; would it be elected on annual basis; etc. Do you want it locked into a 30 year contract with Punta Gorda for 2mgd or do you want to break it down to 1.5mgd and 0.5 mgd. I was not clear on that. But what the bedrock concern was that I got from the County staff and Commissioner Moore was in the room as well, was the idea of we want a guarantee that we are going to have the water that we need available so that is why we came up with a split. And then a guarantee for what is supplied under the MWSC with the idea that if that does not happen then the County could take more water from Punta Gorda and the Authority would back off of that water until such time as the connection was restored. I was trying to address the root cause of why the County wanted a right of first refusal and try to make it as consistent as I could with the MWSC. If that was not the Board direction, then I will do what the Board directs me to do. That is what I had gotten after the presentation at the April board meeting.

Commissioner Cummings said I did not hear you say that we should not provide for a right of first refusal at all. I took it to mean that you had concerns about how it was done not whether it was done. Whatever the percentage split is, it is not the same as the right of first refusal. If you are going to completely change the fundamental concept, I don't know that I can sell that to my Board.

Commissioner Staub said when I heard Mr. Manson's presentation I did not think this Board was prepared to comment on issues that he had not had an opportunity to sit down and look at the final draft and bring to the Board. To me, Mr. Manson was raising red flags. I think what we are looking at is precedent setting because as new sources come on board from other counties, they will be looking to follow in suite with what is set in this agreement. In addition, the Authority now has the issue that if there is going to be any cooperative funding from the District, the Authority will have to decide if the projects are of a regional nature. And, is Shell Creek really a regional supply source. Because if it is, then all of the members and all future customers are going to rely on it and that reliance is going to be extremely important. If we don't have that reliance, I don't know why we are doing all these planning issues. Commissioner Staub said it may be that the Shell

Creek issue just becomes a matter of timing and not whether we can do it. She said frankly if attorneys from the other three counties want to take a look at this, we know how that can slow things down. I think it would be prudent to have alternatives plans and then if we don't get to Shell Creek for the GAP plan, it may become the first new water source that we do along with Cowpen Slough/Dona Bay.

Mr. Lehman said when staff developed the GAP plan, the City of Bradenton and the City of Venice were in the room and those discussions are already ongoing and will now come to the forefront. We will make sure the water is available.

Commissioner Cummings asked when were you anticipating the water coming from Punta Gorda for the GAP plan.

Mr. Lehman said in February or March 2008. However, there are opportunities available to the Authority outside of the Punta Gorda interconnect. If the conjunctive water use permit is approved, there will be the potential of more water from the Carlton Facility and that would be an immediate source since it is a connected infrastructure and also the City of Venice is already connected to Sarasota County so it is a matter of making the appropriate contracts. The same is true for the City of Bradenton. They are already connected with Manatee County so it is a matter of contractual issues and not a matter of infrastructure. In addition, the amount in the GAP is less than originally anticipated.

Commissioner Cummings asked if everything goes well, when do we anticipate the expansion of the Shell Creek Plant to be complete.

Mr. Lehman said the City first had some upgrades in order to fortify the upgrade from 8 mgd to 10 mgd, but the City has the capability right now. DEP issued the permit that they were capable of going from 8 mgd to 10 mgd from a treatment perspective. The other side is the supply side and that is where the District is looking at upgrading the WUP up to the 10mgd level as part of a regional gap supply. That is anticipated to be completed by the end of this year.

Commissioner Cummings said so we think they could bring it on line by 2007 and when would we complete the pipeline.

Mr. Lehman said it is anticipated the pipeline would be available for transmission in March 2008.

Mr. Manson pointed out that the interlocal agreement is a conceptual agreement basically setting the framework for the equivalent of a master water supply contract between Charlotte, the Authority and Punta Gorda. That is why the agreement is so short. We have not talked about the actual nitty gritty issues like price, volumes, pressures, etc.

Commissioner Cummings said I am reasonably confident that one issue that I have heard raised was the concern that Charlotte County was going to take the water and mark it up and then allow that to go to the Authority and I have never heard one single county commissioner express that intent.

Mr. Manson said that has not been an issue.

Mr. Zimmerman spoke in support of Commissioner Staub's comments. He said I don't think the Board really acted on what was presented. They were just presented with where this negotiation was and were waiting for an agreement to be brought before the Board. I think the right of refusal can be an issue. I think the way Mr. Manson described it if the Authority has a guarantee to deliver water to Charlotte and then can't

deliver then Charlotte should certainly have the right to get water directly from Punta Gorda. Does that fit with your concept of first refusal.

Mr. Manson said if I could add in, the right of first refusal I moved the time table up. I am saying make your choice now. That is what the split is in the contract. OK lets go right now how much do you want and then Charlotte staff would come up with that number and then go to the Board and say OK that=s the right of first refusal. And the second issue on the trust issue is the guarantee issue. The idea that if something goes forward whatever we decide to go forward with and with whatever the Authority had if something happened to the water supply that was going from the Authority under the MWSC, we could divert what we were taking to Charlotte County they would have the right to take that water during the timeframe when the contract terms could not be met if that happened. Of course, I am confident that would not happen. But that would be to provide those assurances. Its like two rights of first refusal. The first one is right now before we do the contract and the second was a guarantee. That is where we were going. But I had asked the Board to allow me to have the delegated ability to delay going to mediation until after the next board meeting which is June 7 if Charlotte County staff agrees with that delay and we need that extra time.

Commissioner Staub moved to delegate Mr. Manson with the authority to make a call on the mediation issue.

Mr. Zimmerman seconded the motion.

Commissioner Cummings said as I understand basically what this is saying is that we will have the ability to extend the timeframe without Charlotte County losing its ability to say no at a later time.

Commissioner Staub said sure.

**Motion was made by Commissioner Staub, seconded by Mr. Zimmerman, to delegate Mr. Manson with the authority to make a call on the mediation issue. Motion was approved unanimously.**

Commissioner Staub said then moved to have Authority staff bring back as many details as possible on backup sources for the GAP plan in the event the Shell Creek project slows down.

Mr. Zimmerman seconded the motion.

**Motion was made by Commissioner Staub, seconded by Mr. Zimmerman, to have Authority staff bring back as many details as possible on backup sources for the GAP plan in the event the Shell Creek project slows down. Motion was approved unanimously.**

*Item 21. Executive Director=s Report*

Mr. Lehman said Seminole County formed a cooperative alliance similar to the Water Planning Alliance and recently invited him to speak at one of their meetings. The meeting discussion was informative from both

aspects. The Authority is perceived well by others around the state. They were most impressed with the Authority=s efforts and forward thinking in setting a precedence for other cooperative initiatives.

As previously reported, Mr. Lehman said the lease on the administrative office expires in December 2006. Staff has been doing their due diligence in researching office space and are focusing on a space in the Lakewood Ranch area located just off of I-75 at the University Parkway exit.

The City Council of Punta Gorda invited David Moore, Rufus Lazzel from the Peace River Basin Board, and Mr. Lehman to address the board at their April meeting. Mr. Lehman said the City Council learned a great deal from both the District=s perspective and from the Authority. There was a good discussion regarding partnership opportunities especially with the pipeline and use of Shell Creek as a source. Charlotte County was also represented. At that meeting when asked why the County was developing their own sources, a County representative responded that two years ago Authority officials told County officials that the regional utility would not be able to meet its members water needs in the short and long term and that statement was quoted in the local newspapers. Mr. Lehman said he believed that statement was based on the consensus statement that was developed by the administrators and did not feel it was a true statement today and wanted to get the Board=s feeling on whether a clarification should be made to the press.

Commissioner Staub said >yes= in my opinion. There are so many misconceptions. I think we should be very aggressive in putting the true factual story out.

Commissioner Cummings said it sounds like what you are suggesting is issuing a new statement because the quote was referring to a statement that was made. It may be you feel circumstances have changed. That does not mean the prior statement did not occur because to my recollection it did. I would say it would be more productive to say we think circumstances have changed and now we think we can provide for the needs if that is what the desire of the Board is to say.

Commissioner Staub said I am not so concerned about who said what and when. I am more concerned about putting out factual current information to give people the correct picture.

Commissioner Cummings said I think that is slightly different from what was suggested to be said.

Mr. Lehman said I am not refuting something that was said two years ago. I just want to clarify what the circumstances are today.

Commissioner Cummings said OK as long as that is what we are saying, I do not have a problem with it.

**MEMBER COMMENTS**

None.

**PUBLIC COMMENTS**

None.

**ANNOUNCEMENTS**

Next Authority Board Meeting:

**APPROVED**

**Meeting Minutes Continued**

**May 3, 2006**

10:00 a.m., Wednesday, June 7, 2006  
Commission Chambers, First Floor  
Manatee County Administrative Center  
1112 Manatee Avenue West, Bradenton, Florida

**Adjournment**

There being no further business to come before the Board, the meeting adjourned at 12:28 p.m.

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The Honorable Jerry G. Hill, Chairman